

Team Academy Charter School

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

PREPARED BY

TEAM ACADEMY CHARTER SCHOOL

TEAM ACADEMY CHARTER SCHOOL

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September 29, 2017

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Team Academy Charter School (the “Charter School” or “TEAM CHARTER”) for the fiscal year ended June 30, 2017.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Team Academy Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

New Jersey Department of Education
The Commissioner
Page 2

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*." Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

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1) Reporting Entity and Its Services

The Team Academy Charter School (Team Charter) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The overarching mission of the Team Charter is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

Team Charter is open to all Newark students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter school.

By the end of 2016-2017 school year, the Charter School had a student enrollment of 3,702.

2) Economic Outlook

The City of Newark is the largest city in the State of New Jersey. It serves as the county seat for Essex County, with County, State and Federal Courts as well as governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation hub serviced by the Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

2) **Economic Outlook** - *continued*

It is also the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions, including the Prudential Insurance Company, Blue Cross Blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company. Newark is the site of the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these five colleges serve a population of approximately 45,000 students and faculty.

The City of Newark has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade, including the construction of a new arena for the professional hockey team, the New Jersey Devils, which opened in October 2007.

The City of Newark is currently undergoing an economic transformation supported by a \$50million dollar venture fund capitalized by Audible.com and Prudential. This venture is backed by city and state leaders and aims to support a cluster of tech firms in Newark. City Officials and partners all see this initiative as a wide-ranging effort to transform Newark from a city struggling to recover from its industrial past to one embracing the tech-based economy of the future.

The tech venture stands to bring more job opportunities to the City. Mayor Ras Baraka said the service being provided to assist the fledgling companies would be crucial to not only developing the companies in their infancy, but retaining them once they have outgrown. Newark has the transportation system, its proximity to New York, thousands of college students and abundance of available commercial space can provide the right environment for this initiative to succeed and foster the economy.

3) **Charter School Enrollment, Demographics and Other Highlights**

During the 2016-2017 School Year, Team Academy Charter School (Team Charter) enrolled students from several school districts including: *City of Newark School District (resident district), Orange Township, Harrison, Rahway, Roselle, Union, Belleville, Irvington, Jersey City, and so on.*

Team Academy Charter School was established in order to meet the academic, educational and social development needs of the residents in the City of Newark and other New Jersey School Districts.

We accept our families on a first-come, first-served basis. We work diligently with the families in order to assist them in completing the application and medication information, as well as providing pertinent contact information. The Charter School has ensured compliance with N.J.S.A. 18A:3 6A-7 and 18A:36A-8 through random selection, based upon the applicant's completion of the application process. We do not discriminate against any student or family. We openly recruit and provide the community with information via our web site, hold open houses at the school, etc. However, we make every effort to inundate the community with enrollment information. Furthermore, although the City of Newark is our resident district, in order to maintain our approved enrollment, Team Charter also accepts students from other districts. Our participation in the Universal Enrollment System ensures that the fewest barriers are placed for applicant families and that students who apply are matched by an impartial algorithm.

Team Charter provides special needs services to students in accordance with their approved IEP's. Additionally, we provide Speech Therapy for students that have been identified as needing this service.

Since its inception, Team Academy Charter School has implemented many programs to meet the needs of all of our students, their families and the community-at-large. During the 2016-2017 school-year programs and special services that were conducted included: The FLOW Program (Family Literacy Opportunity Workshops), Family Math Nights, Reading Nights, Reading Safari Intervention Program, Academic Support periods, Child Study Team and Intervention and Referral Services (I&RS) for our at-risk students. In addition, we have a writing intervention program and to reinforce students' learning, there is an annual Poem in the Pocket day in early Spring, as well as each grade writes a book and the grade level books are published.

3) **Charter School Enrollment, Demographics and Other Highlights** *continued*

Each classroom has a Smart Board, 4 computers, several rolling laptops, etc. Our computer lab has enough computers for Technology instruction. Furthermore, our STEP program (Gifted and Talented and Enrichment programs) have served a total of 176 students for all grade levels. Additionally, student assemblies were sponsored for the Week of Respect and Anti-Bullying, as well as other classroom activities to thwart bullying. Our Title I Resource Teachers also provide support programs that include the Title I Push-In services, math and literacy remedial and enrichment programs, which are all resources to provide more services that meet the needs of our students so that they can reach their maximum potential.

During the 2016-2017 school year over 80% of our students received free lunch and reduced-priced lunch. Our students are provided nutritious meals daily because students cannot learn successfully if they are hungry.

It is of primary importance, that we continue to refine the identification of at-risk students and use frequent progress monitoring of special needs and at-risk students and interventions to accelerate their rate of progress. Furthermore, as a Whole School Title I program, we seek to utilize our resources to move all our students forward. Our Gifted and Talented program is thus an enhancement to our existing programs. In order to optimize the utilization of all data, we will continue our focus on enabling staff members to develop and increase their proficiencies in analyzing student data to identify strengths and weaknesses. We will increase our use of vertical and horizontal articulation meetings throughout the grade levels, in order to create teams of professionals responsible for examining the assessments and planning for increasing the performance outcomes of each child. Assessments will further be utilized to provide timely and relevant feedback to students and the students' ability to self-assess will be augmented, through increasing use of checklists and rubrics.

During our needs assessment, we found that our Special Education students required skills that would allow them to work more independently and required more accommodations and modifications adapted to their individual needs, including use of those accommodations and modifications for NJ ASK testing. We are continuing to provide Professional Development and support to our Special Education Teachers to augment their skills to provide for these needs.

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3) **Charter School Enrollment, Demographics and Other Highlights** *continued*

We will continue to implement and refine our Professional Development Plan, in order to enable our teachers to stay abreast of best practices and evolving expectations in content, instruction and assessment. Areas of need will continue to be identified by Administration, based on review of the school's assessment data and classroom observations, and by teacher self-identification.

4) Internal Accounting Controls

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

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

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

5) Budgetary Controls

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2016-2017 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) **Accounting System and Report**

The Charter School’s accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school. The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in “Notes to the Financial Statements”, Note 1.

7) **Financial Statement Information at Fiscal Year-End**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2017 fiscal year:

**Summary of the General Fund
and Special Revenue Fund Revenues**

Revenue	2017	2016	Increase/ (decrease)	% Change
Local sources	\$ 10,591,155	\$ 11,685,528	\$ (1,094,373)	-9.37%
State sources	58,714,071	50,059,288	8,654,783	17.29%
Federal sources	3,772,840	2,840,738	932,102	32.81%
	<u>\$ 73,078,066</u>	<u>\$ 64,585,554</u>	<u>\$ 8,492,512</u>	<u>13.15%</u>

The Charter School experienced an increase in revenue of about 13.15%.

7) **Financial Statement Information at Fiscal Year-End** *continued*

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2017:

Summary of the General Fund and Special Revenue Fund Expenditures				
Expenditures	2017	2016	Increase/ (decrease)	% Change
Instruction	\$ 25,522,672	\$ 23,810,908	\$ 1,711,764	7.19%
Administrative	28,686,727	29,290,963	(604,236)	-2.06%
Support	19,115,661	11,692,711	7,422,950	63.48%
Capital outlay	766,194	598,598	167,596	28.00%
	<u>\$ 74,091,254</u>	<u>\$ 65,393,180</u>	<u>\$ 8,698,074</u>	<u>13.30%</u>

The Charter School’s expenditures increased by about 13.3% over last year’s while enrollment is at the same level as last year’s. This was partly due to a significant increase in support services.

8) **Cash Management**

The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statements”. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation.

10) **Other Information**

Independent Audit

State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of Monmouth CPAs & Consultants, LLC.

10) **Other Information** - *continued*

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

The 2016-2017 school-year was one of great strides in terms of academic achievement at the Team Academy Charter School. In addition, it continues to enjoy a fairly reasonable financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

11) **Acknowledgments**

A note of appreciation is extended to the Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the Team Academy Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Team Academy Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



Ryan Hill
Lead Person

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TEAM ACADEMY CHARTER SCHOOL

Roster of Trustees and Officers

June 30, 2017

<u>Members of Board of Trustees</u>	<u>Term Expires</u>
Daniel Adan, Trustee, Voting	06/2017
Michaela Murray Nolan, Trustee, Voting	03/2018
Sheila Boyd, Trustee, Voting	02/2017
Amy Rosen, Trustee, Voting	11/2018
Linda Sterling, Trustee, Voting	11/2018
Lunedar Girault, Trustee, Voting	3/2019
Tia Morris, Trustee, Voting	9/2019
Brendan Maher, Trustee, Voting	11/2018

TEAM ACADEMY CHARTER SCHOOL

Consultants and Advisor

Independent Auditors

Monmouth CPAs & Consultants, LLC
Certified Public Accountant/Consultant
371 Sand Shore Road
Budd Lake, New Jersey 07828

Attorney

Thomas O. Johnston, Esq.
Johnston Law Firm LLC
75 Midland Avenue, Suite # 1
Montclair, NJ 07042

Official Depository

M&T Bank
250 Pehle Avenue, Suite 104
Saddle Brook, NJ 07663

Financial Section

MONMOUTH CPAS & CONSULTANTS LLC

Certified Public Accountants and Consultants

371 Sand Shore Road • Budd Lake, NJ 07828

Phone: (201) 230-7518 • Fax: (973) 368-8268 • e-mail: oolabintan@aol.com

Independent Auditors' Report

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

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 Team Academy Charter School, in the County of Essex, State of New Jersey (the "Charter School") as of and for the fiscal year ended June 30, 2017, 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

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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information, and Pension Information* as listed in the table of contents 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 the 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 responses 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, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used 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 information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Monmouth CPAs & Consultants, LLC

September 29, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Required Supplementary Information

Part I

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Introduction

This section of the Team Academy Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- Net position of governmental activities ended the fiscal year with \$(1,768,011). Net position of business-type activities, which represent food service operations ended the fiscal year with \$40,142.
- General revenues accounted for \$68,361,662 in revenue or 90 percent of total revenues of \$76,176,227. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$7,814,565 or 10 percent of total revenues.
- The Charter School had \$74,309,609 in expenses related to governmental activities; \$4,716,404 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$68,361,662 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2017, of \$8,585,810.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Using the Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Team Academy Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Team Academy Charter School, the General Fund is the most significant fund.

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

Proprietary fund statements offer short and long-term financial information about the activities, the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund 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 asks the question, "how did we do financially during fiscal year 2017?" The statements of Net Position and the Statement of Activities answer this question. These Statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Statement of Net Position and Statement of Activities-continued

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations/after care programs enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds-not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. 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 statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less 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 the governmental funds are reconciled in the financial statements.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by \$1,768,011 at the close of 2017. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Acvtivities		Total	
	2017	2016	2017	2016	2017	2016
Assets and deferred outflows of resources						
Current assets	\$ 14,127,967	\$ 16,841,062	\$ 297,113	\$ 234,329	\$ 14,425,080	\$ 17,075,391
Capital assets, net	4,479,854	3,984,574	-	-	4,479,854	3,984,574
Deferred outflows of resources	7,623,278	9,477,453	-	-	7,623,278	9,477,453
Total assets and deferred outflows of resources	26,231,099	30,303,089	297,113	234,329	26,528,212	30,537,418
Liabilities and deferred outflows of resources:						
Current liabilities	5,542,157	3,257,555	256,971	234,329	5,799,128	3,491,884
Long term liabilites	12,444,363	23,224,030	-	-	12,444,363	23,224,030
Deferred outflows of resources	10,012,590	373,398	-	-	10,012,590	373,398
Total liabilities and deferred inflows of resources	27,999,110	26,854,983	256,971	234,329	28,256,081	27,089,312
Net position						
Invested in Capital assets (net of related debt)	4,479,854	3,984,574	-	-	4,479,854	3,984,574
Unrestricted	(6,247,865)	(536,468)	40,142	-	(6,207,723)	(536,468)
Total net position	\$ (1,768,011)	\$ 3,448,106	\$ 40,142	\$ -	\$ (1,727,869)	\$ 3,448,106

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School decreased by \$1,191,401 during the current fiscal year ended June 30, 2017. The majority of the decrease is attributable to a surplus of \$1,231,543 in the General Fund. Operating grants and contributions decreased by 14 percent.

The table that follows reflects the change in net position for fiscal year 2017.

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charge for services			\$374,154	\$435,614	\$374,154	\$435,614
Operating grants and contributions	\$4,716,404	\$6,568,740	2,724,007	2,117,355	7,440,411	8,686,095
Total program revenues	<u>4,716,404</u>	<u>6,568,740</u>	<u>3,098,161</u>	<u>2,552,969</u>	<u>7,814,565</u>	<u>9,121,709</u>
General revenues:						
Local aid	7,950,107	7,346,040	-	-	7,950,107	7,346,040
Federal and state aid	59,008,384	50,007,326	-	-	59,008,384	50,007,326
Miscellaneous	1,403,171	663,448	-	-	1,403,171	663,448
Transfers	-	(242,216)	-	242,216	-	-
Total general revenues	<u>68,361,662</u>	<u>57,774,598</u>	<u>-</u>	<u>242,216</u>	<u>68,361,662</u>	<u>58,016,814</u>
Total revenues	<u>73,078,066</u>	<u>64,343,338</u>	<u>3,098,161</u>	<u>2,795,185</u>	<u>76,176,227</u>	<u>67,138,523</u>
Expenses:						
Instructions	25,522,672	23,810,908	-	-	25,522,672	23,810,908
Administrative & support services	48,516,023	40,983,674	-	-	48,516,023	40,983,674
Unallocated depreciation	270,914	598,598	-	-	270,914	598,598
Food service	-	-	3,058,019	2,795,185	3,058,019	2,795,185
Total expenses	<u>74,309,609</u>	<u>65,393,180</u>	<u>3,058,019</u>	<u>2,795,185</u>	<u>77,367,628</u>	<u>68,188,365</u>
Change in net position	<u>\$ (1,231,543)</u>	<u>\$ (1,049,842)</u>	<u>\$ 40,142</u>	<u>\$ -</u>	<u>\$ (1,191,401)</u>	<u>\$ (1,049,842)</u>

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2017.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

Governmental Activities - *continued*

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 25,522,672	\$ 23,621,165
Administrative & Support Services	48,516,023	45,701,126
Unallocated Depreciation	270,914	270,914
Total Expenses	<u>\$ 74,309,609</u>	<u>\$ 69,593,205</u>

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school/summer programs. These programs had revenues of \$3,098,161 and operating expenses of \$3,058,019 for fiscal year 2017. The Charter School intended to have food services be self-operating without assistance from the General Fund. Food service recorded a surplus of \$40,142 for the fiscal year 2017.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$73,078,006 and expenditures of \$74,091,254. The negative change in fund balance for the year was \$1,013,188. The negative fund balance was adequately covered by the accumulated fund balance of \$9,598,998.

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.

During the course of fiscal 2017, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$66,984,315, which included a local tax levy of \$7,950,107. Expenditures and other financing uses were budgeted at \$67,653,820. The Charter School anticipated budgeted fund balance of \$8,929,493 in its 2016-2017 budget year.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2017
(Unaudited)

The State of New Jersey reimbursed the Charter School \$1,733,068 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members. The State also paid \$3,628,109 into the TPAF pension - representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. The unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2017, the Charter School had \$4,479,854 invested in capital assets in its governmental activities.

The Charter School's 2017-2018 budget does not anticipate any spending on capital projects.

Long-term debt

At June 30, 2017, the Charter School had \$-0- in long term debt. The Charter School had \$12,444,363 and \$23,224,030 at June 30, 2017 and 2016, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2017-2018. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

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 reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

TEAM ACADEMY CHARTER SCHOOL
Business Office, 60 Park Place, Suite 802
Newark, New Jersey 07102
Tel: (973) 622 0905 * Fax: (973) 556 1441

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2017.

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 9,071,786	\$ (299,064)	\$ 8,772,722
Restricted cash and cash equivalents	-	-	-
Accounts receivable	4,457,322	596,177	5,053,499
Prepaid expenses	586,827	-	586,827
Other current assets	12,032	-	12,032
Capital assets (net of accum deprec of \$1,438,256)	4,479,854	-	4,479,854
Total assets	<u>18,607,821</u>	<u>297,113</u>	<u>18,904,934</u>
Deferred outflows of resources			
Pension deferred outflows	<u>7,623,278</u>	<u>-</u>	<u>7,623,278</u>
Total assets and deferred outflows of resources	<u>\$ 26,231,099</u>	<u>\$ 297,113</u>	<u>\$ 26,528,212</u>
Liabilities			
Intergovernmental payables - state	\$ 426,014	\$ -	\$ 426,014
Accounts payable	2,833,112	256,971	3,090,083
Other liabilities	2,187,357	-	2,187,357
Deferred revenue	95,674	-	95,674
Net pension liability	12,444,363	-	12,444,363
Total liabilities	<u>17,986,520</u>	<u>256,971</u>	<u>18,243,491</u>
Deferred inflows of resources			
Pension deferred inflows	<u>10,012,590</u>	<u>-</u>	<u>10,012,590</u>
Total liabilities and deferred inflows of resources	<u>27,999,110</u>	<u>256,971</u>	<u>28,256,081</u>
Net position			
Invested in capital assets	4,479,854	-	4,479,854
Unrestricted, undesignated	<u>(6,247,865)</u>	<u>40,142</u>	<u>(6,207,723)</u>
Total net position	<u>(1,768,011)</u>	<u>40,142</u>	<u>(1,727,869)</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 26,231,099</u>	<u>\$ 297,113</u>	<u>\$ 26,528,212</u>

See independent auditor's report and accompanying notes to basic financial statements.

TEAM ACADEMY CHARTER SCHOOL

A-2

Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 25,522,672	\$ -	\$ 1,901,507	\$ (23,621,165)	\$ -	\$ (23,621,165)
Administrative & Support services:						
General administration	29,400,362	-	-	(29,400,362)	-	(29,400,362)
Support services	19,115,661	-	2,814,897	(16,300,764)	-	(16,300,764)
Capital outlay	-	-	-	-	-	-
Unallocated depreciation	270,914	-	-	(270,914)	-	(270,914)
Total governmental activities	<u>74,309,609</u>	<u>-</u>	<u>4,716,404</u>	<u>(69,593,205)</u>	<u>-</u>	<u>(69,593,205)</u>
Business-type activities:						
Food service	3,058,019	374,154	2,724,007	-	40,142	40,142
After care/summer programs	-	-	-	-	-	-
Total business-type activities	<u>3,058,019</u>	<u>374,154</u>	<u>2,724,007</u>	<u>-</u>	<u>40,142</u>	<u>40,142</u>
Total primary government	<u>\$ 77,367,628</u>	<u>\$ 374,154</u>	<u>\$ 7,440,411</u>	<u>(69,593,205)</u>	<u>40,142</u>	<u>(69,553,063)</u>
General revenues and transfers:						
Local sources				7,950,107	-	7,950,107
Federal and state sources				59,008,384	-	59,008,384
Miscellaneous				1,403,171	-	1,403,171
Transfers				-	-	-
Total general revenues and transfers				<u>68,361,662</u>	<u>-</u>	<u>68,361,662</u>
Change in net position				<u>(1,231,543)</u>	<u>40,142</u>	<u>(1,191,401)</u>
Net position - beginning				<u>(536,468)</u>	<u>-</u>	<u>(536,468)</u>
Net position - ending				<u>\$ (1,768,011)</u>	<u>\$ 40,142</u>	<u>\$ (1,727,869)</u>

See independent auditor's report and accompanying notes to basic financial statements.

Funds Financial Statements

Governmental Funds

**TEAM ACADEMY CHARTER SCHOOL
Governmental Funds**

B-1

Balance Sheet

June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 9,890,715	\$ (818,929)	\$ 9,071,786
Restricted cash and cash equivalents	-	-	-
Accounts receivable:			
State	1,253,479	-	1,253,479
Federal	-	717,617	717,617
Other	2,175,942	310,284	2,486,226
Prepaid expenses	586,827	-	586,827
Other current assets	12,032	-	12,032
Total assets	<u>\$ 13,918,995</u>	<u>\$ 208,972</u>	<u>\$ 14,127,967</u>

Liabilities and Fund Balances

Interfund accounts payables	\$ -	\$ -	\$ -
Intergovernmental payables - state	426,014	-	426,014
Accounts payable	2,719,814	113,298	2,833,112
Other liabilities	2,187,357	-	2,187,357
Deferred revenue	-	95,674	95,674
Total liabilities	<u>5,333,185</u>	<u>208,972</u>	<u>5,542,157</u>
Fund balances:			
Unreserved:			
Undesignated	<u>8,585,810</u>	<u>-</u>	<u>8,585,810</u>
Total fund balances	<u>8,585,810</u>	<u>-</u>	<u>8,585,810</u>
Total liabilities and fund balances	<u>\$ 13,918,995</u>	<u>\$ 208,972</u>	

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

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

Cost of capital assets	\$ 5,918,110		
Accumulated depreciation	(1,438,256)		
	<u>\$ 4,479,854</u>		4,479,854

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

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)			7,623,278
--	--	--	-----------

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(10,012,590)
--	--	--	--------------

Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

Net position of governmental activities - A-1			<u>(12,444,363)</u>
			<u>\$ (1,768,011)</u>

See independent auditor's report and accompanying notes to basic financial statements.

TEAM ACADEMY CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax levy	\$ 7,950,107	\$ -	\$ 7,950,107
Miscellaneous	1,403,171	1,237,877	2,641,048
Total revenues - local sources	<u>9,353,278</u>	<u>1,237,877</u>	<u>10,591,155</u>
Federal sources	294,313	3,478,527	3,772,840
State sources	53,352,894		53,352,894
Reimbursed TPAF-Social Security (non-budgeted)	1,733,068	-	1,733,068
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	3,628,109	-	3,628,109
Total revenues	<u>68,361,662</u>	<u>4,716,404</u>	<u>73,078,066</u>
Current expense:			
Instruction	23,621,165	1,901,507	25,522,672
Administrative	23,325,550	-	23,325,550
Support services	16,300,764	2,814,897	19,115,661
Capital outlay	766,194	-	766,194
Reimbursed and on-behalf payments:			
Reimbursed TPAF-Social Security (non-budgeted)	1,733,068	-	1,733,068
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	3,628,109	-	3,628,109
Total expenditures	<u>69,374,850</u>	<u>4,716,404</u>	<u>74,091,254</u>
Excess (deficiency) of revenues over (under) expenditures	(1,013,188)	-	(1,013,188)
Other financing sources:			
Transfer to cover food deficit	-	-	-
Fund balances, beginning of year	<u>9,598,998</u>	<u>-</u>	<u>9,598,998</u>
Fund balances, end of year	<u>\$ 8,585,810</u>	<u>\$ -</u>	<u>\$ 8,585,810</u>

See independent auditor's report and accompanying notes to basic financial statements.

TEAM ACADEMY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2017

B-3

Total net change in fund balances - governmental funds (B-2) \$ (1,013,188)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

	Depreciation expense	\$ (270,914)	
	Capital outlays	766,194	
		495,280	495,280

Repayment of long term loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and it is not reported in the Statement of Activities.

	Repayment of long term loan principal	-	-
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Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

-
(713,635)

Change in net position of governmental activities (A-2) \$ (1,231,543)

See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

**TEAM ACADEMY CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Position

June 30, 2017

Assets	
Current assets:	
Cash and cash equivalents	\$ (299,064)
Accounts receivable:	-
Federal	477,040
State	4,806
Other	114,331
Other current assets	-
Total current assets	<u>\$ 297,113</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	\$ -
Accounts payable	256,971
Total current liabilities	<u>\$ 256,971</u>
Net position	
Unrestricted	40,142
Total net position	<u><u>\$ 40,142</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

TEAM ACADEMY CHARTER SCHOOL
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2017

Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 263,559
Daily sales - nonreimbursable programs	110,595
Total Operating revenues	<u>374,154</u>
Operating expenses:	
Cost of sales	2,997,244
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	58,391
Depreciation	-
Miscellaneous	2,384
Total operating expenses	<u>3,058,019</u>
Operating income/(loss)	<u>(2,683,865)</u>
Nonoperating revenues:	
State sources:	
State School Lunch program	32,502
State School Breakfast program	-
Federal sources:	
National School Lunch program	1,484,350
National School Breakfast program	711,481
After School Snacks program	406,098
Fresh Fruits and Vegetables program	89,576
Total nonoperating revenues	<u>2,724,007</u>
Net income/(loss) before contributions & transfers	40,142
Other financing sources:	
Transfer	-
	<u>-</u>
Change in net position	40,142
Total net position-beginning of year	<u>-</u>
Total net position-end of year	<u>\$ 40,142</u>

See independent auditor's report and accompanying notes to basic financial statements.

**TEAM ACADEMY CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2017

Cash flows from operating activities

Operating loss	\$ (2,683,865)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(158,492)
Other current assets	-
Due to general fund	-
Accounts payable	22,642
Net cash used in operating activities	<u>(2,819,715)</u>

Cash flows from noncapital financing activities:

Cash received from state reimbursements	32,502
Cash received from federal reimbursements	2,691,505
Operating subsidies and transfers	-
Net cash provided by noncapital financing activities	<u>2,724,007</u>

Cash flows from investing activities

Net change in cash and cash equivalents	(95,708)
Cash and cash equivalents, beginning	(203,356)
Cash and cash equivalents, ending	<u>\$ (299,064)</u>

See independent auditor's report and accompanying notes to basic financial statements.

Fiduciary Funds

**TEAM ACADEMY CHARTER SCHOOL
Fiduciary Funds**

B-7

Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Compensation	Student Activity Fund	Flex Spending Account	Agency Fund Payroll	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$50,890	\$ 140,975	\$ 191,865
Total assets	\$ -	\$ -	\$50,890	\$ 140,975	\$ 191,865
Liabilities					
Payroll deductions and withholdings	\$ -	\$ -	50,890	140,975	191,865
Interfund payables	-	-	-	-	-
Due to students group	-	-	-	-	-
Total liabilities	-	\$ -	\$50,890	\$ 140,975	\$ 191,865
Net position	-				
Total liabilities and net position	\$ -				

See independent auditor's report and accompanying notes to basic financial statements.

TEAM ACADEMY CHARTER SCHOOL
Fiduciary Funds

B-8

Statement of Changes in Fiduciary Net Position
Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ -
Total revenues	<u>-</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	-
Total expenditures	<u>-</u>
Excess(deficiency) of revenue over(under) expenditures	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

Notes to Basic Financial Statements

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1 Description of the Charter School and Reporting Entity

Team Academy Charter School (the “Charter School” was incorporated in the State of New Jersey in 2002 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A School Leader/Chief Executive Officer is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. 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 of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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

Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Team Academy 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.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of Team Academy Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Team Academy Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

A Basis of Presentation

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

Charter School Government-wide Financial 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 Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

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. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively 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 sub-fund.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

As required by the New Jersey Department of Education, the Charter School included 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 ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2017 there was no Capital Projects Fund.

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is 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 cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds 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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established 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 Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which 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 deposit 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.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund receivables/payables. Interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method.

Description of Capital Asset	Estimated Lives (Years)
Leasehold improvements	25
Equipment	10

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2017.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-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. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Non-spendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Net Position

Net Position represent the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2 Summary of Significant Accounting Policies - *continued*

N Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers' Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

P New Accounting Standards

During the fiscal year ended June 30, 2015, the Charter School adopted the following GASB statements:

GASB 68, *Accounting and Financial Reporting for Pensions* - The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. 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*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2017, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	\$ 9,890,715	\$ (818,929)	\$ (299,064)	\$ 191,865	\$ 8,964,587
Total	<u>\$ 9,890,715</u>	<u>\$ (818,929)</u>	<u>\$ (299,064)</u>	<u>\$ 191,865</u>	<u>\$ 8,964,587</u>

Operating cash accounts are held in the Charter School's name by several banking institutions. At June 30, 2017, the Charter School's carrying amount of deposits was \$10,278,665 and the bank balance was \$8,964,587. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2017 were secured by federal deposit insurance and \$10,028,665 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3 Deposits and Investments - *continued*

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School's name. **Category 2** - Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name. **Category 3** - Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School's name.

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

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2017, the Charter School did not hold any investments.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, being depreciated:			
Leasehold improvements	\$ 3,757,364	\$ 712,070	\$ 4,469,434
Machinery and equipment	1,394,552	54,124	1,448,676
	<u>5,151,916</u>	<u>766,194</u>	<u>5,918,110</u>
 Less accumulated depreciation			
Leasehold improvements	347,979	209,142	557,121
Machinery and equipment	819,363	61,772	881,135
	<u>1,167,342</u>	<u>270,914</u>	<u>1,438,256</u>
 Total capital assets net	<u>\$ 3,984,574</u>	<u>\$ 495,280</u>	<u>\$ 4,479,854</u>

Depreciation expense of \$270,914 was charged to an unallocated function.

5 Lease Obligations

Facilities Leases

The Charter School leases its facilities under several non-cancelable operating lease agreements. Rent expenditures for the year ended June 30, 2017 amounted to \$7,076,629.

Equipment Leases

The Charter School leases office equipment under several operating lease agreements.

Future minimum lease payments required under the operating leases are as follows:

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5 Lease Obligations - continued

Year ending June 30:	Rental Leases	Equipment Leases	Total
2018	\$ 2,489,251	\$ -	\$2,489,251
2019	3,240,202	-	3,240,202
2020	3,150,520	-	3,150,520
2021 & 2022	-	-	-
Thereafter	-	-	-
	<u>\$ 8,879,973</u>	<u>\$ -</u>	<u>\$8,879,973</u>

6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6 Pension Plans - *continued*

Contribution Requirements- *continued*

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute the charter school is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and charter school).

Annual Pension Costs (APC)

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

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

The Charter School's contribution to PERS for the year ended June 30, 2017 was \$386,187.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$1,733,068 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$3,628,109 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

TEAM ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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 position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity.

Since the Charter School (employer) does 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 Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$127,657,156 as measured on June 30, 2016 and \$89,255,550 as measured on June 30, 2015, respectively.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$9,591,659 and revenue of \$9,591,659 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

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

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	\$ 134,532,594	\$ 554,399,005
Collective net pension liability (non-employer State of New Jersey)	\$78,666,367,052	\$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School	\$ 127,657,156	\$ 89,255,550
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.162277%	0.141218%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.5%
Salary increases: 2012-2021	Varies based on experience
Salary increases: thereafter	Varies based on experience
Investment rate of return	7.65%

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

TEAM ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers’ Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Heage Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

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

Discount Rate

The discount rate used to measure the State's total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was 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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf17.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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 position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2017, the Charter School reported a liability of \$12,444,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the Charter School's proportion was 0.0420174472% which was an decrease of 0.0614395839% from its proportion measured as of June 30, 2015 which was 0.1034570311%.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$197,503. At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) - continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,427	\$ -
Changes in assumptions	2,577,807	-
Net difference between projected and actual earnings on pension plan investments	474,515	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	4,339,529	10,012,590
Charter School's contributions subsequent to the measurement date	386,187	-
Total	\$ 8,009,465	\$ 10,012,590

\$386,187 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2017	\$ (537,932)
2018	(537,932)
2019	(623,212)
2020	(523,589)
2021	(166,647)
Thereafter	-
	\$ (2,389,312)

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

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

	June 30, 2016	June 30, 2015
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability (Non-State Local Group)	\$ 29,617,131,759	\$ 22,447,996,119
Charter School's portion of the net pension liability	\$ 12,444,363	\$ 23,244,030
Charter School's proportion (percentage)	0.04201745%	0.10354612%

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases: through 2026	1.65-4.15% based on age
Salary increases: thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

TEAM ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Long-Term Expected Rate of Return - continued

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2016 are summarized in the following table:

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Year Ended June 30, 2017

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) – *continued*

Long-Term Expected Rate of Return– continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034.

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(County of Essex)
Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Discount Rate - continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was 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 Charter School’s proportionate share of the net pension liability measured as of June 30, 2016 and 2015, respectively, calculated using the discount rate of 3.98% and 4.90%, respectively, 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:

	2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the pension liability	\$ 15,249,114	\$ 12,444,363	\$ 10,128,797
	2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the pension liability	\$ 28,864,628	\$ 23,224,030	\$ 18,494,994

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

TEAM ACADEMY CHARTER SCHOOL
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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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

9 Deferred Compensation

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by American Skandia Advisor Funds, Inc. and Primerica Financial Services permits participants to defer a portion of their salaries until future years.

10 Economic Dependency

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

11 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$8,585,810 General Fund balance at June 30, 2017, all of which is unreserved and undesignated.

TEAM ACADEMY CHARTER SCHOOL
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Notes to the Basic Financial Statements
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12 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

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

13 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 and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

14 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	\$ -	\$ -

All interfund balances were analyzed, reconciled and liquidated within the fiscal year. Therefore, there were no outstanding interfund balance as of year-end.

15 Receivables

Receivables as of June 30, 2017 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of receivables are as follows:

State aid	\$ 1,258,285
Federal aid	1,194,657
Other	2,600,557
Total receivables	\$ 5,053,499

16 Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements.

17 Related Party

The following entity provides support and has a common organizational mission to support the School; however, it has an independent board of trustees and it is not controlled by the School (nor does it control the School):

KIPP NJ (KNJ) is a New Jersey nonprofit corporation organized to provide supportive services to nonprofit schools in New Jersey.

TEAM ACADEMY CHARTER SCHOOL
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Year Ended June 30, 2017

18 School Management Agreement

In July 2014 the school entered into a school management agreement with KIPP NJ to provide comprehensive operational, administrative and management services. The terms of the agreement are as follows:

Initial Term:	1 year
Optional Renewal Term	2 Years
Quarterly Fees	\$3,440,422

The quarterly fees are based upon an initial budget of operating expenses associated with providing the services as described in the management agreement. Since actual operating expenses may differ from budgeted amounts, KIPP NJ prepares a final reconciliation of operating expenses incurred. If actual expenses were less than budgeted expenses, KIPP NJ shall remit payment to the school an amount equal to the difference between the actual and projected expenses. If actual expenses exceed the budgeted expenses, KIPP NJ is generally entitled to receive a payment equal to the difference between the actual and projected expenses.

During fiscal year 2016 TEAM Academy Charter School incurred management fees to KIPP NJ in the amount of \$15,316,931.

Based on the final reconciliation of actual operating expenses incurred for fiscal year 2017, KIPP NJ owes TEAM Academy Charter School \$1,927,696 which is included in receivables in the accompanying financial statements.

This agreement will renew upon three months written notice of each party's intention to renew the agreement. In the absence of such written notice, the agreement noted above will expire at the end of their initial term.

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2017

19 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1 as of June 30, 2017	\$ 8,585,810
Cost of capital assets net accumulated depreciation	4,479,854
Long term liabilities - the mortgage	-
Pension deferred outflows	7,623,278
Pension deferred inflows	(10,012,590)
Deferred pension liability as of June 30, 2017	(12,444,363)
Net position (per A-1) as of June 30, 2017	<u>\$ (1,768,011)</u>

Required Supplementary Information

Part II

Budgetary Comparison

**TEAM ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 8,576,848	\$ 35,566	\$ 8,612,414	\$ 7,950,107	\$ (662,307)
Miscellaneous	9,247,915	(5,455,270)	3,792,645	1,403,171	(2,389,474)
Total revenues -local sources	<u>17,824,763</u>	<u>(5,419,704)</u>	<u>12,405,059</u>	<u>9,353,278</u>	<u>(3,051,781)</u>
Federal sources:					
SEMI & E-Rate	150,552	153,635	304,187	294,313	(9,874)
State sources:					
State sources	51,901,366	(176,446)	51,724,920	53,352,894	1,627,974
Reimbursed TPAF-Social Security (non-budgeted)	2,140,787	(634,201)	1,506,586	1,733,068	226,482
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	3,628,109	3,628,109
Total -state sources	<u>54,192,705</u>	<u>(657,012)</u>	<u>53,535,693</u>	<u>59,008,384</u>	<u>5,472,691</u>
Total revenues	<u>72,017,468</u>	<u>(6,076,716)</u>	<u>65,940,752</u>	<u>68,361,662</u>	<u>2,420,910</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	19,424,503	(1,176,162)	18,248,341	18,220,506	27,835
Other salaries for instruction	1,072,634	530,971	1,603,605	1,599,125	4,480
Purchased profesional technical services	150,000	122,940	272,940	209,255	63,685
Other purchased services	-	-	-	-	-
General educational supplies	2,279,550	(49,341)	2,230,209	2,168,134	62,075
Textbooks	377,600	37,355	414,955	403,726	11,229
Miscellaneous expenses	2,539,938	(1,221,952)	1,317,986	1,020,419	297,567
	<u>25,844,225</u>	<u>(1,756,189)</u>	<u>24,088,036</u>	<u>23,621,165</u>	<u>466,871</u>

**TEAM ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	4,151,345	(1,006,476)	3,144,869	3,142,462	2,407
Total benefit costs	7,262,030	(3,015,489)	4,246,541	4,238,952	7,589
Professional /Technical service	17,138,264	(966,293)	16,171,971	15,316,931	855,040
Other purchased services	-	-	-	-	-
Communications and Telephones	-	53,000	53,000	52,329	671
Supplies and materials	144,400	99,982	244,382	215,759	28,623
Interest on current loans	-	-	-	-	-
Mortgage interest	-	-	-	-	-
Miscellaneous expenses	614,720	(196,359)	418,361	359,117	59,244
	<u>29,310,759</u>	<u>(5,031,635)</u>	<u>24,279,124</u>	<u>23,325,550</u>	<u>953,574</u>
Support services:					
Salaries	5,089,521	(515,020)	4,574,501	4,570,287	4,214
Purchased prof/tech service	1,623,343	519,521	2,142,864	1,976,223	166,641
Other purchased services	137,000	24,421	161,421	150,418	11,003
Rent on land and buildings	6,499,582	600,000	7,099,582	7,076,629	22,953
Insurance-fidelity, liability property	107,729	177,301	285,030	285,026	4
Supplies and materials	310,809	(36,187)	274,622	254,602	20,020
Energy & Utilities	750,000	28,000	778,000	777,814	186
Miscellaneous expenses	244,500	(123,276)	121,224	117,297	3,927
Transportation other than to/from school	1,100,000	36,348	1,136,348	1,092,468	43,880
Total support services	<u>15,862,484</u>	<u>711,108</u>	<u>16,573,592</u>	<u>16,300,764</u>	<u>272,828</u>

**TEAM ACADEMY CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	225,000	-	225,000	54,124	170,876
Non-instructional equipment	-	-	-	-	-
Purchase land/improvements	775,000	-	775,000	712,070	62,930
Total capital outlay	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>766,194</u>	<u>233,806</u>
TPAF-Social Security	-	-	-	1,733,068	(1,733,068)
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	-	-	-	3,628,109	(3,628,109)
Total expenditures	<u>72,017,468</u>	<u>(6,076,716)</u>	<u>65,940,752</u>	<u>69,374,850</u>	<u>(3,434,098)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(1,013,188)	(1,013,188)
Other financing sources:					
Transfer to cover food deficit	-	-	-	-	-
Fund balances, beginning of year	<u>9,598,998</u>	<u>-</u>	<u>9,598,998</u>	<u>9,598,998</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,598,998</u>	<u>\$ -</u>	<u>\$ 9,598,998</u>	<u>\$ 8,585,810</u>	<u>\$ (1,013,188)</u>

**TEAM ACADEMY CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$3,543,994	\$ -	\$3,543,994	\$ 3,478,527	\$ 65,467
Local sources	1,237,877		1,237,877	1,237,877	-
Total revenues -all sources	<u>\$4,781,871</u>	<u>\$ -</u>	<u>\$4,781,871</u>	<u>\$ 4,716,404</u>	<u>\$ 65,467</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	\$1,183,045	\$ -	\$1,183,045	\$ 1,181,712	\$ 1,333
Purchased Prof. and technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	165,201	-	165,201	165,202	(1)
Miscellaneous expenditures	529,845	-	529,845	554,593	(24,748)
Total instruction	<u>1,878,091</u>	<u>-</u>	<u>1,878,091</u>	<u>1,901,507</u>	<u>(23,416)</u>
Support services					
Support services salaries	1,850,995	-	1,850,995	1,850,991	4
Employee benefits	600,769	-	600,769	541,143	59,626
Purchased professional services	100,891	-	100,891	100,891	-
Other purchased services	5,000	-	5,000	5,000	-
Supplies	1,898	-	1,898	1,899	(1)
Miscellaneous expenditures	344,227	-	344,227	314,973	29,254
Total support services	<u>2,903,780</u>	<u>-</u>	<u>2,903,780</u>	<u>2,814,897</u>	<u>88,883</u>
Capital Outlay:					
Facilities acquisition and construction services					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$4,781,871</u>	<u>\$ -</u>	<u>\$4,781,871</u>	<u>\$ 4,716,404</u>	<u>\$ 65,467</u>

Notes to Required Supplementary Information

TEAM ACADEMY CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2017

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1]	\$ 68,361,662	
	[C-2]		\$ 4,716,404
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 68,361,662	\$ 4,716,404
Note 1			
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 69,374,850	
	[C-2]		\$ 4,716,404
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 69,374,850	\$ 4,716,404

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

TEAM ACADEMY CHARTER SCHOOL

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Three Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0420174472%	0.1037400000%	0.0660010000%	0.0811370000%
Charter School's proportionate share of the net pension liability (assets)	23,244,030	23,244,030	12,614,000	15,191,094
Charter School's covered employee payroll	\$ 1,335,973	\$ 3,283,230	\$ 5,174,516	\$ 6,573,716
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	1739.86%	707.96%	243.77%	231.09%
Plan fiduciary net position as a percentage of the total pension liability - local	14.13%	14.13%	41.02%	43.27%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

TEAM ACADEMY CHARTER SCHOOL

**Schedule of the Charter School's Contributions - PERS
Last Three Fiscal Years**

	<u>2016</u>	<u>Fiscal Year 2015</u>	<u>Ended June 30, 2014</u>	<u>2013</u>
Contractually required contribution	\$ 206,395	\$ 889,453	\$ 497,300	\$ 668,883
Contribution in relation to the contractually required contribution	<u>(206,395)</u>	<u>(889,453)</u>	<u>(497,300)</u>	<u>(668,883)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 1,335,973	\$ 3,283,230	\$ 5,174,516	\$ 6,573,716
Contributions as a percentage of covered employee payroll	15.45%	27.09%	9.61%	10.18%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.
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TEAM ACADEMY CHARTER SCHOOL

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Three Fiscal Years

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 127,657,156	\$ 89,255,550	\$ 47,050,313	\$ 52,875,441
Total	<u>\$ 127,657,156</u>	<u>\$ 89,255,550</u>	<u>\$ 47,050,313</u>	<u>\$ 52,875,441</u>
Charter School's covered employee payroll	\$ 18,484,922	\$ 18,484,922	\$ 12,022,491	\$ 15,247,271
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	22.33%	20.70%	25.50%	28.80%

**Note

TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the Charter School (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the Charter School.

Note to Required Supplementary Information
Pension Schedules
Year ended June 30, 2017

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

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

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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 2000 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

Other Supplementary Information

School Level Schedules

Special Revenue Fund

**TEAM ACADEMY CHARTER SCHOOL
Special Revenue Fund**

E-1
1 of 2

**Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis**

Year ended June 30, 2017

	Title IA Current Year 2016-2017	Title IIA Current Year 2016-2017	I.D.E.A. Basic 2016-2017	I.D.E.A. Preschool 2016-2017	Charter School Program - Seek 2016-2017	Charter School Program - CSP 4 Bold Academy 2016-2017
Revenues						
Federal sources	\$ 2,383,957	\$ 5,495	\$ 735,656	\$ 9,545	\$ 39,078	\$ 304,796
Local sources	-	-	-	-	-	-
Total revenues -all sources	<u>\$ 2,383,957</u>	<u>\$ 5,495</u>	<u>\$ 735,656</u>	<u>\$ 9,545</u>	<u>\$ 39,078</u>	<u>\$ 304,796</u>
Expenditures						
Instruction						
Salaries of teachers	\$ 1,072,655	\$ -	\$ -	\$ -	\$ -	\$ 39,117
Purchased Prof. and technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
General supplies	-	-	-	-	33,779	131,363
Miscellaneous expenditures	-	-	-	-	-	-
Total instruction	<u>1,072,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,779</u>	<u>170,480</u>
Support services						
Support services salaries	798,665	-	681,056	9,545	-	11,725
Employee benefits	486,543	-	54,600	-	-	-
Purchased professional services	-	-	-	-	-	100,891
Other purchased services	-	-	-	-	-	-
Supplies	-	-	-	-	1,899	-
Miscellaneous expenditures	26,094	5,495	-	-	3,400	21,700
Total support services	<u>1,311,302</u>	<u>5,495</u>	<u>735,656</u>	<u>9,545</u>	<u>5,299</u>	<u>134,316</u>
Facilities acquisition and construction services						
Instructional equipment	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-
Construction services	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 2,383,957</u>	<u>\$ 5,495</u>	<u>\$ 735,656</u>	<u>\$ 9,545</u>	<u>\$ 39,078</u>	<u>\$ 304,796</u>

**TEAM ACADEMY CHARTER SCHOOL
Special Revenue Fund**

E-1
2 of 2

**Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis**

Year ended June 30, 2017

	<u>KIPP New Jersey</u>	<u>KIPP Foundation Grant</u>	<u>KIPP Head of School Grant</u>	<u>KIPP ELM A Music Grant</u>	<u>National Winter Activity Center</u>	<u>Rock Rembe Foundation</u>	<u>New School Venture Fund</u>	<u>MCJ Amelior Foundation</u>	<u>Total</u>
Revenues									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,478,527
Local sources	436,351	50,000	75,000	20,000	45,000	275,000	331,526	5,000	1,237,877
Total revenues -all sources	<u>\$ 436,351</u>	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ 20,000</u>	<u>\$ 45,000</u>	<u>\$ 275,000</u>	<u>\$ 331,526</u>	<u>\$ 5,000</u>	<u>\$ 4,716,404</u>
Expenditures									
Instruction									
Salaries of teachers	\$ -	\$ 49,940	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 1,181,712
Purchased Prof. and technical services	-	-	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-	-	-
General supplies	-	60	-	-	-	-	-	-	165,202
Miscellaneous expenditures	178,067	-	-	-	45,000	-	331,526	-	554,593
Total instruction	<u>178,067</u>	<u>50,000</u>	<u>-</u>	<u>20,000</u>	<u>45,000</u>	<u>-</u>	<u>331,526</u>	<u>-</u>	<u>1,901,507</u>
Support services									
Support services salaries	-	-	75,000	-	-	275,000	-	-	1,850,991
Employee benefits	-	-	-	-	-	-	-	-	541,143
Purchased professional services	-	-	-	-	-	-	-	-	100,891
Other purchased services	-	-	-	-	-	-	-	5,000	5,000
Supplies	-	-	-	-	-	-	-	-	1,899
Miscellaneous expenditures	258,284	-	-	-	-	-	-	-	314,973
Total support services	<u>258,284</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>-</u>	<u>5,000</u>	<u>2,814,897</u>
Facilities acquisition and construction services									
Instructional equipment	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 436,351</u>	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ 20,000</u>	<u>\$ 45,000</u>	<u>\$ 275,000</u>	<u>\$ 331,526</u>	<u>\$ 5,000</u>	<u>\$ 4,716,404</u>

Capital Projects Fund
At June 30, 2017, there was no capital project fund.

Enterprise Fund

TEAM ACADEMY CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2017

	<u>Food Services</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ (299,064)
Accounts receivable:	-
Federal	477,040
State	4,806
Other	114,331
Other current assets	
Total current assets	<u>\$ 297,113</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	-
Accounts payable	256,971
Total current liabilities	<u>\$ 256,971</u>
Net position	
Unrestricted	40,142
Total net position	<u><u>\$ 40,142</u></u>

**TEAM ACADEMY CHARTER SCHOOL
Enterprise Fund**

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2017

	<u>Food Services</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 263,559
Daily sales - nonreimbursable programs	110,595
Total Operating revenues	<u>374,154</u>
Operating expenses:	
Cost of sales	2,997,244
Salaries	-
Employee benefits	-
Professional /technical service	-
Supplies and materials	58,391
Depreciation	-
Miscellaneous	2,384
Total operating expenses	<u>3,058,019</u>
Operating income/(loss)	<u>(2,683,865)</u>
Nonoperating revenues:	
State sources:	
State School Lunch program	32,502
State School Breakfast program	-
Federal sources:	
National School Lunch program	1,484,350
National School Breakfast program	711,481
After School Snacks program	406,098
Fresh Fruits and Vegetables program	89,576
Total nonoperating revenues	<u>2,724,007</u>
Net income/(loss) before contributions & transfers	40,142
Other financing sources:	
Transfer	-
	<u>-</u>
Change in net position	40,142
Total net position-beginning of year	<u>-</u>
Total net position-end of year	<u><u>\$ 40,142</u></u>

TEAM ACADEMY CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2017

	<u>Food Services</u>
Cash flows from operating activities	
Operating loss	\$(2,683,865)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(158,492)
Other current assets	
Due to general fund	-
Accounts payable	<u>22,642</u>
Net cash used in operating activities	<u>(2,819,715)</u>
 Cash flows from noncapital financing activities:	
Cash received from state reimbursements	32,502
Cash received from federal reimbursements	2,691,505
Operating subsidies and transfers	-
Net cash provided by noncapital financing activities	<u>2,724,007</u>
 Cash flows from investing activities	-
 Net change in cash and cash equivalents	(95,708)
Cash and cash equivalents, beginning	(203,356)
Cash and cash equivalents, ending	<u><u>\$ (299,064)</u></u>

Fiduciary Fund

TEAM ACADEMY CHARTER SCHOOL
Fiduciary Funds

H-1

Combining Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Insurance Fund	Student Activity Fund	Flex Spending Account	Agency Fund Payroll	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 50,890	\$ 140,975	\$ 191,865
Total assets	\$ -	\$ -	\$ 50,890	\$ 140,975	\$ 191,865
Liabilities and fund balances					
Liabilities:					
Payroll deductions and withholdings	\$ -	\$ -	\$ 50,890	\$ 140,975	\$ 191,865
Interfund payables	-	-	-	-	-
Account payable - due to students group	-	-	-	-	-
Total liabilities	-	\$ -	\$ 50,890	\$ 140,975	\$ 191,865
Net position	-				
Total liabilities and net position	\$ -				

TEAM ACADEMY CHARTER SCHOOL
Fiduciary Funds

H-2

Combining Statement of Changes in Fiduciary Net Position
Unemployment Compensation Insurance Trust Fund

Year ended June 30, 2017

	<u>Unemployment Compensation</u>
Revenues:	
General fund appropriation	\$ -
Total revenues	<u>-</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	-
Total expenditures	<u>-</u>
Excess(deficiency) of revenue over(under) expenditures	-
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ -</u></u>

TEAM ACADEMY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements

H-3

Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Assets				
Parent council fund	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEAM ACADEMY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements

H-4

Year ended June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Assets				
Cash and cash equivalents	\$ -	\$ 34,280,314	\$ 34,139,339	\$ 140,975
Total assets	<u>\$ -</u>	<u>\$ 34,280,314</u>	<u>\$ 34,139,339</u>	<u>\$ 140,975</u>
Liabilities				
Payroll deductions and withholdings	\$ -	\$ 34,280,314	\$ 34,139,339	\$ 140,975
Interfund payable	-		-	-
Total liabilities	<u>\$ -</u>	<u>\$ 34,280,314</u>	<u>\$ 34,139,339</u>	<u>\$ 140,975</u>

Long Term Debt

TEAM ACADEMY CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Renovation Loan

I-2

Year ended June 30, 2017

	Variable Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2016	Acquired Current Year	Retired Current Year	Amount Outstanding June 30, 2017
NONE			\$ -	\$ -	\$ -	\$ -

Statistical Section

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(6,247,865)	(4,521,042)	(2,099,558)	(3,267,315)	6,931,537	4,248,784	2,355,554	1,534,898	1,733,406	647,280
Total governmental activities net position	\$ (1,768,011)	\$ (536,468)	\$ 811,412	\$ (1,007,950)	\$ 9,159,659	\$ 5,794,997	\$ 3,225,809	\$ 1,961,632	\$ 2,170,308	\$ 1,042,689
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	40,142	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 40,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School-wide										
Invested in capital assets, net of related debt	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(6,207,723)	(4,521,042)	(2,099,558)	(3,267,315)	6,931,537	4,248,784	2,355,554	1,534,898	1,733,406	647,280
Total charter school net position	\$ (1,727,869)	\$ (536,468)	\$ 811,412	\$ (1,007,950)	\$ 9,159,659	\$ 5,794,997	\$ 3,225,809	\$ 1,961,632	\$ 2,170,308	\$ 1,042,689

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction										
Regular	\$ 25,522,672	\$ 23,810,908	\$ 23,159,756	\$ 19,613,079	\$ 14,787,627	\$ 12,636,140	\$ 10,809,131	\$ 8,682,919	\$ 5,268,078	\$ 4,010,599
Support services:										
General administration	18,337,847	25,090,283	19,244,447	15,041,641	11,512,696	8,491,199	7,406,276	5,865,142	3,984,681	1,834,507
School administrative services	29,400,362	11,692,711	9,309,491	8,009,883	6,758,013	5,192,475	4,646,565	3,582,598	2,269,747	1,965,653
On-behalf TPAF Social Security	18,844,747	4,200,680	3,232,391	2,219,464	2,214,444	1,346,536	681,572	496,064	331,137	205,010
Plant operations and maintenance	777,814	598,598	1,059,471	208,709	694,347	767,942	409,340	44,274	88,828	83,898
Unallocated depreciation	270,914	-	189,294	177,466	152,892	91,984	70,280	54,442	47,335	34,583
Total governmental activities expenses	<u>93,154,356</u>	<u>65,393,180</u>	<u>56,194,850</u>	<u>45,270,242</u>	<u>36,120,019</u>	<u>28,526,276</u>	<u>24,023,164</u>	<u>18,725,439</u>	<u>11,989,806</u>	<u>8,134,250</u>
Business-type activities:										
Food service	3,058,019	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554	781,029	541,003	388,724
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>3,058,019</u>	<u>2,795,185</u>	<u>2,416,922</u>	<u>1,611,326</u>	<u>1,241,906</u>	<u>1,055,713</u>	<u>927,554</u>	<u>781,029</u>	<u>541,003</u>	<u>388,724</u>
Total charter school expenses	<u>\$ 96,212,375</u>	<u>\$ 68,188,365</u>	<u>\$ 58,611,772</u>	<u>\$ 46,881,568</u>	<u>\$ 37,361,925</u>	<u>\$ 29,581,989</u>	<u>\$ 24,950,718</u>	<u>\$ 19,506,468</u>	<u>\$ 12,530,809</u>	<u>\$ 8,522,974</u>
Program revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 4,716,404	\$ 6,568,740	\$ 6,050,145	\$ 6,172,992	\$ 4,759,221	\$ 3,875,353	\$ 3,817,944	\$ 2,113,290	\$ 541,003	\$ 1,597,631
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>4,716,404</u>	<u>6,568,740</u>	<u>6,050,145</u>	<u>6,172,992</u>	<u>4,759,221</u>	<u>3,875,353</u>	<u>3,817,944</u>	<u>2,113,290</u>	<u>541,003</u>	<u>1,597,631</u>
Business-type activities:										
Charges for services:										
Food service	374,154	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554	781,029	1,451,715	388,724
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,724,007	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>3,098,161</u>	<u>2,795,185</u>	<u>2,416,922</u>	<u>1,611,326</u>	<u>1,241,906</u>	<u>1,055,713</u>	<u>927,554</u>	<u>781,029</u>	<u>1,451,715</u>	<u>388,724</u>
Total charter school program revenues	<u>\$ 7,814,565</u>	<u>\$ 9,363,925</u>	<u>\$ 8,467,067</u>	<u>\$ 7,784,318</u>	<u>\$ 6,001,127</u>	<u>\$ 4,931,066</u>	<u>\$ 4,745,498</u>	<u>\$ 2,894,319</u>	<u>\$ 1,992,718</u>	<u>\$ 1,986,355</u>
Net (expense)/revenue										
Governmental activities	\$ (88,437,952)	\$ (58,824,440)	\$ (50,144,705)	\$ (39,097,250)	\$ (31,360,798)	\$ (24,650,923)	\$ (20,205,220)	\$ (16,612,149)	\$ (11,448,803)	\$ (6,536,619)
Business-type activities	40,142	-	-	-	-	-	-	-	910,712	-
Total charter school-wide net expense	<u>\$ (88,397,810)</u>	<u>\$ (58,824,440)</u>	<u>\$ (50,144,705)</u>	<u>\$ (39,097,250)</u>	<u>\$ (31,360,798)</u>	<u>\$ (24,650,923)</u>	<u>\$ (20,205,220)</u>	<u>\$ (16,612,149)</u>	<u>\$ (10,538,091)</u>	<u>\$ (6,536,619)</u>

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General revenues and other changes in net position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,950,107	\$ 7,346,040	\$ 6,353,278	\$ 5,056,561	\$ 3,788,611	\$ 3,010,932	\$ 2,536,038	\$ 1,978,975	\$ 1,404,703	\$ 1,559,685
Grants and contributions	59,008,384	50,007,326	44,447,903	35,817,211	29,115,452	23,414,552	18,102,108	13,972,841	9,938,227	5,322,524
Miscellaneous income	1,403,171	663,448	1,166,554	558,318	1,821,397	794,627	831,251	451,657	322,780	331,023
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>68,361,662</u>	<u>58,016,814</u>	<u>51,967,735</u>	<u>41,432,090</u>	<u>34,725,460</u>	<u>27,220,111</u>	<u>21,469,397</u>	<u>16,403,473</u>	<u>11,665,710</u>	<u>7,213,232</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 68,361,662</u>	<u>\$ 58,016,814</u>	<u>\$ 51,967,735</u>	<u>\$ 41,432,090</u>	<u>\$ 34,725,460</u>	<u>\$ 27,220,111</u>	<u>\$ 21,469,397</u>	<u>\$ 16,403,473</u>	<u>\$ 11,665,710</u>	<u>\$ 7,213,232</u>
Change in net position										
Governmental activities	\$ (20,076,290)	\$ (807,626)	\$ 1,823,030	\$ 2,334,840	\$ 3,364,662	\$ 2,569,188	\$ 1,264,177	\$ (208,676)	\$ 216,907	\$ 676,613
Business-type activities	40,142	-	-	-	-	-	-	-	910,712	-
Total charter school	<u>\$ (20,036,148)</u>	<u>\$ (807,626)</u>	<u>\$ 1,823,030</u>	<u>\$ 2,334,840</u>	<u>\$ 3,364,662</u>	<u>\$ 2,569,188</u>	<u>\$ 1,264,177</u>	<u>\$ (208,676)</u>	<u>\$ 1,127,619</u>	<u>\$ 676,613</u>

TEAM ACADEMY CHARTER SCHOOL
Combined Balance Sheet
All Funds

J-2a

June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund Food Service</u>	<u>Trust & Agency Fund</u>	<u>Totals</u>
Assets					
Cash and cash equivalents	\$ 9,890,715	\$ (818,929)	\$ (299,064)	\$ 191,865	\$ 8,964,587
Accounts receivable:					
State	1,253,479	-	4,806	-	1,258,285
Federal	-	717,617	477,040	-	1,194,657
Other	2,175,942	310,284	114,331	-	2,600,557
Prepaid expenses	586,827	-	-	-	586,827
Other current assets	12,032	-	-	-	12,032
Interfund receivable	-	-	-	-	-
	<u>\$ 13,918,995</u>	<u>\$ 208,972</u>	<u>\$ 297,113</u>	<u>\$ 191,865</u>	<u>\$ 14,616,945</u>
Liabilities and Fund Balances					
Liabilities:					
Interfund accounts payables	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables - federal	-	-	-	-	-
Intergovernmental payables - state	426,014	-	-	-	426,014
Accounts payable	2,719,814	113,298	256,971	-	3,090,083
Other liabilities	2,187,357	-	-	191,865	2,379,222
Deferred revenue	-	95,674	-	-	95,674
Total liabilities	<u>5,333,185</u>	<u>208,972</u>	<u>256,971</u>	<u>191,865</u>	<u>5,990,993</u>
Fund balances:					
Unreserved:					
Undesignated	8,585,810	-	40,142	-	8,625,952
Total fund balances	<u>8,585,810</u>	<u>-</u>	<u>40,142</u>	<u>-</u>	<u>8,625,952</u>
Total liabilities and fund balances	<u>\$ 13,918,995</u>	<u>\$ 208,972</u>	<u>\$ 297,113</u>	<u>\$ 191,865</u>	<u>\$ 14,616,945</u>

TEAM ACADEMY CHARTER SCHOOL
Combined Statement of Revenues, Expenditures and Changes in Fund Balances

J-2b

All Funds
Year ended June 30, 2017

	General Fund	Special Revenue Fund	Enterprise Fund Food Service	Total
Revenues:				
Local sources:				
Local tax levy	\$ 7,950,107	\$ -	\$ -	\$ 7,950,107
Miscellaneous	1,403,171	1,237,877	-	2,641,048
Charges for services: daily sales - reimbursable program	-	-	263,559	263,559
Charges for services: daily sales - nonreimbursable program	-	-	110,595	110,595
Total revenues - local sources	<u>9,353,278</u>	<u>1,237,877</u>	<u>374,154</u>	<u>10,965,309</u>
Federal sources	294,313	3,478,527	2,691,505	6,464,345
State sources	53,352,894	-	32,502	53,385,396
Reimbursed TPAF-Social Security (non-budgeted)	1,733,068	-	-	1,733,068
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	<u>3,628,109</u>	<u>-</u>	<u>-</u>	<u>3,628,109</u>
Total revenues	<u>68,361,662</u>	<u>4,716,404</u>	<u>3,098,161</u>	<u>76,176,227</u>
Current expense:				
Instruction	23,621,165	1,901,507	-	25,522,672
Administrative	23,325,550	-	-	23,325,550
Support services	16,300,764	2,814,897	-	19,115,661
Capital outlay	766,194	-	3,058,019	3,824,213
Reimbursed and on-behalf payments:	-	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	1,733,068	-	-	1,733,068
TPAF pension, post retirement medical and long term disability insurance premium benefits on-behalf payments (non-budgeted)	<u>3,628,109</u>	<u>-</u>	<u>-</u>	<u>3,628,109</u>
Total expenditures	<u>69,374,850</u>	<u>4,716,404</u>	<u>3,058,019</u>	<u>77,149,273</u>
Excess (deficiency) of revenues over (under) expenditures	(1,013,188)	-	40,142	(973,046)
Other financing sources:				
Transfer to cover food deficit	-	-	-	-
Fund balances, beginning of year	<u>9,598,998</u>	<u>-</u>	<u>-</u>	<u>9,598,998</u>
Fund balances, end of year	<u>\$ 8,585,810</u>	<u>\$ -</u>	<u>\$ 40,142</u>	<u>\$ 8,625,952</u>

TEAM ACADEMY CHARTER SCHOOL
Combined Statement of Cash Flows

J-2c

All Funds

Year ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund Food Service</u>	<u>Trust & Agency Fund</u>	<u>Total</u>
Cash flows from operating activities:					
Change in fund balance/operating loss	\$ (1,013,188)	\$ -	\$ (2,683,865)	\$ (235,927)	\$ (3,932,980)
Adjustment to reconcile change in fund balance/operating loss to net cash (used in)/provided by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(1,937,597)	454,724	(158,492)	-	(1,641,365)
Other current assets	(586,827)	-	-	-	(586,827)
Interfund receivables/payables	-	-	-	-	-
Accounts payable	698,580	(100,068)	22,642	-	621,154
Other liabilities	1,597,056	-	-	(200,841)	1,396,215
Deferred revenue	-	89,034	-	-	89,034
Net cash (used in)/provided by operating activities	<u>(1,241,976)</u>	<u>443,690</u>	<u>(2,819,715)</u>	<u>(436,768)</u>	<u>(4,054,769)</u>
Cash flows from investing activities	-	-	-	-	-
Cash flows from noncapital financing activities:					
Cash received from state reimbursements	-	-	32,502	-	32,502
Cash received from federal reimbursements	-	-	2,691,505	-	2,691,505
Operating subsidies and transfers	-	-	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>2,724,007</u>	<u>-</u>	<u>2,724,007</u>
 Net change in cash and cash equivalents	(1,241,976)	443,690	(95,708)	(436,768)	(1,330,762)
Cash and cash equivalents, beginning	11,132,691	(1,262,619)	(203,356)	628,633	10,295,349
Cash and cash equivalents, ending	<u>\$ 9,890,715</u>	<u>\$ (818,929)</u>	<u>\$ (299,064)</u>	<u>\$ 191,865</u>	<u>\$ 8,964,587</u>

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-3

Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Unreserved	\$ 8,585,810	\$ 9,598,933	\$ 10,406,559	\$ 9,235,134	\$ 6,931,537	\$ 4,248,784	\$ 2,355,554	\$ 1,534,898	\$ 1,733,406	\$ 647,280
Total general fund	<u>\$ 8,585,810</u>	<u>\$ 9,598,933</u>	<u>\$ 10,406,559</u>	<u>\$ 9,235,134</u>	<u>\$ 6,931,537</u>	<u>\$ 4,248,784</u>	<u>\$ 2,355,554</u>	<u>\$ 1,534,898</u>	<u>\$ 1,733,406</u>	<u>\$ 647,280</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-4

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Local tax levy	\$ 7,950,107	\$ 7,346,040	\$ 6,353,278	\$ 5,056,561	\$ 3,788,611	\$ 3,010,932	\$ 2,536,038	\$ 1,978,975	\$ 1,404,703	\$ 1,559,685
Miscellaneous	1,403,171	5,017,319	4,503,993	3,967,003	4,231,938	2,803,425	2,862,853	1,314,771	926,780	1,472,323
State sources	58,714,071	50,082,359	43,607,004	35,608,502	28,280,651	22,646,610	17,588,307	13,972,841	9,849,399	5,116,155
Federal sources	3,772,840	4,935,021	2,712,706	2,764,307	2,349,180	1,866,545	1,786,342	1,205,902	847,715	456,331
Total revenue	<u>71,840,189</u>	<u>67,380,739</u>	<u>57,176,981</u>	<u>47,396,373</u>	<u>38,650,380</u>	<u>30,327,512</u>	<u>24,773,540</u>	<u>18,472,489</u>	<u>13,028,597</u>	<u>8,604,494</u>
Expenditures										
Instruction	25,522,672	26,399,203	24,540,362	22,555,890	17,183,075	14,073,342	12,414,050	9,349,480	5,926,951	4,542,628
Administration	23,325,550	26,702,668	21,096,232	14,318,294	11,332,192	8,400,523	6,482,929	5,694,645	3,656,945	1,507,488
Support Services	24,476,838	14,487,896	9,309,491	8,009,883	6,758,013	5,192,475	4,646,565	3,582,598	2,269,747	1,965,653
Capital Outlay	766,194	598,598	1,059,471	208,709	694,347	767,942	409,340	44,274	88,828	83,898
Total expenditures	<u>74,091,254</u>	<u>68,188,365</u>	<u>56,005,556</u>	<u>45,092,776</u>	<u>35,967,627</u>	<u>28,434,282</u>	<u>23,952,884</u>	<u>18,670,997</u>	<u>11,942,471</u>	<u>8,099,667</u>
Net change in fund balances	<u>\$ (2,251,065)</u>	<u>\$ (807,626)</u>	<u>\$ 1,171,425</u>	<u>\$ 2,303,597</u>	<u>\$ 2,682,753</u>	<u>\$ 1,893,230</u>	<u>\$ 820,656</u>	<u>\$ (198,508)</u>	<u>\$ 1,086,126</u>	<u>\$ 504,827</u>

Source: Charter School's Records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-5

General Fund Other Local Revenue by Source
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other local revenues										
Private grants	\$ 1,403,171	\$ -	\$ 417,126	\$ 249,507	\$ 55,635	\$ -	\$ -	\$ -	\$ -	\$ -
E-Rate	-	-	452,349	80,161	1,427,459	-	-	-	-	-
Other local	-	663,448	299,329	228,650	338,531	794,627	831,251	407,383	452,714	331,023
Total other local revenue	<u>\$ 1,403,171</u>	<u>\$ 663,448</u>	<u>\$ 1,168,804</u>	<u>\$ 558,318</u>	<u>\$ 1,821,625</u>	<u>\$ 794,627</u>	<u>\$ 831,251</u>	<u>\$ 407,383</u>	<u>\$ 452,714</u>	<u>\$ 331,023</u>

Source: Charter School's Records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases			
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
NONE	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.00%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.04%	-
	-	-	-	-	-	-	0.00%	-

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

**TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey**

J-14

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	277,376	\$ 14,738,651,136	\$ 53,136	9.70%
2009	278,154	14,265,962,352	51,288	8.50%
2010	277,347	14,511,904,428	52,324	12.50%
2011	277,984	15,293,011,776	55,014	12.50%
2012	278,414	15,425,249,256	55,404	12.50%
2013	279,499	15,565,858,308	55,692	12.50%
2014	280,980	16,386,472,620	58,319	12.50%
2015	281,944	16,925,098,320	60,030	12.50%
2016	281,764	16,914,292,920	60,030	7.90%
2017	281,764	16,914,292,920	60,030	7.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Personal capital income by municipality estimated based upon the 2000 Cesus published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Principal Employers
Current Year
(Unaudited)

<u>Employer</u>	2017		
		a	a
	<u>Employees</u>	<u>Rank</u> <u>[Optional]</u>	<u>Percentage of Total</u> <u>Municipal</u> <u>Employment</u>
Federal and Local Governments	6,187	N/A	22.58%
Veteran's Administration Medical Center	N/A	N/A	N/A
East Orange General Hospital	N/A	N/A	N/A
Kessler Institute	N/A	N/A	N/A
Louis Berger & Associates	N/A	N/A	N/A
	<hr/> <u><u>6,187</u></u>		<hr/> <u><u>22.58%</u></u>

a Information not available.

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Eastorange-Economy.html>

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Full-Time Equivalent Charter School Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>Fiscal Year Ending June 30,</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	275	273	239	193	181	126	116	-	-	-
Special education	32	30	32	30	5	4	15	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	39	39	39	38	40	27	24	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-
School administrative services	36	36	36	76	78	76	54	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central services	-	-	-	-	-	-	-	-	-	-
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>382</u>	<u>378</u>	<u>346</u>	<u>337</u>	<u>304</u>	<u>233</u>	<u>209</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: Charter School Personnel Records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

J-17

Operating Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	615	8,488,391	13,802	16.00%	38	1:12	1:12	1:12	615	583	2.42%	94.80%
2009	771	13,023,922	16,892	22.39%	61	1:12	1:12	1:12	771	740	26.93%	95.98%
2010	1,033	16,557,707	16,029	-5.11%	133	1:12	1:12	1:12	1,033	998	34.86%	96.61%
2011	1,262	23,952,884	18,980	18.41%	121	1:12	1:12	1:12	1,262	1,204	20.64%	95.40%
2012	1,476	28,434,292	19,264	1.50%	142	1:12	1:12	1:12	1,482	1,452	20.63%	98.00%
2013	1,767	35,967,127	20,355	5.66%	205	1:12	1:12	1:12	1,783	1,681	15.74%	94.28%
2014	2,203	45,092,776	20,469	0.56%	223	1:12	1:12	1:12	2,203	2,073	23.32%	94.10%
2015	2,807	58,422,478	20,813	1.68%	239	1:12	1:12	1:12	2,807	2,641	27.40%	94.09%
2016	3,249	68,027,990	20,938	0.60%	273	1:12	1:12	1:12	3,249	3,054	15.64%	94.00%
2017	3,702	73,325,060	19,807	-5.40%	-	1:12	1:12	1:12	3,702	3,628	18.79%	98.00%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

- a Operating expenditures esual total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time esuivalents of certificated staff.
- c Average daily enrollment and average daily atten

**TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey**

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**School Building Information
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Square Feet	535,348	535,348	415,348	307,348	260,348	227,386	116,848	128,883	81,625	3,500
Capacity (students)	3,890	3,890	3,390	2,390	2,390	2,280	1,515	1,400	865	750
Enrollment	3,702	3,249	2,807	2,203	1,767	1,476	1,262	1,033	771	615

Source: School Records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Schedule of Required Maintenance Expenditures
By School Facility
Last Ten Fiscal Years
(Unaudited)

2008	\$ -
2009	-
2010	-
2011	-
2012	-
2013	-
2014	-
2015	-
2016	-
2017	10,638,009
	-
Total	<u><u>\$10,638,009</u></u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Insurance Schedule

June 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial property and general liability:		
Property:		
Commercial property	\$ 74,900,615	\$ 1,000
Boiler & Machinery	100,000,000	1,000
General automobile liability	16,000,000	1,000
School Board legal liability	16,000,000	10,000
Umbrella	16,000,000	-
Workers' compensation	Statutory	-
Surety bonds:		
Board Secretary/Business Administrator	252,540	1,000
Assistant Business Administrator	252,540	1,000
School Board legal liability	16,000,000	10,000

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 8,772,722	\$ 9,666,716	\$ 6,657,306
Current assets	5,652,358	3,424,101	5,891,891
Capital assets, net	4,479,854	3,984,574	2,910,970
Total assets	<u>18,904,934</u>	<u>17,075,391</u>	<u>15,460,167</u>
Current liabilities	5,542,157	3,491,884	2,142,638
Long term liabilities	-	-	-
Total liabilities	<u>5,542,157</u>	<u>3,491,884</u>	<u>2,142,638</u>
Net position	<u>\$ 13,362,777</u>	<u>\$ 13,583,507</u>	<u>\$ 13,317,529</u>
Total revenue	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903
Total expenses	<u>(77,367,628)</u>	<u>(68,188,365)</u>	<u>(58,422,478)</u>
Change in net position	<u>\$ (1,191,401)</u>	<u>\$ (807,626)</u>	<u>\$ 1,171,425</u>
Depreciation expense	\$ 270,914	\$ 251,195	\$ 189,294
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	3,702	3,249	2,807
March 30th budgeted enrollment	3,800	3,200	2,800

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	2.60	3.75	5.86	12.21
Unrestricted days cash	41.39	51.74	41.59	134.72
Enrollment variance	97%	102%	100%	100%
Default	No	No	No	No

Source: Charter School Records

TEAM ACADEMY CHARTER SCHOOL
County of Essex New Jersey

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Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 8,772,722	\$ 9,666,716	\$ 6,657,306
Current assets	5,652,358	3,424,101	5,891,891
Capital assets, net	4,479,854	3,984,574	2,910,970
Total assets	<u>18,904,934</u>	<u>17,075,391</u>	<u>15,460,167</u>
Current liabilities	5,542,157	3,491,884	2,142,638
Long term liabilities	-	-	-
Total liabilities	<u>5,542,157</u>	<u>3,491,884</u>	<u>2,142,638</u>
Net position	<u>\$ 13,362,777</u>	<u>\$ 13,583,507</u>	<u>\$ 13,317,529</u>
Total revenue	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903
Total expenses	<u>(77,367,628)</u>	<u>(68,188,365)</u>	<u>(58,422,478)</u>
Change in net position	<u>\$ (1,191,401)</u>	<u>\$ (807,626)</u>	<u>\$ 1,171,425</u>
Depreciation expense	\$ 270,914	\$ 251,195	\$ 189,294
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	3,702	3,249	2,807
March 30th budgeted enrollment	3,800	3,200	2,800

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Three Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	-1.6%	-1.2%	2.0%	-0.4%
Debt to asset	-	-	-	0.22
Cash flow	\$ (893,994)	\$ 3,009,410	\$ (1,367,315)	\$ 748,101
Debt service coverage ratio	-	-	-	-

Source: Charter School Records

Single Audit Section

MONMOUTH CPAS & CONSULTANTS LLC

Certified Public Accountants and Consultants

371 Sand Shore Road • Budd Lake, NJ 07828

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K-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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Team Academy Charter School, in the County of Essex, State of New Jersey ("the Charter School"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon, dated September 29, 2017.

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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Monmouth CPAs & Consultants, LLC

September 29, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

MONMOUTH CPAS & CONSULTANTS LLC

Certified Public Accountants and Consultants

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K-2

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08

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

Compliance

We have audited the Team Academy Charter School's in the County of Essex, State of New Jersey ("the Charter School") compliance with the types of compliance requirements described in the OMB Compliance Supplements and the *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2017. The 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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Those standards, the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB* and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 Federal and State Program

In our opinion, the Charter School 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 federal and state program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the 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 my audit of compliance, I 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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with The Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08, 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 federal or 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 federal or 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 federal or 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 is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MonmouthCPAs&Consultants, LLC

September 29, 2017
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', written over a horizontal line.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

TEAM ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Federal Award Identification No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
Special Revenue Fund:															
U.S. Department of Education:															
Passed-Through State Department of Education															
Title I Part A - FY 2016-2017	84.010A	S010A160030	7/1/16-6/30/17	\$ 2,439,120	\$ -	\$ -	\$ -	\$ -	\$ -	2,066,348	\$ (2,383,957)	\$ -	\$ (317,609)	\$ -	\$ -
Title II A - FY 2016-2017	84.367A	S367A160029	7/1/16-6/30/17	5,495	-	-	-	-	-	-	(5,495)	-	(5,495)	-	-
IDEA Part B - FY 2016-2017	84.027A	H027A160100	7/1/16-6/30/17	735,656	-	-	-	-	-	655,484	(735,656)	-	(80,172)	-	-
IDEA Preschool - FY 2016-2017	84.173	H173A160114	7/1/16-6/30/17	9,545	-	-	-	-	-	-	(9,545)	-	(9,545)	-	-
IDEA Basic - FY 2015-2016	84.027A	H027A150100	7/1/15-6/30/16	633,848	(75,000)	-	-	-	-	75,000	-	-	-	-	-
Total U.S. Department of Education, Pass-Through Programs					(75,000)	-	-	-	-	2,796,832	(3,134,653)	-	(412,821)	-	-
U.S. Department of Education, Direct Programs:															
Charter Schools Grant - Replication and Expansion of High-Quality															
Charter Schools - 2016-2017 - BOLD Middle School	84.282M	U282A120015	7/1/16-6/30/17	321,255	-	-	-	-	-	-	(304,796)	-	(304,796)	-	-
Charter Schools Grant - Replication and Expansion of High-Quality															
Charter Schools - 2016-2017 - CSP3	84.282M	U282A120015	7/1/16-6/30/17	39,078	-	-	-	-	-	39,078	(39,078)	-	-	-	-
Total U.S. Department of Education, Direct Programs					-	-	-	-	-	39,078	(343,874)	-	(304,796)	-	-
Total Special Revenue/U.S. Department of Education					(75,000)	-	-	-	-	2,835,910	(3,478,527)	-	(717,617)	-	-
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch program	10.555	171NJ304N1099	7/1/16-6/30/17	1,484,350	-	-	-	-	-	1,220,485	(1,484,350)	-	(263,865)	-	-
National School Lunch program	10.555	16161NJ304N1099	7/1/15-6/30/16	1,218,155	(242,234)	-	-	-	-	242,234	-	-	-	-	-
National School Breakfast program	10.553	171NJ304N1099	7/1/16-6/30/17	711,481	-	-	-	-	-	583,713	(711,481)	-	(127,768)	-	-
National School Breakfast program	10.553	16161NJ304N1099	7/1/15-6/30/16	537,660	(110,265)	-	-	-	-	110,265	-	-	-	-	-
National After School Snacks program	10.558	171NJ304N1099	7/1/16-6/30/17	406,098	-	-	-	-	-	324,691	(406,098)	-	(81,407)	-	-
National After School Snacks program	10.558	16161NJ304N1099	7/1/15-6/30/16	338,469	(73,003)	-	-	-	-	73,003	-	-	-	-	-
Fresh Fruits & Vegetables program	10.582	171NJ304L1603	7/1/16-6/30/17	89,576	-	-	-	-	-	89,576	(89,576)	-	-	-	-
Total Enterprise Fund/U.S. Department of Agriculture, Pass-Through Programs					(425,502)	-	-	-	-	2,643,967	(2,691,505)	-	(473,040)	-	-
Total Expenditures of Federal Awards					\$ (500,502)	\$ -	\$ -	\$ -	\$ -	\$ 5,479,877	\$ (6,170,032)	\$ -	\$ (1,190,657)	\$ -	\$ -

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

TEAM ACADEMY CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
State Department of Education														
General Fund:														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 53,517,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,608,448	\$ (53,517,069)	-	\$ (665,364)	\$ -	\$ 426,015
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	49,553,649	-	-	-	-	-	-	-	-	-	-	-
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,609,510	-	-	-	-	-	1,609,510	(1,609,510)	-	-	-	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	1,505,836	-	-	-	-	-	1,505,836	(1,505,836)	-	-	-	-
State Adjustment Aid	17-495-034-5120-085	7/1/15-6/30/16	4,560,864	-	-	-	-	-	4,438,217	(4,560,864)	-	(122,647)	-	-
TPAF/FICA Reimbursements	17-495-034-5094-003	7/1/16-6/30/17	1,733,067	-	-	-	-	-	1,587,474	(1,733,067)	-	(145,593)	-	-
TPAF/FICA Reimbursements	16-495-034-5094-003	7/1/15-6/30/16	1,354,381	-	-	-	-	-	-	-	-	-	-	-
TPAF Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	1,968,817	-	-	-	-	-	1,968,817	(1,968,817)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	17-495-034-5094-002	7/1/16-6/30/17	1,640,472	-	-	-	-	-	1,640,472	(1,640,472)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	18,820	-	-	-	-	-	18,820	(18,820)	-	-	-	-
Total General Fund/State Department of Education									<u>67,377,594</u>	<u>(66,554,455)</u>		<u>(933,604)</u>		<u>426,015</u>
State Department of Agriculture														
Enterprise Fund:														
State school lunch program	17-100-010-3350-023	7/1/16-6/30/17	32,502	-	-	-	-	-	27,696	(32,502)	-	(4,806)	-	-
State school lunch program	16-100-010-3350-023	7/1/15-6/30/16	23,071	(4,583)	-	-	-	-	4,583	-	-	-	-	-
Total Enterprise Fund/State Department of Agriculture				<u>(4,583)</u>					<u>32,279</u>	<u>(32,502)</u>		<u>(4,806)</u>		
Total State Financial Assistance				<u>\$ (4,583)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,409,873</u>	<u>(66,586,957)</u>	<u>\$ -</u>	<u>\$ (938,410)</u>	<u>\$ -</u>	<u>\$ 426,015</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										1,968,817				
TPAF Pension Contribution - Normal & NCGI										1,640,472				
TPAF Pension Contribution - Long-Term Disability Insurance										18,820				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$ (62,958,848)</u>				

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

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. 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.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

3. Relationship to Basic Financial Statements - continued

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 66,554,455	\$ 66,554,455
Special Revenue Fund	3,478,527	-	3,478,527
Enterprise Fund	2,691,505	32,502	2,724,007
Total	<u>\$ 6,170,032</u>	<u>\$ 66,586,957</u>	<u>\$ 72,756,989</u>

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.

5. Other Information

TPAF Social Security contribution in the amount of \$1,733,068 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF pension representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long Term Disability Insurance Premium Contributions in the amount of \$3,628,109 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2017.

6. On Behalf Programs Not Subject to State Single Audit

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

7. De Minimis Indirect Cost

The Charter School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

Internal control over major programs:

Material weaknesses identified? _____ Yes No

Significant deficiencies identified? _____ Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualifies as low-risk auditee? Yes _____ No

TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Part I Summary of Auditors' Results

State Financial Assistance Section

Dollar threshold used to distinguish between Type A and B programs: \$1,888,765

Auditee qualifies as low-risk auditee? yes No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(cies) identified that are not
 Considered to be material weaknesses? Yes None reported

Any audit findings disclosed that are required to be reported
 in accordance with NJ OMB Circulars 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	State Adjustment Aid

**TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part II – Schedule of Financial Statement Findings

NONE

**TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part III –Federal Awards Findings and Questioned Cost

NONE

Part III – State Financial Assistance Findings and Questioned Cost

NONE

**TEAM ACADEMY CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017**

There were no prior year's audit findings.

TEAM ACADEMY CHARTER SCHOOL

Schedule of Expenditures of Local Financial Assistance

Year ended June 30, 2017

Local Grantor/Program Title	Grant or Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2016	Deferred Revenue at June 30, 2016	Due to Grantor at June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2017	Deferred Revenue at June 30, 2017	Due to Grantor at June 30, 2017
KIPP New Jersey	Not Available	7/1/16-6/30/17	\$ 436,351	\$ -	\$ -	\$ -	\$ -	\$ 349,078	\$ -	\$ (436,351)	\$ -	\$ (87,273)	\$ -	\$ -
KIPP Foundation Grant	Not Available	7/1/16-6/30/17	50,000	-	-	-	-	39,651	-	(50,000)	-	(10,349)	-	-
KIPP Head of School Grant	Not Available	7/1/16-6/30/17	75,000	-	-	-	-	-	-	(75,000)	-	(75,000)	-	-
KIPP ELM-A-Music Grant	Not Available	7/1/16-6/30/17	20,000	-	-	-	-	20,000	-	(20,000)	-	-	-	-
National Winter Activities Center	Not Available	7/1/16-6/30/17	45,000	-	-	-	-	-	-	(45,000)	-	(45,000)	-	-
Rock Rembe Foundation	Not Available	7/1/16-6/30/17	275,000	-	-	-	-	182,338	-	(275,000)	-	(92,662)	-	-
New School Venture Fund	Not Available	7/1/16-6/30/17	331,526	-	-	-	-	427,200	-	(331,526)	-	-	95,674	-
MCJ Amelior Foundation	Not Available	7/1/16-6/30/17	5,000	-	-	-	-	5,000	-	(5,000)	-	-	-	-
Total Expenditures of Local Financial Assistance			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,267</u>	<u>\$ -</u>	<u>\$ (1,237,877)</u>	<u>\$ -</u>	<u>\$ (310,284)</u>	<u>\$ 95,674</u>	<u>\$ -</u>