

UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**UNION COUNTY TEAMS CHARTER SCHOOL
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2017

UNION COUNTY TEAMS CHARTER SCHOOL

Union County TEAMS Charter School

Board of Trustees

Plainfield, New Jersey

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
UNION COUNTY TEAMS CHARTER SCHOOL
PLAINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by
Union County TEAMS Charter School Finance Department
And
Meshinsky & Associates LLC, CPAs**

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**UNION COUNTY TEAMS CHARTER SCHOOL
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INTRODUCTORY SECTION

**UNION COUNTY
TEAMS
CHARTER SCHOOL**



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Plainfield, NJ 07060
908-754-9043 * Fax 908-754-7790
www.ucteams.org

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

Enclosed herewith please find the **Comprehensive Annual Financial Report (“CAFR”)** of the Union County TEAMS Charter School (“UCTCS”) for fiscal year 2016-2017.

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

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

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

- 1. The Introductory Section;** which includes a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organization Chart;
- 2. The Financial Section;** which includes the Independent Auditors’ Report, the Management’s Discussion and Analysis, Basic Financial Statements, Notes Providing a Financial Position and Operating Results Overview, and Other Schedules providing budgetary information;
- 3. The Statistical Section;** which includes Selected Economic and Demographic Information, Financial Trends, and the Fiscal Capacity of UCTCS;

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

Charter School Organization

A Board of Trustees (“Board”) comprised of three (3) appointed members serves as the Governing Body and Policymaker for UCTCS. The Board adopts an annual operating budget, and reviews/approves all expenditures against the adopted budget. This process serves as the method through which the Board exercises its authority and fiscal responsibility for the budgetary allocations and disbursements of taxpayer dollars that fund the school operations.

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

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

Reporting Entity and Its Services

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

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

UCTCS completed the 2016-2017 school year with an average annual enrollment of 386 students, attaining and maintaining a 96.4% level of the Original Budget enrollment projection. Average daily attendance for the school year was at 94% of enrollment.

Economic Condition and Outlook

The NJDOE Office of Charter Schools utilizes a comprehensive *Performance Framework*, incorporating key fiscal standards for assessing the fiscal fitness of the charter school. The objective of this framework is to provide information about the fiscal performance of the school

and its prospective sustainability. The fiscal evaluative standards are categorized as *Near Term Indicators* and *Sustainability Indicators*, with each category being comprised of distinct financial measurements that are quantitative as well as qualitative towards assessing the financial health of the charter school.

The *Near Term Indicators* of *Current Ratio*, *Unrestricted Cash*, *Enrollment Variance* and *Default* continue to position UCTCS as being exemplary in performance, with all areas of measurement significantly meeting or exceeding benchmark guidelines set forth in the *Performance Framework*. For example, *Current Ratio* reflects at 10.9 against a benchmark of 1.1; *Unrestricted Cash* measures at 84.9 days in comparison to a benchmark threshold of 30-60 days, with actual enrollment of 96.4% exceeding the benchmark of 95%.

The *Sustainability Indicators* of *Total Margin*, *Debt to Asset Ratio*, *Cash Flow* and *Debt Service Coverage Ratio* also continue to reflect exemplary performance, with all key areas of measurement significantly meeting or exceeding benchmark guidelines. Specifically, Debt to Asset Ratio at less than 0.10 when compared to the benchmark threshold of 0.90 was outstanding; Cash Flow increased by \$304,089 when compared to year-end 2016; and the like.

As all performance indicators show, a significantly favorable financial position continued at UC Teams, notwithstanding the absorption of significant increased annual operational costs associated with the increasing day-to-day activities of the separate high school facility.

Internal Accounting Controls

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

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

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

Budgetary Controls

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

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

Cash Management

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

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

Risk Management

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

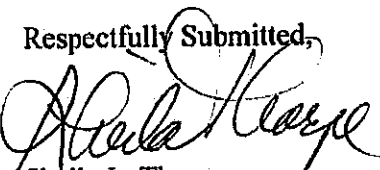
Other Information

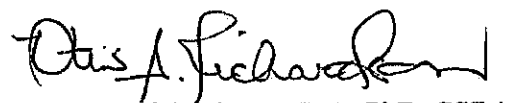
Independent Audit

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

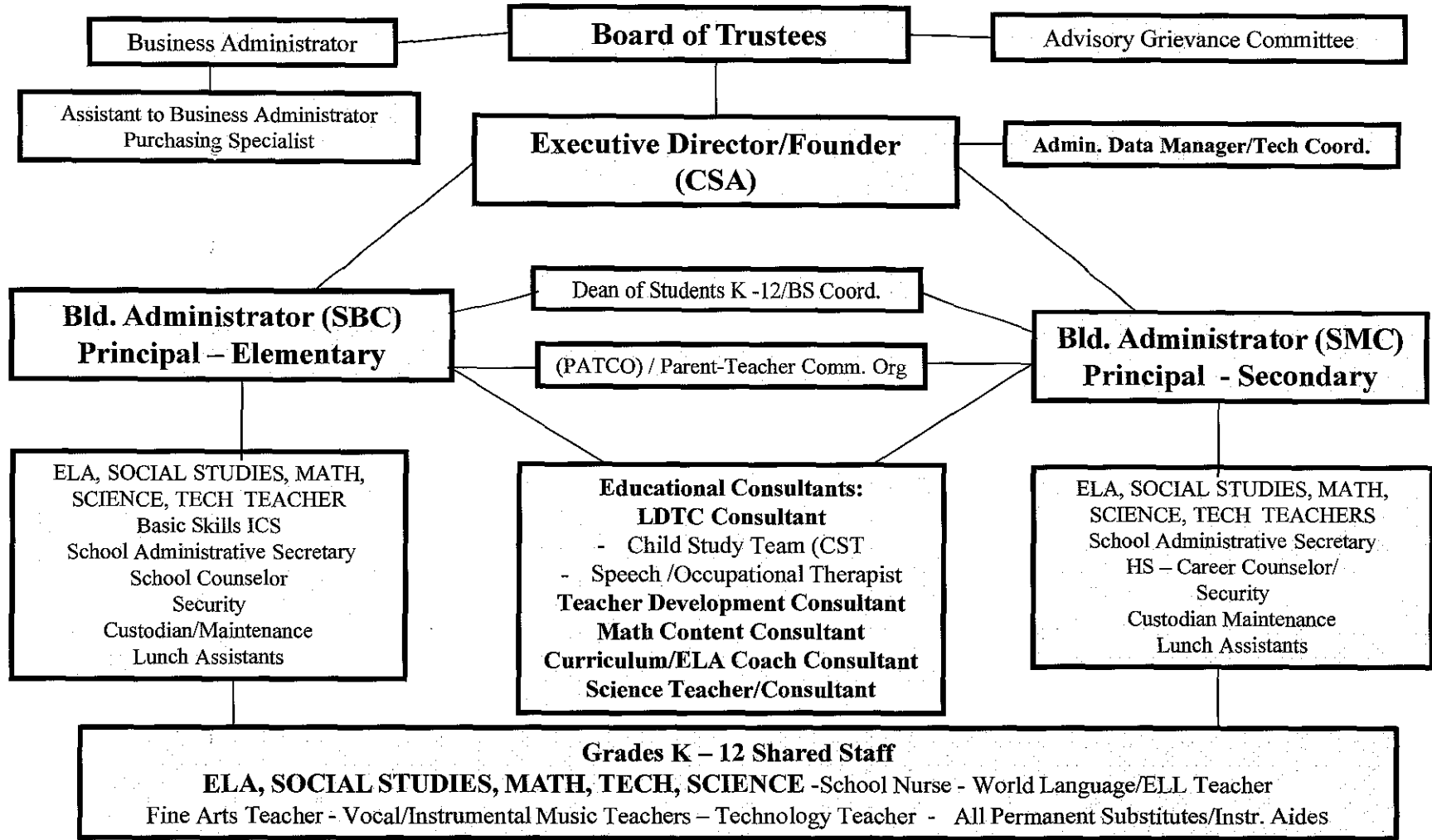
In addition to meeting the requirements set forth in State statutes, the annual audit was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, "*Audits of State, Local Governments and Non-Profit Organizations*",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

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

Respectfully Submitted,

Sheila L. Thorpe
Executive Director/ Founder


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

**The Union County TEAMS Charter School
High School/College Leadership Academy K – 12 2016 - 2017**



Grade	K	1	2	3	4	5	6	7	8	9	10	11	12	
Current	19	19	20	18	21	21	41	38	36	50	42	29	32	Total 386
# of Students														
Certification	K - 5 -----118-----						K - 8 -----115-----			K - 12 -----153-----				

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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

MEMBERS OF THE BOARD OF TRUSTEES

Clarence Beverly, Jr, President

Reginald B. Piggee, Vice-President

Bruce A. Williams, Member

OTHER OFFICIALS

Sheila L. Thorpe, Executive Director

Otis A. Richardson, PhD, School Business Administrator

Emma Johnson, Treasurer

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

CONSULTANTS AND ADVISORS

Audit Firm

Meshinsky & Associates LLC
Certified Public Accountants
1155 West Chestnut Street Suite 2D
Union, New Jersey 07083

Official Depository

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

FINANCIAL SECTION



MESHINSKY & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS,
CONSULTANTS & INDEPENDENT TRUSTEES

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 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

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 14 and 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey Circular 15-08 OMB State Aid/Grant Compliance Supplement respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

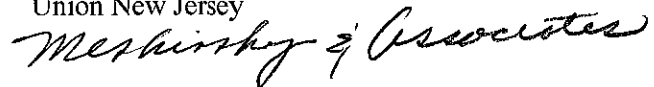
The combining and individual non major fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2017 on our consideration of the Union County TEAMS Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.

Meshinsky & Associates LLC
Union New Jersey



Philip T. Meshinsky
Licensed Public School Accountant
CS 00233400
Meshinsky & Associates, CPA's
Union, New Jersey

November 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of Union County TEAMS Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- General revenues accounted for \$5,583,651 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$286,708 or 5% percent of total revenues of \$5,870,359.
- The Charter School had \$5,782,576 in expenses; only \$286,708 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,583,651 were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$5,455,041 in revenues and \$5,026,440 in expenditures. The General Fund's fund balance increased by \$428,601. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole look at all financial transactions and ask the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Governmental Funds

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

Proprietary Fund

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

Notes to the Basic Financial Statements

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

The Charter School as a Whole

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

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

The Charter School's combined net position was a surplus of \$200,697 for June 30, 2017 and \$112,914 for 2016

Governmental Activities

The Charter School's total revenues were \$5,678,834 for 2017 and \$5,492,035 for 2016, this includes \$364,937 for 2017 and \$349,483 for 2016 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services were \$5,589,161 for 2017 and \$5,191,486 for 2016. Instruction comprises 54% of the Charter School expenditures for 2017 and 52% for 2016.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

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

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

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

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

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

Business-Type Activities

Food Service

- Food service expenditures exceeded revenues by \$1,890 for 2017 and equaled revenues for 2016.
- Charges for services represent \$ 22,529 for 2017 and \$24,396 for 2016 of revenue. This represents amounts paid by patrons for daily food.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfasts were \$168,996 for 2017 and \$152,293 for 2016.

BASIC FINANCIAL STATEMENTS

SECTION A - CHARTER SCHOOL - WIDE FINANCIAL STATEMENTS

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

UNION COUNTY TEAMS CHARTER SCHOOL
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,270,360	\$ 8,383	\$ 1,278,743
Interfund Receivables	78,180	6,069	84,249
Receivables	290,981	13,272	304,253
Security Deposit	32,283		
Capital Assets, Net		7,535	7,535
Total Assets	1,671,804	35,259	1,707,063
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	1,238,352		1,238,352
Deferred Outflows of Resources	1,238,352	-	1,238,352
LIABILITIES:			
Accounts Payable	38,225	12,110	50,335
Interfund Payable	63,510		63,510
Payable to Governments	43,266		43,266
Noncurrent Liabilities:			
Net Pension Liability	2,587,607		2,587,607
Total Liabilities	2,732,608	12,110	2,744,718
DEFERRED INFLOWS OF RESOURCES:			
Pensions	-		-
Deferred Inflows of Resources	-	-	-
NET POSITION:			
Unassigned	177,548	23,149	200,697
Total Net Position	\$ 177,548	\$ 23,149	\$ 200,697

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

UNION COUNTY TEAMS CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 2,232,155	\$ 779,711	\$ -	\$ 95,183	\$ -	\$ (2,916,683)	\$ -	\$ (2,916,683)
Administration	1,326,232	366,923				(1,693,155)		(1,693,155)
Support Services	884,140					(884,140)		(884,140)
Total Governmental Activities	4,442,527	\$ 1,146,634	-	95,183	-	(5,493,978)	-	(5,493,978)
BUSINESS-TYPE ACTIVITIES:								
Food Service and After School	193,415		22,529	168,996			(1,890)	(1,890)
Total Business-Type Activities	193,415		22,529	168,996	-	-	(1,890)	(1,890)
Total Primary Government	\$ 4,635,942		\$ 22,529	\$ 264,179	\$ -	\$ (5,493,978)	\$ (1,890)	\$ (5,495,868)
GENERAL REVENUES								
						\$ 998,136	\$ -	\$ 998,136
						4,581,296		4,581,296
						1,676		1,676
						2,543		2,543
						5,583,651		5,583,651
						89,673	(1,890)	87,783
						87,875	25,039	112,914
						\$ 177,548	\$ 23,149	\$ 200,697

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

SECTION B - FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash	\$ 1,270,360	\$ -	\$ 1,270,360
Receivables From Other Governments	227,471	63,510	290,981
Interfund Receivables	78,180		78,180
Security Deposit	32,283		32,283
	<u>1,608,294</u>	<u>63,510</u>	<u>1,671,804</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 38,225	\$ -	\$ 38,225
Interfund Payable		63,510	63,510
Payable to State Government	43,266		43,266
	<u>81,491</u>	<u>63,510</u>	<u>145,001</u>
Total Liabilities	81,491	63,510	145,001
Fund Balances:			
Unassigned:			
General Fund	1,526,803		1,526,803
	<u>1,526,803</u>	<u>-</u>	<u>1,526,803</u>
Total Fund Balances	1,526,803	-	1,526,803
Total Liabilities and Fund Balances	\$ 1,608,294	\$ 63,510	

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

Net pension liability of \$2,587,607 ,deferred inflows of resources of 0 less deferred outflows of resources of \$1,238,352 related to pensions are not reported in the governmental funds	<u>(1,349,255)</u>
Net Position of Governmental Activities	<u>\$ 177,548</u>

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

UNION COUNTY TEAMS CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 998,136	\$ -	\$ 998,136
Interest on Investments	1,676		1,676
Miscellaneous	2,543		2,543
Total Local Sources	1,002,355	-	1,002,355
State Sources	4,452,686		4,452,686
Federal Sources		223,793	223,793
Total Revenues	5,455,041	223,793	5,678,834
EXPENDITURES:			
Current:			
Instruction	2,063,137	169,018	2,232,155
Administration	2,133,938		2,133,938
Support Services	829,365	54,775	884,140
Total Expenditures	5,026,440	223,793	5,250,233
NET CHANGE IN FUND BALANCE	428,601	-	428,601
FUND BALANCE, JULY 1	1,098,202	-	1,098,202
FUND BALANCE, JUNE 30	\$ 1,526,803	\$ -	\$ 1,526,803

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

UNION COUNTY TEAMS CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental fund (from B-2)	\$	428,601
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized

(338,928)

Change in net position of governmental activities	\$	<u>89,673</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

UNION COUNTY TEAMS CHARTER SCHOOL
 Proprietary Funds
 Combining Statement of Fund Net Position
 June 30, 2017

		Business-Type Activities
		<u>Food Service</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$	8,383
Receivables:		
Interfund Accounts Receivable		6,069
Intergovernmental Accounts Receivable:		
Federal		11,296
State		168
Other		1,808
Total Current Assets		<u>27,724</u>
Noncurrent Assets:		
Machinery and Equipment		10,765
Accumulated Depreciation on Machinery and Equipment		<u>(3,230)</u>
Total Noncurrent Assets		<u>7,535</u>
Total Assets	\$	<u><u>35,259</u></u>
LIABILITIES AND NET POSITION:		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$	<u>12,110</u>
Total Current Liabilities		<u>12,110</u>
Total Liabilities		<u>12,110</u>
NET POSITION:		
Unassigned		<u>23,149</u>
Total Net Position		<u>23,149</u>
Total Liabilities and Net Position	\$	<u><u>35,259</u></u>

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

UNION COUNTY TEAMS CHARTER SCHOOL
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For The Fiscal Year Ended June 30, 2017

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 22,529
Total Operating Revenues	22,529
OPERATING EXPENSES:	
Cost of Sales	191,251
Depreciation	2,153
Miscellaneous Expenditures	11
Total Operating Expenses	193,415
OPERATING (LOSS)	(170,886)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	2,529
Federal Sources:	
National School Lunch Program	133,489
National School Breakfast Program	32,344
National School Snack Program	634
Total Nonoperating Revenues	168,996
CHANGE IN NET POSITION	(1,890)
TOTAL NET POSITION, JULY 1	25,039
TOTAL NET POSITION, JUNE 30	\$ 23,149

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

UNION COUNTY TEAMS CHARTER SCHOOL
Proprietary Fund
Combining Statement of Cash Flows
For The Fiscal Year Ended June 30, 2017

		Business-Type
		Activities
		Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$	22,529
Cash Payments to Suppliers and Employees		(206,266)
		<u>(183,737)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received from State and Federal Reimbursements		168,996
		<u>168,996</u>
Net Decrease in Cash		(14,741)
Cash, July 1	\$	23,124
Cash, June 30	\$	<u>8,383</u>
Reconciliation of Operating Loss to Net Cash Used by:		
Operating Activities:		
Operating (Loss) Used for Operating Activities	\$	(170,886)
Depreciation		2,153
Changes in Assets and Liabilities:		
Increase in Intergovernmental Accounts Receivable		(3,614)
Decrease in Accounts Payable		(11,390)
		<u>(183,737)</u>
Net Cash Used in Operating Activities	\$	<u>(183,737)</u>

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

UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For the fiscal year 2016, the Charter School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows or resources and expense/expenditure.

A. Reporting Entity

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

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

B. Basis of Presentation

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation (Continued)

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

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

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

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

The Charter School reports the following governmental funds:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

Capital Projects Fund: Not Applicable

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

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

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

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

UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Food Service Fund:	
Equipment	5-10 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

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

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

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

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

Additionally, the Charter School reports the following fund type:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

C. Basis of Accounting - Measurement Focus

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

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control

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

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

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

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$	223,793
Adjustments:		
Less Encumbrances at June 30,2017		-
Plus, Encumbrances at June 30,2016		-
Total Revenues and Expenditures (GAAP Basis)		223,793

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrances Accounting

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

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

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

F. Assets, Liabilities, and Equity

Inter-fund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

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

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position (continued)

reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

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

Revenues — Exchange and Non exchange Transactions:

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

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. FASB and AICPA Pronouncements." The statement which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The Charter School has adopted this statement for the year ended June 30, 2017.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. The Charter School has amended its financial reporting to comply with this statement for the year ended June 30, 2017.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement which is effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Charter School has adopted this statement for the year ended June 30, 2017.

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

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement will be effective for periods beginning with the year ending June 25, 2014. This Statement replaces the requirements of Statement No. 27,

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

“Accounting for Pensions by State and Local Governmental Employers”, as well as the requirements of Statement No. 50, “Pension Disclosures.” This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Charter School is in the process of reviewing its obligations under GASB 67, and its potential impact on the financial statements.

G. Pensions

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

H. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2017, the Charter School implemented GASB Statement No. 72, Fair Value Measurement and Application. As a result of implementing this statement, the Charter School is required to measure certain investments at fair value for financial reporting purposes. In addition, the Charter School is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Charter School’s financial statements.

The Charter School implemented GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Implementation of this Statement did not impact the Charter School’s financial statements.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

The Charter School implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Charter School's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement will be effective for the year ended June 30, 2018.

Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, 68 and 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

Deposits

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

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

The Charter School had no investments as of June 30, 2017. Cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 1,270,360	\$ 8,383	\$ 54,641	\$ 1,333,384

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$1,333,384 and the bank balance was \$1,525,661. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA.

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

As of June 30, 2017, none of the cash and cash equivalents for Union County TEAMS Charter School were exposed to custodial credit risk.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
- (3) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;

Risk Category

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

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

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

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

As of June 30, 2017, the School had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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

New Jersey Cash Management Fund

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

As of June 30, 2017, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2017 consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 227,471	\$ 229,447
Federal Aid	63,510	74,806
Gross Receivables	290,981	304,253
Less: Allowance for Uncollectable	-	-
Total Receivables, Net	\$ 290,981	\$ 304,253

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2017:

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4: INTERFUND TRANSFERS AND BALANCES (CONTINUED)

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 78,180	\$ -
Special Revenue Fund		63,510
Proprietary Fund	6,069	
Fiduciary Fund	9,125	29,864
Total	<u>\$ 93,374</u>	<u>\$ 93,374</u>

NOTE 5: CAPITAL ASSETS

There were no capital assets for the fiscal year ended June 30, 2017 for government activities. Business-type activities had capital assets (net of depreciation) of \$7,535.

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

There was no depreciation expense for the year ending June 30, 2017 for government activities. Business-type activities had depreciation expense of \$2,153.

NOTE 6: RENTAL LEASE

The Charter School is currently in a lease agreement for classroom and office space with Shiloh Baptist Church for the facilities located at 515-517 West 4th Street, Plainfield, New Jersey. The lease requires a security deposit of \$20,000. A five (5) year lease agreement was entered into commencing July 1, 2014 and ending June 30, 2019 requiring a base annual rental of \$447,122.

The Charter School entered into another lease with Saint Mary's Church for facilities located at 501-513 West Sixth Street, Plainfield, New Jersey. The lease was renewed from July 1, 2014 to June 30, 2019. A security deposit was deposited with the landlord in the amount of \$12,283. The annual rent for the period July 1, 2016 to June 30, 2017 is \$150,246. Total lease payments for the year for both locations amounted to \$631,561.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS

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

A. Public Employees' Retirement System (PERS) Plan

Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Contributions

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

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 63,898 for fiscal year 2015.

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

At June 30, 2016, the Charter School reported a liability of \$2,587,607 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 which was rolled forward to June 30, 2016. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.00783023%, which was an increase of 0.00478296% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$63,848. At June 30, 2016, the Charter School reported deferred outflows of resources of \$1,238,352 and -0- deferred inflows of resources.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 7: PENSION PLANS (CONTINUED)
Pension Liabilities Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 188,766	\$ -
Difference Between Expected and Actual Experience	41,933	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	28,261
	\$ 230,699	\$ 28,261

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

Fiscal Year Ending June 30,	Total
2016	\$ 36,854
2017	\$ 36,854
2018	\$ 36,854
2019	\$ 58,696
2020	33,181
	\$ 202,439

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment Rate of Return	7.90%

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgage	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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 collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2015			
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the Net Pension Liability	\$ 2,184,644	\$ 1,757,730	\$ 1,399,809
Fiscal Year Ended June 30, 2014			
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,844,320	\$ 1,466,034	\$ 1,148,369

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF) Pension

Description

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

Benefit Provided

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Contributions (Continued)

liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarially determined amount.

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$ 13,306 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 44,474.

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

As June 30, 2015, the State's proportionate share of the net pension liability associated with the Charter School was \$5,230,425. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, Charter School's proportion was 0.008275500%, which was an decrease of from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	5,230,425
Total	\$ 5,230,425

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the Charter School in the amount of \$44,474 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Changes in Proportion and differences between employer contributions and proportionate share of contributions	117,933,318	117,933,318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	535,359,188	535,359,188
	\$ 7,639,311,575	\$ 672,332,323

The \$7,639,311,575 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$672,332,323 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	\$ 6,966,979,252

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
U.S. Equity Markets	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%

Discount Rate - TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 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 will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on applied to projected benefit payments after that date in determining the total pension liability.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

For the Fiscal Year Ended June 30, 2016			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
CS / District's proportionate share of the Net Pension Liability	\$ 6,252,961	\$ 5,259,731	\$ 4,407,085
For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
CS / District's proportionate share of the Net Pension Liability	\$ 5,356,151	\$ 4,453,300	\$ 3,702,365

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

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

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

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015 there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The school contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

The General Fund balance of \$1,526,803 in the fund financial statements at June 30, 2017 is unassigned and undesignated

REQUIRED SUPPLEMENTARY INFORMATION - PART II

SECTION C - BUDGETARY COMPARISON SCHEDULES

UNION COUNTY TEAMS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local Share	\$ 992,672	\$ 5,464	\$ 998,136	\$ 998,136	\$ -
Total Local Sources	992,672	5,464	\$ 998,136	998,136	\$ -
Categorical Aid:					
Equalization Aid-State Share	3,838,140	(267,705)	3,570,435	3,570,435	-
Special Education Categorical Aid	113,815	(18,632)	95,183	95,183	-
Security Aid	332,505	89,626	422,131	422,131	-
Total Categorical Aid	4,284,460	(196,711)	4,087,749	4,087,749	-
Other Sources:					
Interest Income				1,676	1,676
Miscellaneous Revenue				2,543	2,543
On-Behalf TPAF Pension Contributions (Non-Budgeted)				266,070	266,070
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				98,867	98,867
Total other Sources	-	-	-	369,156	369,156
Total Revenues	5,277,132	(191,247)	5,085,885	5,455,041	369,156
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,778,999	(115,463)	1,663,536	1,545,954	117,582
Purchased Prof/Tech Services	197,900	26,000	223,900	180,116	43,784
Other Purchased Services	119,423	88,658	208,081	165,403	42,678
General Supplies	120,733	56,029	176,762	162,530	14,232
Textbooks	42,000	(26,232)	15,768	1,002	14,766
Miscellaneous	17,500	(5,621)	11,879	8,132	3,747
Total Instruction	2,276,555	23,371	2,299,926	2,063,137	236,789
Administration:					
Salaries of Principals	652,687	(86,009)	566,678	541,236	25,442
Salaries of Other Professional Staff	132,550	-	132,550	96,198	36,352
Salaries of Secretarial/Clerical Assistants	111,681	8,468	120,149	120,149	-
Total Benefits Cost	644,832	39,136	683,968	541,636	142,332
Other Purchased Professional Services	281,960	20,163	302,123	271,270	30,853
Other Purchased Services	145,970	(20,000)	125,970	111,823	14,147
Communications/Telephone	76,620	8,000	84,620	50,399	34,221
Supplies and Materials	40,000	(5,000)	35,000	16,347	18,653
Miscellaneous Expenses	18,600	2,485	21,085	19,943	1,142
Total Administration	2,104,900	(32,757)	2,072,143	1,769,001	303,142

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

UNION COUNTY TEAMS CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	640,942	-	640,942	631,561	9,381
Transportation-Other Than To/From School	20,000	1,000	21,000	18,326	2,674
Insurance for Property, Liability and Fidelity	68,585	97	68,682	52,411	16,271
Supplies and Materials	30,000	-	30,000	14,095	15,905
Miscellaneous Expenses	136,150	8,289	144,439	112,972	31,467
Total Support Services	895,677	9,386	905,063	829,365	75,698
On-Behalf TPAF Pension Contributions (Non-Budgeted)				266,070	(266,070)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				98,867	(98,867)
Total Expenditures	5,277,132	-	5,277,132	5,026,440	250,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(191,247)	(191,247)	428,601	619,848
FUND BALANCE, JULY 1	1,098,202	-	1,098,202	1,098,202	-
FUND BALANCE, JUNE 30	<u>\$ 1,098,202</u>	<u>\$ (191,247)</u>	<u>\$ 906,955</u>	<u>\$ 1,526,803</u>	<u>\$ 619,848</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures: Budgeted Fund Balance	1,098,202	(191,247)	906,955	1,526,803	619,848
Total	<u><u>\$ 1,098,202</u></u>	<u><u>\$ (191,247)</u></u>	<u><u>\$ 906,955</u></u>	<u><u>\$ 1,526,803</u></u>	<u><u>\$ 619,848</u></u>

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

UNION COUNTY TEAMS CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 230,000	\$ (6,207)	\$ 223,793	\$ 223,793	\$ -
Total Revenues	<u>230,000</u>	<u>(6,207)</u>	<u>\$ 223,793</u>	<u>223,793</u>	<u>\$ -</u>
EXPENDITURES:					
Instruction:					
Salaries	138,463	30,080	168,543	168,543	-
Purchased Prof/Tech Services	-	475	475	475	-
General Supplies	7,767	(7,767)	-	-	-
Total Instruction	<u>146,230</u>	<u>22,788</u>	<u>169,018</u>	<u>169,018</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	36,158	7,620	43,778	43,778	-
Purchased Technical Services	47,612	(37,515)	10,097	10,097	-
Supplies and Materials	-	900	900	900	-
Total Support Services	<u>83,770</u>	<u>(28,995)</u>	<u>54,775</u>	<u>54,775</u>	<u>-</u>
Total Expenditures	<u>230,000</u>	<u>(6,207)</u>	<u>223,793</u>	<u>223,793</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY TEAMS CHARTER SCHOOL

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 5,455,041		[C-2] \$ 223,793
 Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>5,455,041</u>		[B-2] \$ <u>223,793</u>
 Uses/Outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 5,026,440		[C-2] \$ 223,793
 Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes			-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>5,026,440</u>		[B-2] \$ <u>223,793</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Charter School's proportion of the net pension liability	0.00452527%	0.00478296%	0.00783023%
Charter School's proportionate share of the net pension liability	\$ 864,869	\$ 895,500	\$ 2,587,607
Charter School's covered employees payroll	\$ 762,746	\$ 664,257	\$ 572,885
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	113%	135%	452%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	38.21%

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

UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 34,097	\$ 36,929	\$ 63,898
Contributions in relation to the contractually required contribution	<u>(34,097)</u>	<u>(36,929)</u>	<u>(63,898)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 664,257	\$ 572,885	\$ 1,200,303
Contributions as a percentage of covered employee payroll	5.13%	6.45%	5.32%

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

UNION COUNTY TEAMS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S PENSION AND ANNUITY FUND
LAST 3 FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.01010310%	0.00933590%	0.00827550%
State's proportionate share of the net pension liability attributable to the charter School	\$ 5,106,012	\$ 4,989,754	\$ 5,230,425
CS / District's covered employees payroll	\$ 1,679,759	\$ 2,331,809	\$ 2,452,711
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	303.97%	213.99%	213.25%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2017**

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.58% as of June 30, 2014 to 5.39% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

SECTION E - SPECIAL REVENUE FUND DETAIL STATEMENT

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

UNION COUNTY TEAMS CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Title I	Title II Part A	I.D.E.A. Part B	Grand Total
REVENUE SOURCES:				
Federal	\$ 148,580	\$ 626	\$ 74,587	\$ 223,793
Total Revenues	<u>148,580</u>	<u>626</u>	<u>74,587</u>	<u>223,793</u>
EXPENDITURES:				
Instruction:				
Salaries	117,846	497	50,200	168,543
Purchased Prof/Tech Services	475	-	-	475
Total Instruction	<u>118,321</u>	<u>497</u>	<u>50,200</u>	<u>169,018</u>
Support Services:				
Personal Services - Employee Benefits	25,053		18,725	43,778
Purchased Technical Services	4,306	129	5,662	10,097
Supplies and Materials	900	-		900
Total Support Services	<u>30,259</u>	<u>129</u>	<u>24,387</u>	<u>54,775</u>
Total Expenditures	<u>148,580</u>	<u>626</u>	<u>74,587</u>	<u>223,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G - PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

SECTION H - FIDUCIARY FUNDS DETAIL STATEMENTS

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

Agency Funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, other governments and/or other funds. Student Activity Fund - This agency fund is used to account for student funds held at the schools. Payroll Fund - this agency fund is used to account for payroll transactions of the Charter School

UNION COUNTY TEAMS CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
ASSETS:			
Cash	\$ 51,966	\$ 2,675	\$ 54,641
Total Assets	<u>\$ 51,966</u>	<u>\$ 2,675</u>	<u>\$ 54,641</u>
LIABILITIES:			
Benefits Payable	\$ 33,902	\$ -	\$ 33,902
Interfund Accounts Payable	\$ 18,064	\$ 2,675	\$ 20,739
Total Liabilities	<u>\$ 51,966</u>	<u>\$ 2,675</u>	<u>\$ 54,641</u>

UNION COUNTY TEAMS CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 23,542	\$ 1,130,768	\$ 1,102,344	\$ 51,966
Total Assets	<u>\$ 23,542</u>	<u>\$ 1,130,768</u>	<u>\$ 1,102,344</u>	<u>\$ 51,966</u>
LIABILITIES:				
Interfund Payable	23,542	10,360	-	33,902
Benefits Payable	-	1,120,408	1,102,344	18,064
Total Liabilities	<u>\$ 23,542</u>	<u>\$ 1,130,768</u>	<u>\$ 1,102,344</u>	<u>\$ 51,966</u>

STATISTICAL SECTION

(UNAUDITED)

Union County TEAMS Charter School has been in operation for twelve (12) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years.

Union County TEAMS Charter School J Series Statistical Section

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Unassigned	\$ 177,548	\$ 87,875	\$ (212,674)	\$ 630,055	\$ 1,055,627	\$ 805,290	\$ 367,135	\$ 429,804	\$ 295,182	\$ 384,391
Total Governmental Activities Net Assets/Position (Deficit)	<u>\$ 177,548</u>	<u>\$ 87,875</u>	<u>\$ (212,674)</u>	<u>\$ 630,055</u>	<u>\$ 1,055,627</u>	<u>\$ 805,290</u>	<u>\$ 367,135</u>	<u>\$ 429,804</u>	<u>\$ 295,182</u>	<u>\$ 384,391</u>
Business-Type Activities										
Unassigned	\$ 23,149	\$ 25,039	\$ 25,354	\$ 25,354	\$ 25,079	\$ 25,079	\$ 32,394	\$ 41,444	\$ 47,987	\$ (51,879)
Total Business-Type Activities Net Position	<u>\$ 23,149</u>	<u>\$ 25,039</u>	<u>\$ 25,354</u>	<u>\$ 25,354</u>	<u>\$ 25,079</u>	<u>\$ 25,079</u>	<u>\$ 32,394</u>	<u>\$ 41,444</u>	<u>\$ 47,987</u>	<u>\$ (51,879)</u>
Charter School-wide										
Unassigned	\$ 200,687	\$ 112,914	\$ (187,320)	\$ 655,409	\$ 1,080,706	\$ 830,369	\$ 399,529	\$ 471,248	\$ 343,169	\$ 332,512
Total Charter School Net Position (Deficit)	<u>\$ 200,687</u>	<u>\$ 112,914</u>	<u>\$ (187,320)</u>	<u>\$ 655,409</u>	<u>\$ 1,080,706</u>	<u>\$ 830,369</u>	<u>\$ 399,529</u>	<u>\$ 471,248</u>	<u>\$ 343,169</u>	<u>\$ 332,512</u>

Source: Comprehensive Annual Financial Report

UNION COUNTY TEAMS CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instruction	\$ 3,011,866	\$ 2,709,810	\$ 2,338,017	\$ 2,571,765	\$ 2,431,378	\$ 1,950,537	\$ 1,811,013	\$ 1,585,780	\$ 1,168,613	\$ 1,038,745
Administration	1,693,155	1,593,428	1,515,284	1,469,219	1,137,210	966,735	1,037,160	760,327	632,188	530,271
Support Services	884,140	888,248	856,053	777,104	775,694	711,030	579,146	450,241	412,789	395,767
Capital Outlay	-	-	-	-	-	-	-	-	-	2,704
Total Governmental Activities Net Assets/Position (Deficit)	5,589,161	5,191,486	4,709,354	4,818,088	4,344,282	3,628,302	3,427,319	2,796,348	2,213,590	1,967,487
Food Service and After School	193,415	199,877	210,824	171,437	202,292	205,996	152,163	125,193	136,457	78,179
Total Business-Type Activities Expenses	193,415	199,877	210,824	171,437	202,292	205,996	152,163	125,193	136,457	78,179
Total Charter School Expenses	\$ 5,782,576	\$ 5,391,363	\$ 4,920,178	\$ 4,989,525	\$ 4,546,574	\$ 3,834,298	\$ 3,579,482	\$ 2,921,541	\$ 2,350,047	\$ 2,045,666
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	95,183	106,548	92,506	100,016	106,748	72,587	-	-	29,946	27,093
Total Governmental Activities Expenses	95,183	106,548	92,506	100,016	106,748	72,587	-	-	29,946	27,093
Business-Type Activities:										
Charges for Services	22,529	24,396	11,154	13,897	48,104	51,973	65,845	54,999	63,507	78,905
Operating Grants and Contributions	168,996	152,293	155,442	122,417	124,282	130,045	123,113	98,260	94,578	105,725
Total Business-Type Activities Expenses	191,525	176,689	166,596	136,314	172,386	182,018	188,958	153,259	158,085	184,630
Total Charter School Program Revenues	\$ 286,708	\$ 283,237	\$ 259,102	\$ 236,330	\$ 279,134	\$ 254,605	\$ 188,958	\$ 153,259	\$ 188,031	\$ 211,723
Net (Expense)/Revenue										
Governmental Activities	\$ (5,493,978)	\$ (5,084,938)	\$ (4,616,848)	\$ (4,718,072)	\$ (4,237,534)	\$ (3,555,715)	\$ (3,427,319)	\$ (2,796,348)	\$ (2,183,644)	\$ (1,940,394)
Business-Type Activities	(1,890)	(23,188)	(44,228)	(35,123)	(29,906)	(23,978)	36,795	28,066	21,628	106,451
Total Charter School-wide Net Expense	\$ (5,495,868)	\$ (5,108,126)	\$ (4,661,076)	\$ (4,753,195)	\$ (4,267,440)	\$ (3,579,693)	\$ (3,390,524)	\$ (2,768,282)	\$ (2,162,016)	\$ (1,833,943)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 998,136	\$ 981,154	\$ 920,540	\$ 790,575	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599
Federal and State Aid Not Restricted	4,581,296	4,399,033	3,667,261	3,500,721	3,698,901	3,296,110	2,766,163	2,499,953	1,770,552	1,502,230
Investment Earnings	1,676	726	819	1,204	1,404	770	784	3,414	3,414	-
Miscellaneous Income	2,543	4,574	13,439	-	45	17,350	40,484	3,451	356	24,396
Total Governmental Activities	5,583,651	5,385,487	4,602,059	4,292,500	4,487,871	3,993,871	3,364,650	2,933,414	2,094,435	1,997,225
Business-Type Activities:										
Miscellaneous Revenue	-	23,188	43,913	35,398	63,214	47,300	-	-	52,660	-
Total Business-Type Activities	-	23,188	43,913	35,398	63,214	47,300	-	-	52,660	-
Total Charter School-wide	\$ 5,583,651	\$ 5,408,675	\$ 4,645,972	\$ 4,327,898	\$ 4,551,085	\$ 4,041,171	\$ 3,364,650	\$ 2,933,414	\$ 2,147,095	\$ 1,997,225
Change in Net Position (Deficit)										
Governmental Activities	\$ 87,783	\$ 300,549	\$ (14,789)	\$ (425,572)	\$ 250,337	\$ 438,156	\$ (62,669)	\$ 137,066	\$ (89,209)	\$ 56,831
Business-Type Activities	-	-	(315)	275	33,308	23,322	36,795	28,066	74,288	106,451
Total Charter School	\$ 87,783	\$ 300,549	\$ (15,104)	\$ (425,297)	\$ 283,645	\$ 461,478	\$ (25,874)	\$ 165,132	\$ (14,921)	\$ 163,282

Source: Comprehensive Annual Financial Report

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Unassigned	\$ 1,526,803	\$ 1,098,202	\$ 668,953	\$ 630,055	\$ 1,055,627	\$ 805,290	\$ 367,135	\$ 429,804	\$ 295,182	\$ 384,391
Total General Fund	<u>\$ 1,526,803</u>	<u>\$ 1,098,202</u>	<u>\$ 668,953</u>	<u>\$ 630,055</u>	<u>\$ 1,055,627</u>	<u>\$ 805,290</u>	<u>\$ 367,135</u>	<u>\$ 429,804</u>	<u>\$ 295,182</u>	<u>\$ 384,391</u>

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local Sources:										
Local Tax Levy	\$ 998,136	\$ 981,154	\$ 920,540	\$ 790,575	\$ 787,521	\$ 679,641	\$ 557,219	\$ 426,596	\$ 320,113	\$ 470,599
Interest In Investments	1,676	726	819	1,204	1,404	770	784	970	3,414	1,928
Miscellaneous	2,543	4,574	13,439	-	45	17,349	40,484	3,451	356	24,396
State Sources	4,452,686	4,295,438	3,582,411	3,401,698	3,576,584	3,215,833	2,611,029	2,271,512	1,680,740	1,365,190
Federal Sources	223,793	210,143	177,356	199,039	229,065	152,864	155,134	228,441	119,758	164,133
Total Revenues	5,678,834	5,492,035	4,694,565	4,392,516	4,594,619	4,066,457	3,364,650	2,930,970	2,124,381	2,026,246
Expenditures:										
Instruction	2,232,155	2,159,471	1,962,370	2,146,762	2,057,842	1,577,067	1,434,751	1,269,181	951,184	847,127
Administration	2,133,938	2,015,067	1,837,244	1,894,222	1,510,746	1,340,205	1,333,154	1,114,792	849,617	863,230
Support Services	884,140	888,248	856,053	777,104	711,030	659,414	412,375	412,789	254,426	454,445
Capital Outlay	-	-	-	-	-	-	-	-	-	2,704
Total Expenditures	5,250,233	5,062,786	4,655,667	4,818,088	4,279,618	3,576,686	3,180,280	2,796,762	2,055,227	2,167,506
Net Change in Fund Balance	\$ 428,601	\$ 429,249	\$ 38,898	\$ (425,572)	\$ 315,001	\$ 489,771	\$ 184,370	\$ 134,208	\$ 69,154	\$ (141,260)

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Source: Comprehensive Annual Financial Report

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

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2017	\$ 1,676	\$ 2,543	\$ 4,219
2016	726	4,574	5,300
2015	819	13,439	14,258
2014	1,204	-	1,204
2013	1,404	45	1,449
2012	770	17,349	18,119
2011	784	40,484	41,268
2010	970	3,451	4,421
2009	3,414	356	3,770
2008	1,928	24,396	26,324

Source: Charter School records

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	35	43	45	32	31	21	28	21	21	19
Administrative	7	5	7	7	7	5	8	3	3	3
Support Services	5	6	4	6	14	5	5	5	5	4
Food Service	0	0	2	2	2	1	2	1	1	1
Total	47	54	58	47	54	32	43	30	30	27

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	386	\$ 5,250,233	\$ 13,602	0.48%	35	11.02:1	385.5	363.0	2.12%	94.28%
2016	374	\$ 5,062,786	\$ 13,537	-2.30%	43	8.7:1	377.5	378.0	10.94%	100.13%
2015	336	4,655,667	13,856	-9.41%	45	10:1	336.2	324.1	8.06%	96.40%
2014	315	4,818,088	15,296	6.68%	31	10:1	309.1	297.2	0.91%	96.15%
2013	303	4,344,282	14,338	10.90%	28	10:1	306.3	293.3	9.60%	95.76%
2012	277	3,581,002	12,928	-2.41%	27	9:1	276.9	265.0	10.80%	95.70%
2011	247	3,272,185	13,248	8.85%	21	10:1	247	244.0	14.57%	98.79%
2010	211	2,567,907	12,170	7.04%	13	13:1	211	206.2	14.93%	97.73%
2009	179.5	2,040,892	11,370	8.44%	26	6:1	179.5	172.3	4.18%	95.99%
2008	172	1,803,354	10,485	7.40%	N/A	N/A	172	166.5	-1.16%	96.80%

**2016-17 SCHEDULE OF INSURANCE
for Union County Teams Charter School**

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<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
Package NJSBAIG P984 07/08/16-07/08/17 \$15,100	Covered Location	515-517 West 4 th Street, Plainfield NJ 07062 501-513 West 6 th Street, Plainfield NJ 07062 44 Stelton Road, Piscataway NJ 08859
Property	\$500,000 \$120,000 \$5,000	Business Personal Property-Replacement Cost w/\$1,000 Ded (515-517 W 4 th) Business Personal Property-Replacement Cost w/\$1,000 Ded (501-513 W 6 th) Business Personal Property-Replacement Cost w/\$1,000 Ded (44 Stelton)
	\$300,000 \$20,000 \$5,000	EDP Equipment and Media (Computers) w/\$1,000 Ded (515-517 w 4 th) EDP Equipment and Media (Computers) w/\$1,000 Ded (501-513 W 6 th) EDP Equipment and Media (Computers) w/\$1,000 Ded (44 Stelton)
Crime	\$50,000 \$25,000 \$10,000 \$10,000 \$158,000 \$158,000	Faithful Performance w/ \$500 Deductible Forgery & Alteration w/ \$500 Deductible Money & Securities w/ \$500 Deductible Money Orders/Counterfeit w/ \$500 Deductible Board Treasurer w/ \$1,000 Deductible (E. Johnson) Board Secretary/BA w/ \$1,000 Deductible (O. Richardson)
General Liability	\$11,000,000 \$11,000,000 \$11,000,000 \$11,000,000 \$1,000,000 \$5,000	Single Limit for Bodily Injury and Property Damage Each Occurrence for Child Molestation/ Sexual Abuse Each Occurrence for Personal Injury/Advertising Injury Each Claim for Employee Benefits Liability Fire Legal Liability Premise Medical Payments Per Person
Automobile Liability	\$11,000,000	Hired and Non Owned Automobile Liability
Student Accident Berkley Life & Health Ins Co PAI L00480322 09/01/16-09/01/17 \$2,407	\$1,000,000 \$25,000 \$10,000	Medical Benefit Amount (Full Excess) Accident Medical Excess Benefit (Gold Plan) AD&D
School Leaders E&O NJSBAIG E984 07/08/16-07/08/17 \$10,731	\$1,000,000 \$100,000 \$300,000	Coverage A Each Loss w/ \$5,000 Deductible Coverage B Each Loss w/ \$5,000 Deductible Coverage B Annual Aggregate
Workers' Compensation NJSBAIG W984 07/08/16-07/08/17 \$20,408 (\$1,976,213 School Prof & \$96,223 School Non-Prof 0.885 MOD)	\$1,000,000 \$1,000,000 \$1,000,000	Each Accident Each Employee Policy Limit
Supplemental Indemnity NJSBAIG 64775774 07/08/16-07/08/17 \$717	Statutory	7-Day Waiting Period

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

	2015 Audit	2016 Audit	2017 Audit	Source
Cash	\$ 691,688	\$ 1,079,429	\$ 1,278,743	Audit: Exhibit A-1
Current Assets (Includes CASH)	931,849	1,367,803	1,699,528	Audit: Exhibit A-1
Total Assets	931,849	1,367,803	1,707,063	Audit: Exhibit A-1
Current Liabilities	170,598	254,250	157,111	Audit: Exhibit A-1
Total Liabilities	223,984	2,011,980	2,744,718	Audit: Exhibit A-1
Net Assets	(187,635)	112,914	200,697	Audit: Exhibit A-1
Total Revenue	4,905,074	5,691,912	5,870,359	Audit: Exhibit A-2
Total Expenses	4,920,178	5,391,363	5,782,576	Audit: Exhibit A-2
Change in Net Assets	(15,104)	300,549	87,783	Audit: Exhibit A-2
Depreciation Expense	-	1,077	2,153	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	336.2	377.6	385.5	DOE Enrollment Reports
March 30th Budgeted Enrollment	0	0	0	Charter School Budget

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RATIOS ANALYSIS...							Changes
Year/Indicator	2015	2016	2017	3 Yr Cum	Source	Target	
Near Term Indicators							
1a. Current Ratio	5.46	5.38	10.82		Current Assets/Current Liabilities	>1.1	
1b. Unrestricted Days Cash	51.31	73.08	80.71		Cash/(Total Expenses/365)	30-60	
1c. Enrollment Variance	0%	0%	0%		Average Daily Enrollment/Budgeted Enrollment	>95%	
1d.* Default	N/A	N/A	N/A		Audit	not in default	
Sustainability Indicators							
2a. Total Margin	0%	5%	1.5%	-1%	Change in Net Assets/Total Revenue	positive	
2b. Debt to Asset	0.24	1.46	1.6%		Total Liabilities/Total Assets	<9	
2c.** Cash Flow	49,410	387,741	199,314		Net change in cash flow from prior years (Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	3 yr cum positive	
2d. Debt Service Coverage Ratio	N/A	N/A	N/A			>1.10	

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

** 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

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

Single Audit Section



**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**

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County TEAMS Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 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, and have issued our report thereon dated November 30, 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 reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

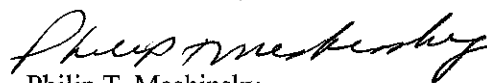
As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

We also noted other matters that we reported to the Board of Trustees of the Union County TEAMS Charter School in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 30, 2017.

Purpose of this Report

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

Meshinsky & Associates LLC, CPA's
Union, New Jersey



Philip T. Meshinsky
Licensed Public School Accountant
No. CS00233400
Meshinsky & Associates LLC, CPA's
Union, New Jersey

November 30, 2017



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH UNIFORM GUIDANCE AND NEW JERSEY
CIRCULAR 15-08 OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Union County TEAMS Charter School's compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017. The Union County TEAMS Charter School's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, Uniform Guidance and New Jersey Circular 15-08

OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 State Program

In our opinion, the Union County TEAMS Charter School, in the County of Union, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Union County TEAMS Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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

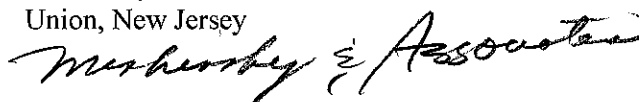
Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08 OMB

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County TEAMS Charter School, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08 OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

Meshinsky & Associates LLC, CPA's
Union, New Jersey



Philip T. Meshinsky
Licensed Public School Accountant
No. CS00233400
Meshinsky & Associates LLC, CPA's
Union, New Jersey

November 30, 2017

UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For The Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016					Balance at June 30, 2017					MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment Of Prior Years' Balances	Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
<i>State Aid-Public Cluster</i>																
Equalization Aid- State Share	17-495-034-5120-078	\$ 3,570,435	7/1/16	6/30/17	\$ -	\$ -	\$ -	\$ 3,348,212	\$ (3,570,435)	\$ -	\$ (222,223)	\$ -	\$ -	\$ 222,223	\$ 3,570,435	
Equalization Aid- State Share	16-495-034-5120-078	3,716,216	7/1/15	6/30/15	(124,836)			124,836								
Special Education Categorical Aid	17-495-034-5120-089	95,183	7/1/16	6/30/17				95,183	(95,183)						95,183	
Security Aid	17-495-034-5120-084	422,131	7/1/16	6/30/17				422,131	(422,131)						422,131	
Total State Aid- Public Cluster					(124,836)			3,990,362	(4,087,749)	-	(222,223)			222,223	4,087,749	
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	266,070	7/1/16	6/30/17				266,070	(266,070)						266,070	
Reimburse TPAF - Social Security	17-495-034-5095-002	90,619	7/1/15	6/30/16				93,619	(98,867)		(5,248)			5,248	98,667	
Total General Fund					(124,836)	-	-	4,350,051	(4,452,888)	-	(227,471)	-	-	227,471	4,452,686	
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State Share)	17-100-010-3350-023	2,529	7/1/16	6/30/17				2,381	(2,529)		(168)			168	2,529	
National School Lunch Program (State Share)	17-100-010-3350-023	2,411	7/1/15	6/30/16	(140)			140								
Total Enterprise Fund					(140)	-	-	2,501	(2,529)	-	(168)	-	-	168	2,529	
Total All Funds					(124,976)	-	-	4,352,552	(4,455,215)	-	(227,639)	-	-	227,639	4,455,215	
State Financial Assistance Not Subject to Major Program Determination:																
General Funds:																
On-Behalf TPAF Pension Contributions	17-495-034-5095-006	266,070	7/1/16	6/30/17	-	-	-	(266,070)	266,070						(266,070)	
Total General Fund					-	-	-	(266,070)	266,070	-	-	-	-	-	(266,070)	
Total State Financial Assistance					\$ (124,976)	\$ -	\$ -	\$ 4,086,482	\$ (4,189,145)	\$ -	\$ (227,639)	\$ -	\$ -	\$ 227,639	\$ 4,189,145	

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

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 (CFR) Part 200 -*Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey; New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,452,686	\$ 4,452,686
Special Revenue Fund	223,793	-	223,793
Food Service Fund	166,467	2,529	168,996
Total Awards & Financial Assistance	<u>\$ 390,260</u>	<u>\$ 4,455,215</u>	<u>\$ 4,845,475</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Union County TEAMS Charter School has no loan balances outstanding at June 30, 2017.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

**UNION COUNTY TEAMS CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

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

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

Program	Total
Title I, Part A: Grants to Local Education Agencies	\$ 148,580
Title II, Part A: Teacher and Principal Training and Recruiting	<u>626</u>
Total	<u>\$ 149,206</u>

**UNION COUNTY TEAMS CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

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

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	___X___ Yes	___ No
Internal control over major programs:		
1) Material weakness(es) identified?	___ Yes	___X___ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	___X___ None Reported
Type of auditors' report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular 15-08 OMB?	___ Yes	___X___ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID-PUBLIC CLUSTER
<u>17-495-034-5120-071</u>	<u>EQUALIZATION AID</u>
<u>17-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>17-495-034-5120-084</u>	<u>SECURITY AID</u>

**UNION COUNTY TEAMS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a NJ Circular 15-08 OMB. See paragraphs 13. 15 and 13, 35

Finding

There were no matters reported.

**UNION COUNTY TEAMS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies audit findings required to be reported by NJ Circular 15-08 OMB.

STATE AWARDS

Findings

There were no matters reported.

**UNION COUNTY TEAMS CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATUS OF PRIOR YEAR FINDINGS

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

FINDINGS:

There were no matters reported.