

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Unity Charter School Board of Education
Morristown, New Jersey**

For the Fiscal Year Ended June 30, 2012

Prepared by

**Unity Charter School Board of Education
Finance Department**

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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INTRODUCTORY SECTION



Teaching capable, confident kids for a healthy planet

November 15, 2012

Honorable President and Members of the Board of Trustees
Unity Charter School
One Evergreen Place Suite A
Morristown, NJ 07960

Dear Board Members:

The Comprehensive Annual Financial Report of the Unity Charter School for the fiscal year June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: Unity Charter School constitutes an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14 and GASB 34. All funds and account groups of the entity are included in the report. The Unity Board of Trustees and its school continue the School's reporting entity.

The Unity Charter School was chartered by the New Jersey Department of Education in January 1997 as the only charter school that had included a planning year prior to opening. The school opened its doors to the first 60 students in grades K-7 in September 1998, in accordance with its charter. It maintained that enrollment level throughout the first school year.

The Unity Charter School now operates a K-8 program. Students attended classes from 8:05-2:40 four days per week, which is an hour longer than most public schools. Wednesdays are shortened to provide an

opportunity for staff to integrate their curriculum. Parents are an integral part of the school, participating in classroom support as well as the governance of the school.

2). ENROLLMENT OUTLOOK: Unity Charter School has completed its fourteenth year of operation as a Kindergarten through Eighth Grade Public School of Choice. The school ended this year with 180 students, and is cross-graded. Students are admitted to Unity Charter School using the lottery method for Charter Schools required by the State of New Jersey. Informational gatherings are held for interested parents in the fall and early winter, prior to the lottery process. After lottery selection, families are notified, and waiting lists are maintained. Enrollment information is maintained and reported as per Department of Education regulations. Unity graduated eight students in June 2012.

3). MAJOR ACCOMPLISHMENTS: The mission of the Unity Charter School is “ to provide an environment for learning which fosters the development of the responsible use of freedom, promotes a choice of interests in which to master fundamental concepts and which encourages ownership and personal power within the context of an ecologically responsible community”. The responsible use of freedom and the encouragement of ownership and personal power are practiced through the school’s democratic governance model, using consensus agreement to the extent possible and voting. The school’s Assembly, consisting of parents, trustees, staff and students met three times this past year, and discussing such topics as the school charter, fundraising, community building activities, educational program and facilities issues. From these meetings come proposals and activities for the school community and the Board of Trustees. Weekly school meetings, Peer Mediation and Class Meetings in which issues are discussed and decisions are made by consensus are also part of the process.

The Trustees successfully moved the school to its current location in 2011. The Administration recruited an increased number of students and operated the school throughout the year. Old processes and procedures were adapted to the new environment or replaced by new ones.

Sustainability was taught through the investigation of the effects of human endeavor on our ecosystem, using learning activities such as field trips, class curriculum and individual original research projects. During the 2010-2011 school year under the guidance of the Director, the staff enhanced its Education for Sustainability Curriculum with the support of the Cloud Institute. The school lunch program is partially organic, whole food and vegetarian, and the harvest from the school garden is used to supply the lunch program in part. The Director and many staff members focused in using the school’s surroundings and community as a framework within which students, in interdisciplinary units with authentic applications, can construct their own learning, guided by teachers and administrators using proven educational practices. Curriculum integrates sustainability and diversity themes within the state Core Curriculum Standards. Students take the state required ASK-3 through ASK-8 tests.

4) INTERNAL ACCOUNTING CONTROLS: Management of the School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by management. The primary control is that the Board President and one other Board member sign all general account checks. All Purchase Orders are reviewed. The Board President signs all payroll checks. In addition the Treasurer verifies the payees on the checks and confirms the check register.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note I

7) FINANCIAL INFORMATION AT FISCAL YEAR END

Unity Charter School has continued its positive financial position as compared to last year. Detailed information can be found in the Management Discussion and Analysis. The Business Administrator has been aggressive in collecting tuition owed from sending districts, and insuring that Business Administrators in the sending districts update the Unity enrollment records in the DOE Charter School Enrollment System so that the state will send them their tuition invoice. School enrollment increased slightly throughout the school year with the replacement of students that transfer out by additional students that transferred in.

Stability in budgeting and funding remain a potential problem due to the funding formula. Students may transfer out at any time, leaving a gap in funding until they are replaced. Tuition payments from the sending districts are historically slow, especially in summer, and state tuition funding does not begin until late September. Slow cash flow sometimes impairs the school's ability to pay contractual obligations in a timely manner. The school ended a Line of Credit agreement with Bank of America.

Overall, the success of any endeavor is in the quality of the product produced. Unity Charter School's product, a true home and school community where every student is respected, differences are honored, and learning is both a challenge and an opportunity, is a philosophical and educational success.

8) CASH MANAGEMENT: The investment policy of the School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note II. The School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution on New Jersey. The law requires governmental units to deposit public funds only in public depositions located in New Jersey, where the funds are secured accordance the Act. This year we also invested a part of the funds in a CD that increased our rate of return while allowing for access to most of the funds if needed.

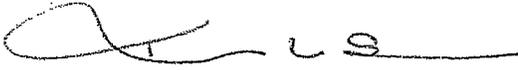
9) RISK MANAGEMENT: The School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents.

10) OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of VM Associates Inc. was selected by the School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendments of 1996 and the related

OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specially to the single audit are included in the single audit section of this report.

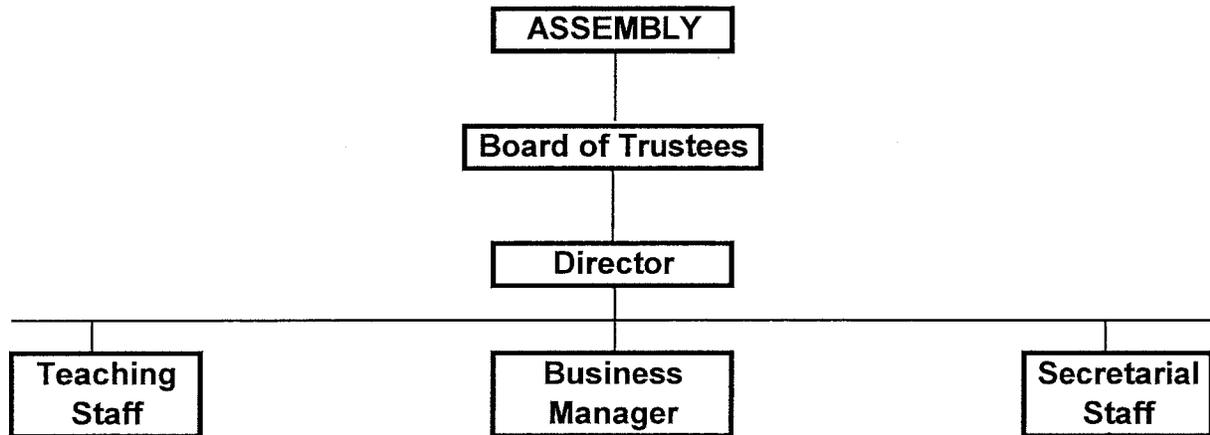
11) ACKNOWLEDGEMENT: We would like to express our appreciation to the members of the Unity Charter School for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff, and other administrators in the school.

Respectfully submitted,



Katine M. Slunt,
Business Administrator/ Board Secretary

UNITY CHARTER SCHOOL ORGANIZATION CHART



UNITY CHARTER SCHOOL

ROSTER OF OFFICIALS JUNE 30, 2012

<u>Members of the Board of Trustees</u>		<u>Term Expires</u>
Tina Bologna	President/Trustee	June, 2012
Kristin Sechler	Vice President	June, 2012
Beatrice Adewole	Trustee	June, 2012
Ronni Arno Blaisdell	Trustee	June, 2012
Sherry Cicero	Trustee	June, 2012
William Feldman	Trustee	June, 2012
Peter Minde	Trustee	June, 2012
Mindy Quirk	Trustee	June, 2012
Louis Rago	Trustee	June, 2012
Lou Samara	Trustee	June, 2012
Tanya Seaward	Trustee	June, 2012

Other Officials

Carolyn Mungo	Director
Charles Knopf	Business Administrator
Jon Rheinhardt	Treasurer of School Monies

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Unity Charter School
County of Morris, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of and for the year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Unity Charter School's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Unity Charter School as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

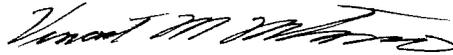
In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2012 on our consideration of the Unity Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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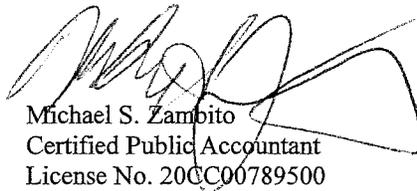
The Management's Discussion and Analysis on pages 12 through 18 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 15, 2012

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Unity Charter School financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

- The District's net assets increased \$194,497.61 as a result of this year's operations. Net assets of our business-type activities increased by \$5,557.48, and net assets of our governmental activities increased by \$188,940.13 or 80.59 percent.
- Total cost of all of the District's programs was \$2,441,823.66 in 2011-2012 compared to \$ 1,951,039.45 in 2010-2011.
- During the year, the District had expenses for governmental activities that were \$188,940.13 less than the \$2,581,541.00 generated in tax and other program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 21 and 22) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 25. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 14. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has two proprietary funds as shown on pages 29 to 31.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 16. The fund financial statements begin on page 25 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 27.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 33 and 34. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$ 234,445.11 to \$428,942.72. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 452,027.77	\$ 268,373.98	\$ 5,657.48	\$ 243.48	\$ 457,685.25	\$ 268,617.46
Capital Assets	88,742.87	66,801.89	-	-	88,742.87	66,801.89
Total Assets	540,770.64	335,175.87	5,657.48	243.48	546,428.12	335,419.35
Other Liabilities	117,385.40	100,730.76	100.00	243.48	117,485.40	100,974.24
Total Liabilities	117,385.40	100,730.76	100.00	243.48	117,485.40	100,974.24
Net Assets:						
Invested in Capital Assets, Net						
of Debt	88,742.87	66,801.89			88,742.87	66,801.89
Restricted	4,887.00	1,104.00			4,887.00	1,104.00
Unrestricted (Deficit)	329,755.37	166,539.22	5,557.48	-	335,312.85	166,539.22
Total Net Assets	\$ 423,385.24	\$ 234,445.11	\$ 5,557.48	\$ -	\$ 428,942.72	\$ 234,445.11

Net assets of the District's governmental activities increased 80.59 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$163,216.15 . Restricted net assets, those restricted mainly for encumbrances increased \$3,783.00. The investment in capital assets, net of debt category increased \$ 21,940.98.

Table 2
Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 54,780.27	\$ 54,191.55	\$ 54,780.27	\$ 54,191.55
Operating Grants and Contributions	556,705.77	379,522.13			556,705.77	379,522.13
General Revenues:						
Property Taxes	1,950,276.00	1,554,573.50			1,950,276.00	1,554,573.50
Interest and Investment Earnings	8.51	13.76	-	20.46	8.51	34.22
Other General Revenues	74,550.72	31,119.62	-	-	74,550.72	31,119.62
Total Revenues:	<u>2,581,541.00</u>	<u>1,965,229.01</u>	<u>54,780.27</u>	<u>54,212.01</u>	<u>2,636,321.27</u>	<u>2,019,441.02</u>
Program Expenses Including Indirect Expenses						
Instruction:						
Regular	1,326,640.68	975,350.49			1,326,640.68	975,350.49
Support Services:						
Student and Instruction Related Services	299,841.00	234,241.84			299,841.00	234,241.84
General and Business Administrative Services	363,629.46	295,867.93			363,629.46	295,867.93
Plant Operations and Maintenance	402,489.73	359,209.99			402,489.73	359,209.99
Transfers	-	29,832.66		(29,832.66)	-	-
Business-type Activities:						
Food Services			14,709.56	51,553.42	14,709.56	51,553.42
After School	-	-	34,513.23	34,815.78	34,513.23	34,815.78
Total Expenses	<u>2,392,600.87</u>	<u>1,894,502.91</u>	<u>49,222.79</u>	<u>56,536.54</u>	<u>2,441,823.66</u>	<u>1,951,039.45</u>
Increase (Decrease) in Net Assets	<u>\$ 188,940.13</u>	<u>\$ 70,726.10</u>	<u>\$ 5,557.48</u>	<u>\$ (2,324.53)</u>	<u>\$ 194,497.61</u>	<u>\$ 68,401.57</u>

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011.

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	\$ 1,950,276.00	\$ 1,554,573.50	25.45%
Interest Earned to Investments	8.51	13.76	-38.15%
Miscellaneous	<u>74,550.72</u>	<u>31,119.62</u>	<u>139.56%</u>
Total - Local Sources	2,024,835.23	1,585,706.88	27.69%
State Sources	529,021.77	354,560.01	49.21%
Federal Sources	<u>27,684.00</u>	<u>24,962.12</u>	<u>10.90%</u>
Total Revenues	<u>\$ 2,581,541.00</u>	<u>\$ 1,965,229.01</u>	<u>31.36%</u>

<u>Expenditures by Function:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 1,056,623.46	\$ 784,881.88	34.62%
Support Services and Undistributed Costs:			
Student and Instruction Related Services	216,758.78	175,636.12	23.41%
General and Business Administrative Services	301,317.80	251,913.64	19.61%
Plant Operations and Maintenance	402,489.73	359,209.99	12.05%
Employee Benefits	405,371.38	285,256.50	42.11%
Capital Outlay	<u>31,980.70</u>	<u>17,419.00</u>	<u>83.60%</u>
Total Expenditures	<u>\$ 2,414,541.85</u>	<u>\$ 1,874,317.13</u>	<u>28.82%</u>

BUDGETS

The significant variances between the originally adopted budget for the fiscal year 2011-2012 and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the total budget increased \$43,309.00 because the state requires that it be updated periodically to reflect changes in enrollment and the school received unbudgeted grants.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Katine Slunt, Unity Charter School, One Evergreen Place, Suite A, Morristown, NJ 07960.

BASIC FINANCIAL STATEMENTS

Section A

DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Net Assets
June 30, 2012**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$358,530.65	\$5,657.48	\$364,188.13
Receivables, Net	93,497.12	-	93,497.12
Capital Assets, Net	<u>88,742.87</u>	<u>-</u>	<u>88,742.87</u>
Total Assets	<u>540,770.64</u>	<u>5,657.48</u>	<u>546,428.12</u>
LIABILITIES			
Accounts Payable	26,041.57	100.00	26,141.57
Deposits Payable	66,176.00		66,176.00
Deferred Revenue	<u>25,167.83</u>	<u>-</u>	<u>25,167.83</u>
Total Liabilities	<u>117,385.40</u>	<u>100.00</u>	<u>117,485.40</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	88,742.87		88,742.87
Restricted for:			
Other Purposes	4,887.00		4,887.00
Unrestricted	<u>329,755.37</u>	<u>5,557.48</u>	<u>335,312.85</u>
Total Net Assets	<u>\$423,385.24</u>	<u>\$5,557.48</u>	<u>\$428,942.72</u>

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

BOARD OF EDUCATION
 UNITY CHARTER SCHOOL
 Statement of Activities

For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,326,640.68	\$ -	\$ 361,858.75	\$ -	\$ (964,781.93)	\$ -	\$ (964,781.93)
Support Services:							
Student and Instruction Related Services	299,841.00	1,563.47	111,341.15		(188,499.85)		(188,499.85)
General and Business Administrative Services	363,629.46	53,216.80	83,505.87		(280,123.59)		(280,123.59)
Plant Operations and Maintenance	402,489.73	54,780.27	-		(402,489.73)		(402,489.73)
Total Governmental Activities	<u>2,392,600.87</u>	<u>\$ 54,780.27</u>	<u>556,705.77</u>	<u>-</u>	<u>(1,835,895.10)</u>	<u>-</u>	<u>(1,835,895.10)</u>
Business-type Activities:							
Food Service	14,709.56	1,563.47				(13,146.09)	(13,146.09)
After School	34,513.23	53,216.80	-	-	-	18,703.57	18,703.57
Total Business-type Activities	<u>49,222.79</u>	<u>54,780.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,557.48</u>	<u>5,557.48</u>
Total Primary Government	<u>\$ 2,441,823.66</u>	<u>\$ 54,780.27</u>	<u>\$ 556,705.77</u>	<u>\$ -</u>	<u>\$ (1,835,895.10)</u>	<u>\$ 5,557.48</u>	<u>\$ (1,830,337.62)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 1,950,276.00	\$ -	\$ 1,950,276.00
Investment Earnings					8.51	-	8.51
Miscellaneous Income					74,550.72	-	74,550.72
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>2,024,835.23</u>	<u>-</u>	<u>2,024,835.23</u>
Change in Net Assets					188,940.13	5,557.48	194,497.61
Net Assets—Beginning					234,445.11	-	234,445.11
Net Assets—Ending					<u>\$ 423,385.24</u>	<u>\$ 5,557.48</u>	<u>\$ 428,942.72</u>

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

GOVERNMENTAL FUNDS

Section B

FUND FINANCIAL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 333,362.82	\$ 25,167.83	\$ 358,530.65
Receivables from Other Governments	77,689.12	-	77,689.12
Loan Receivable	<u>15,808.00</u>	<u>-</u>	<u>15,808.00</u>
Total Assets	<u>\$ 426,859.94</u>	<u>\$ 25,167.83</u>	<u>\$ 452,027.77</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 26,041.57	\$ -	\$ 26,041.57
Payable to Other Local Units	66,176.00		66,176.00
Deferred Revenue	<u>-</u>	<u>25,167.83</u>	<u>25,167.83</u>
Total Liabilities	<u>92,217.57</u>	<u>25,167.83</u>	<u>117,385.40</u>
Fund Balances:			
Assigned:			
Encumbrances	4,887.00		4,887.00
Unassigned, Reported In:			
General Fund	<u>329,755.37</u>		<u>329,755.37</u>
Total Fund Balances	<u>334,642.37</u>	<u>-</u>	<u>334,642.37</u>
Total Liabilities and Fund Balances	<u>\$ 426,859.94</u>	<u>\$ 25,167.83</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$218,302.70 and the accumulated depreciation is \$129,559.83.

88,742.87

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

-

Net assets of governmental activities

\$ 423,385.24

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 1,950,276.00	\$ -	\$ 1,950,276.00
Interest Earned on Investments	8.51		8.51
Miscellaneous	<u>3,298.48</u>	<u>71,252.24</u>	<u>74,550.72</u>
Total - Local Sources	1,953,582.99	71,252.24	2,024,835.23
State Sources	529,021.77	-	529,021.77
Federal Sources	<u>-</u>	<u>27,684.00</u>	<u>27,684.00</u>
Total Revenues	<u>2,482,604.76</u>	<u>98,936.24</u>	<u>2,581,541.00</u>
EXPENDITURES			
Current:			
Regular Instruction	987,678.59	68,944.87	1,056,623.46
Support Services and Undistributed Costs:			
Student and Instruction Related Services	186,767.41	29,991.37	216,758.78
General and Business Administrative Services	301,317.80		301,317.80
Plant Operations and Maintenance	402,489.73		402,489.73
Unallocated Benefits	405,371.38		405,371.38
Capital Outlay	<u>31,980.70</u>	<u>-</u>	<u>31,980.70</u>
Total Expenditures	<u>2,315,605.61</u>	<u>98,936.24</u>	<u>2,414,541.85</u>
Excess (Deficiency) of Revenues over Expenditures	<u>166,999.15</u>	<u>-</u>	<u>166,999.15</u>
Net Change in Fund Balances	166,999.15	-	166,999.15
Fund Balance—July 1	<u>167,643.22</u>	<u>-</u>	<u>167,643.22</u>
Fund Balance—June 30	<u>\$ 334,642.37</u>	<u>\$ -</u>	<u>\$ 334,642.37</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ 166,999.15

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

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

	Depreciation expense	\$ (10,039.72)	
	Capital outlays	<u>31,980.70</u>	
			21,940.98

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

Change in net assets of governmental activities \$ 188,940.13

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

PROPRIETARY FUNDS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 100.00	\$ 5,557.48	\$ 5,657.48
Other Receivables	-	-	-
Total Current Assets	<u>100.00</u>	<u>5,557.48</u>	<u>5,657.48</u>
Total Assets	<u>100.00</u>	<u>5,557.48</u>	<u>5,657.48</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	<u>100.00</u>	-	<u>100.00</u>
Total Current Liabilities	<u>100.00</u>	-	<u>100.00</u>
NET ASSETS			
Unrestricted	<u>-</u>	<u>5,557.48</u>	<u>5,557.48</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 5,557.48</u>	<u>\$ 5,557.48</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	\$ 1,563.47	\$ -	\$ 1,563.47
Program Fees	-	53,216.80	53,216.80
Miscellaneous	-	-	-
Total Operating Revenues	<u>1,563.47</u>	<u>53,216.80</u>	<u>54,780.27</u>
 Operating Expenses:			
Cost of Sales	4,988.91		4,988.91
Salaries	2,288.00	32,051.42	34,339.42
Other Purchased Services	2,527.62	-	2,527.62
General Supplies	<u>4,905.03</u>	<u>2,461.81</u>	<u>7,366.84</u>
Total Operating Expenses	<u>14,709.56</u>	<u>34,513.23</u>	<u>49,222.79</u>
Operating Income (Loss)	<u>(13,146.09)</u>	<u>18,703.57</u>	<u>5,557.48</u>
 Nonoperating Revenues (Expenses):			
Interest and Investment Revenue	-		-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	(13,146.09)	18,703.57	5,557.48
Capital Contributions			-
Transfers In (Out)	<u>13,146.09</u>	<u>(13,146.09)</u>	<u>-</u>
Change in Net Assets	-	5,557.48	5,557.48
Total Net Assets—Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets—Ending	<u>\$ -</u>	<u>\$ 5,557.48</u>	<u>\$ 5,557.48</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,563.47	\$ 53,216.80	\$ 54,780.27
Payments to Employees	(2,288.00)	(32,051.42)	(34,339.42)
Payments to Suppliers	<u>(12,565.04)</u>	<u>(2,461.81)</u>	<u>(15,026.85)</u>
Net Cash Provided By (Used for) Operating Activities	<u>(13,289.57)</u>	<u>18,703.57</u>	<u>5,414.00</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	<u>13,146.09</u>	<u>(13,146.09)</u>	<u>-</u>
Net Cash Provided By (Used for) Non-capital Financing Activities	<u>13,146.09</u>	<u>(13,146.09)</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(143.48)	5,557.48	5,414.00
Balances—Beginning of Year	<u>243.48</u>	<u>-</u>	<u>243.48</u>
Balances—End of Year	<u>\$ 100.00</u>	<u>\$ 5,557.48</u>	<u>\$ 5,657.48</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided By (Used for) Operating Activities:			
Operating (Loss)	\$ (13,146.09)	\$ 18,703.57	\$ 5,557.48
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided By (Used for) Operating Activities:			
(Decrease) in Accounts Payable	<u>(143.48)</u>	<u>-</u>	<u>(143.48)</u>
Total Adjustments	<u>(143.48)</u>	<u>-</u>	<u>(143.48)</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ (13,289.57)</u>	<u>\$ 18,703.57</u>	<u>\$ 5,414.00</u>

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

FIDUCIARY FUNDS

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 10.00	\$ 10,050.81
Total Assets	<u>\$ 10.00</u>	<u>\$ 10,050.81</u>
LIABILITIES		
Reserve for Fund Raising	\$ -	\$ 4,877.86
Payable to Student Groups		3,136.25
Payroll Deductions and Withholdings	<u>-</u>	<u>2,036.70</u>
Total Liabilities	<u>-</u>	<u>\$ 10,050.81</u>
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 10.00</u>	

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 13,922.26
Other	<u>13,901.78</u>
Total Contributions	<u>27,824.04</u>
Investment Earnings:	
Interest	<u>-</u>
Net Investment Earnings	<u>-</u>
Total Additions	<u>27,824.04</u>
DEDUCTIONS	
Unemployment Claims	<u>30,505.78</u>
Total Deductions	<u>30,505.78</u>
Change in Net Assets	<u>(2,681.74)</u>
Net Assets—Beginning	<u>2,691.74</u>
Net Assets—Ending	<u>\$ 10.00</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Unity Charter School (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

The Unity Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A Director is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a charter school located in Morristown. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, 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 District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District'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) 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, including all taxes, are presented as general revenues.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District 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, district taxes 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 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.

Proprietary Fund Type

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

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type (Continued)

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District 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 District 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.

The District's Enterprise Fund are comprised of the Food Service Fund and After School Program.

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	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Government 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

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

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in–first–out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASBS No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The District elected to implement the general provisions of GASBS No. 34 and the retroactive infrastructure provisions (under the modified approach) in the fiscal year ending June 30, 2006.

5. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

6. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

7. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

H. Recent Accounting Pronouncements

In March 2009, the Governmental Accounting Standards Board (GASB) adopted Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will become effective for fiscal periods beginning after June 15, 2010. The effective date for the District is the fiscal year beginning July 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

<u>Assets</u>	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement</u>
	<u>Total</u>	<u>Long - term</u>	<u>Reclassifications</u>	<u>of Net</u>
	<u>Governmental</u>	<u>Assets</u>	<u>and Eliminations</u>	<u>Assets</u>
<u>Assets</u>	<u>Funds</u>	<u>Liabilities (1)</u>		<u>Totals</u>
Cash and Cash Equivalents	\$ 358,530.65	\$ -	\$ -	\$ 358,530.65
Receivables, Net			93,497.12	93,497.12
Receivables from Other Governments	93,497.12	-	(93,497.12)	-
Capital Assets, Net	-	<u>88,742.87</u>	-	<u>88,742.87</u>
Total Assets	<u>452,027.77</u>	<u>88,742.87</u>	<u>-</u>	<u>540,770.64</u>
 <u>Liabilities</u>				
Accounts Payable	26,041.57			26,041.57
Payable to Other Local Units	66,176.00			66,176.00
Deferred Revenue	<u>25,167.83</u>	-	-	<u>25,167.83</u>
Total Liabilities	<u>117,385.40</u>	<u>-</u>	<u>-</u>	<u>117,385.40</u>
 <u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt		88,742.87		88,742.87
Restricted for:				
Other Purposes	4,887.00			4,887.00
Unrestricted	<u>329,755.37</u>	-	-	<u>329,755.37</u>
Total Fund Balances/Net Assets	<u>334,642.37</u>	<u>88,742.87</u>	<u>-</u>	<u>423,385.24</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 452,027.77</u>	<u>\$ 88,742.87</u>	<u>\$ -</u>	<u>\$ 540,770.64</u>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of Capital Assets	\$ 218,302.70
Accumulated Depreciation	<u>(129,559.83)</u>
	<u>\$ 88,742.87</u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

<u>Revenues and Other Sources</u>	<u>Total Governmental Funds</u>	<u>Capital Related Items (1)</u>	<u>Reclassifications and Eliminations (2)</u>	<u>Statement of Activities Totals</u>
Local Tax Levy	\$1,950,276.00	\$ -	\$ -	\$1,950,276.00
Interest Earned on Investments	8.51			8.51
Miscellaneous	74,550.72			74,550.72
State Sources	529,021.77			529,021.77
Federal Sources	27,684.00	-	-	27,684.00
Total	<u>\$2,581,541.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,581,541.00</u>
 <u>Expenditures</u>				
Current:				
Regular Instruction	\$1,056,623.46	\$ 6,525.82	\$263,491.40	\$1,326,640.68
Support Services and Undistributed Costs:				
Student and Instruction Related Services	216,758.78	2,007.94	81,074.28	299,841.00
General and Business Administrative Services	301,317.80	1,505.96	60,805.70	363,629.46
Plant Operations and Maintenance	402,489.73			402,489.73
Unallocated Benefits	405,371.38	-	(405,371.38)	-
Capital Outlay	31,980.70	(31,980.70)	-	-
Total	<u>2,414,541.85</u>	<u>(21,940.98)</u>	<u>0.00</u>	<u>2,392,600.87</u>
 Other Financing Uses/Changes in Net Assets:				
Net Transfers To/(From) Other Funds	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ 166,999.15</u>	<u>\$21,940.98</u>	<u>\$ (0.00)</u>	<u>\$ 188,940.13</u>

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

Depreciation Expense	\$ (10,039.72)
Capital Outlays	<u>31,980.70</u>
	<u>\$ 21,940.98</u>

2. Allocate Benefits Expenditures

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

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 (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the 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.

At June 30, 2012 the Unity Charter School's cash and cash equivalents amounted to \$454,430.48. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$204,430.48 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2012 the Unity Charter School did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Unity Charter School will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012 none of the Unity Charter School's cash and cash equivalents of \$454,430.48 was exposed to custodial credit risk.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Unity Charter School to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Unity Charter School had no investments as described in Note I:G.1 at June 30, 2012.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIS FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements				-
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Land Improvements				-
Buildings and Improvements	120,202.32	24,780.70		144,983.02
Machinery and Equipment	<u>66,119.68</u>	<u>7,200.00</u>	-	<u>73,319.68</u>
Totals at Historical Cost	<u>186,322.00</u>	<u>31,980.70</u>	<u>-</u>	<u>218,302.70</u>
Less Accumulated Depreciation For:				
Land Improvements				-
Buildings and Improvements	(62,467.07)	(7,249.15)		(69,716.22)
Machinery and Equipment	<u>(57,053.04)</u>	<u>(2,790.57)</u>	-	<u>(59,843.61)</u>
Total Accumulated Depreciation	<u>(119,520.11)</u>	<u>(10,039.72)</u> (1)	<u>-</u>	<u>(129,559.83)</u>
Net Capital Assets Being Depreciated	<u>66,801.89</u>	<u>21,940.98</u>	<u>-</u>	<u>88,742.87</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,801.89</u>	<u>\$ 21,940.98</u>	<u>\$ -</u>	<u>\$ 88,742.87</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ (6,525.82)
Student and Instruction Related Services	(2,007.94)
General and Business Administrative Services	<u>(1,505.96)</u>
	<u>\$ (10,039.72)</u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note IV: Fund Balance Appropriated

Of the \$334,642.37 General Fund Balance at June 30, 2012, \$4,887.00 is reserved for encumbrances and \$329,755.37 is unreserved and undesignated.

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

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

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

According to the State of New Jersey Management Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues a publicly available financial report that includes the financial statements and required supplementary information of each of the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports maybe 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.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased TPAF and PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note V: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.50 percent for TPAF and PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2011, for TPAF, annual pension cost equals annual required contribution. For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Contributions – Actual

The Charter School's total payroll for the year ended June 30, 2012 was \$1,311,320.33 and covered payroll was \$945,976.00 for TPAF and \$114,872.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30, made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

	<u>TPAF</u>	<u>Percent of Covered Payroll</u>	<u>PERS</u>	<u>Percent of Covered Payroll</u>
Employees – 2009-2010	\$35,003.70	5.57%	\$ 5,604.05	6.11%
Employees – 2010-2011	\$45,187.40	5.61%	\$ 6,633.56	5.73%
Employees – 2011-2012	\$65,500.79	6.92%	\$ 7,759.60	6.75%
District – 2009-2010	N/A	N/A	\$ 9,687.00	10.56%
District – 2010-2011	N/A	N/A	\$11,433.00	9.87%
District – 2011-2012	N/A	N/A	\$11,775.00	10.25%

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$80,006.77 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note VI: Post-Retirement Medical Benefits

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

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

Note VII: Risk Management

The Unity 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 Unity 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 the CAFR.

New Jersey Unemployment Compensation Insurance – The Unity Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Unity Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Unity Charter School is billed quarterly for amounts due to the State. Effective for calendar year 2012 the Unity Charter School has changed to Contribution Method whereby the Unity Charter School submits the employee deductions directly to the New Jersey Unemployment Trust Fund.

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$13,901.78	\$13,922.26	\$30,505.78	\$ 10.00
2010-2011	\$ 5,353.23	\$ 2,157.66	\$ 5,353.23	\$2,691.74
2009-2010	\$12,814.45	\$ 1,706.33	\$15,235.77	\$ 534.08

Note VIII Subsequent Events

The Unity Charter School’s management has informed us that there is a significant shortfall in Tuition revenue for the 2012 -2013school year that needs to be disclosed after the balance sheet date through the date of audit. The Charter School’s Fund Balance will be sufficient to cover this shortfall.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>	
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 1,987,890.00	\$ (31,635.00)	\$ 1,956,255.00	\$ 1,950,276.00	\$ (5,979.00)	
Interest Earned on Investments	-	-	-	8.51	8.51	
Miscellaneous	-	-	-	3,298.48	3,298.48	
Total - Local Sources	<u>1,987,890.00</u>	<u>(31,635.00)</u>	<u>1,956,255.00</u>	<u>1,953,582.99</u>	<u>(2,672.01)</u>	
State Sources:						
Local Tax Levy - State Aid Share	182,630.00	47,729.00	230,359.00	221,393.00	(8,966.00)	
Special Education Aid	66,657.00	17,262.00	83,919.00	77,295.00	(6,624.00)	
Non-Public Aid	-	59,594.00	59,594.00	59,594.00	-	
Security Aid	8,984.00	905.00	9,889.00	9,507.00	(382.00)	
Adjustment Aid	97,200.00	(97,200.00)	-	11,092.00	11,092.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	70,134.00	70,134.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	80,006.77	80,006.77	
Total State Sources	<u>355,471.00</u>	<u>28,290.00</u>	<u>383,761.00</u>	<u>529,021.77</u>	<u>145,260.77</u>	
Total Revenues	<u>2,343,361.00</u>	<u>(3,345.00)</u>	<u>2,340,016.00</u>	<u>2,482,604.76</u>	<u>142,588.76</u>	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Grades 6-8 - Salaries of Teachers	130-100-101	860,522.00	11,568.00	872,090.00	862,095.50	9,994.50
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	40,960.00	24,750.00	65,710.00	64,470.00	1,240.00
Purchased Professional-Educational Services	190-100-320	-	-	-	-	-
Purchased Technical Services	190-100-340	4,500.00	3,587.50	8,087.50	8,087.50	-
General Supplies	190-100-610	46,000.00	(12,575.79)	33,424.21	19,465.65	13,958.56
Textbooks	190-100-640	26,000.00	10,268.29	36,268.29	32,839.94	3,428.35
Other Objects	190-100-800	1,500.00	720.00	2,220.00	720.00	1,500.00
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>979,482.00</u>	<u>38,318.00</u>	<u>1,017,800.00</u>	<u>987,678.59</u>	<u>30,121.41</u>
Total Instruction		<u>979,482.00</u>	<u>38,318.00</u>	<u>1,017,800.00</u>	<u>987,678.59</u>	<u>30,121.41</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	60,393.00	500.00	60,893.00	57,609.64	3,283.36
Salaries of Secretarial and Clerical Assistants	000-218-105	45,371.00	1,416.77	46,787.77	46,787.77	-
Purchased Professional - Educational Services	000-218-320	64,400.00	27,500.00	91,900.00	82,370.00	9,530.00
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		<u>170,164.00</u>	<u>29,416.77</u>	<u>199,580.77</u>	<u>186,767.41</u>	<u>12,813.36</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	247,119.00	458.23	247,577.23	234,368.00	13,209.23
Other Purchased Professional Services	000-230-339	33,585.00	2,051.68	35,636.68	35,636.68	-
Communications/Telephone	000-230-530	8,500.00	-	8,500.00	4,376.33	4,123.67
Other Purchased Services (400-500 series)	000-230-590	7,300.00	(947.68)	6,352.32	4,000.00	2,352.32
Supplies and Materials	000-230-600	6,000.00	-	6,000.00	3,993.07	2,006.93
Miscellaneous Expenditures	000-230-890	21,100.00	-	21,100.00	18,943.72	2,156.28
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>323,604.00</u>	<u>1,562.23</u>	<u>325,166.23</u>	<u>301,317.80</u>	<u>23,848.43</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Other Purchased Property Services	000-262-490	352,866.00	(2,785.00)	350,081.00	336,591.19	13,489.81
Insurance	000-262-520	15,000.00	8,585.00	23,585.00	23,506.97	78.03
Miscellaneous Purchased Services	000-262-590	-	-	-	-	-
General Supplies	000-262-610	7,000.00	1,465.90	8,465.90	7,626.19	839.71
Energy (Energy and Electricity)	000-262-620	66,000.00	(20,825.00)	45,175.00	24,731.28	20,443.72
Other Objects	000-262-800	10,000.00	34.10	10,034.10	10,034.10	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>\$ 450,866.00</u>	<u>\$ (13,525.00)</u>	<u>\$ 437,341.00</u>	<u>\$ 402,489.73</u>	<u>\$ 34,851.27</u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS						
Group Insurance	000-291-210	\$ 352,596.00	\$ (90,983.55)	\$ 261,612.45	\$ 168,962.06	\$ 92,650.39
Social Security Contributions	000-291-220		18,168.29	18,168.29	18,168.29	-
Other Retirement Contributions - Regular	000-291-241		11,775.00	11,775.00	11,775.00	-
Unemployment Compensation	000-291-250		33,103.97	33,103.97	33,103.97	-
Workmen's Compensation	000-291-260		17,771.29	17,771.29	17,771.29	-
Other Employee Benefits	000-291-290		5,450.00	5,450.00	5,450.00	-
TOTAL UNALLOCATED BENEFITS		<u>352,596.00</u>	<u>(4,715.00)</u>	<u>347,881.00</u>	<u>255,230.61</u>	<u>92,650.39</u>
On-behalf TPAF pension Contributions (non-budgeted)			-		70,134.00	(70,134.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)			-		80,006.77	(80,006.77)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>150,140.77</u>	<u>(150,140.77)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>352,596.00</u>	<u>(4,715.00)</u>	<u>347,881.00</u>	<u>405,371.38</u>	<u>(57,490.38)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>1,297,230.00</u>	<u>12,739.00</u>	<u>1,309,969.00</u>	<u>1,295,946.32</u>	<u>14,022.68</u>
TOTAL GENERAL CURRENT EXPENSE		<u>2,276,712.00</u>	<u>51,057.00</u>	<u>2,327,769.00</u>	<u>2,283,624.91</u>	<u>44,144.09</u>
CAPITAL OUTLAY						
Equipment						
Undistributed Expenditures - Instruction	000-100-730	5,000.00	(2,087.00)	2,913.00	-	2,913.00
Undistributed Expenditures - Non-Instructional Services	000-300-730	6,000.00	3,287.00	9,287.00	7,200.00	2,087.00
Total Equipment		<u>11,000.00</u>	<u>1,200.00</u>	<u>12,200.00</u>	<u>7,200.00</u>	<u>5,000.00</u>
Facilities Acquisition and Construction Services						
Land and Improvements	000-400-710	55,649.00	(11,153.00)	44,496.00	24,780.70	19,715.30
Total Facilities Acquisition and Construction Services		<u>55,649.00</u>	<u>(11,153.00)</u>	<u>44,496.00</u>	<u>24,780.70</u>	<u>19,715.30</u>
TOTAL CAPITAL OUTLAY		<u>66,649.00</u>	<u>(9,953.00)</u>	<u>56,696.00</u>	<u>31,980.70</u>	<u>24,715.30</u>
TOTAL EXPENDITURES		<u>2,343,361.00</u>	<u>41,104.00</u>	<u>2,384,465.00</u>	<u>2,315,605.61</u>	<u>68,859.39</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>-</u>	<u>(44,449.00)</u>	<u>(44,449.00)</u>	<u>166,999.15</u>	<u>211,448.15</u>
Fund Balance, July 1		<u>167,643.22</u>	<u>-</u>	<u>167,643.22</u>	<u>167,643.22</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 167,643.22</u>	<u>\$ (44,449.00)</u>	<u>\$ 123,194.22</u>	<u>\$ 334,642.37</u>	<u>\$ 211,448.15</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Adjustment for Prior Year Encumbrances		\$ -	(1,140.00)	\$ (1,140.00)	\$ (1,140.00)	\$ -
Budgeted Fund Balance		-	(43,309.00)	(43,309.00)	168,139.15	211,448.15
Total		<u>\$ -</u>	<u>\$ (44,449.00)</u>	<u>\$ (44,449.00)</u>	<u>\$ 166,999.15</u>	<u>\$ 211,448.15</u>
Analysis of Fund Balance June 30, 2012:						
Assigned Fund Balance:						
Encumbrances					\$ 4,887.00	
Unassigned Fund Balance					<u>329,755.37</u>	
					<u>\$ 334,642.37</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2012					\$ 334,642.37	
Last Current Year State Aid Payment Not Realized on GAAP Basis					<u>-</u>	
					<u>\$ 334,642.37</u>	

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
State Sources	\$ -	\$ 1,121.00	\$ 1,121.00	\$ -	\$ 1,121.00
Federal Sources	-	27,684.00	27,684.00	27,684.00	-
Local Sources	-	94,846.07	94,846.07	71,252.24	23,593.83
Total Revenues	<u>-</u>	<u>123,651.07</u>	<u>123,651.07</u>	<u>98,936.24</u>	<u>24,714.83</u>
EXPENDITURES:					
Instruction					
Purchased Professional and Technical Services		79,016.70	79,016.70	62,375.14	16,641.56
General Supplies	-	12,223.00	12,223.00	6,569.73	5,653.27
Total Instruction	<u>-</u>	<u>91,239.70</u>	<u>91,239.70</u>	<u>68,944.87</u>	<u>22,294.83</u>
Support Services					
Purchased Professional and Technical Services		2,000.00	2,000.00	2,000.00	-
Purchased Professional - Educational Services		27,684.00	27,684.00	27,684.00	-
Supplies & Materials		2,082.37	2,082.37	82.37	2,000.00
Other Objects	-	645.00	645.00	225.00	420.00
Total Support Services	<u>-</u>	<u>32,411.37</u>	<u>32,411.37</u>	<u>29,991.37</u>	<u>2,420.00</u>
Total Expenditures	<u>-</u>	<u>123,651.07</u>	<u>123,651.07</u>	<u>98,936.24</u>	<u>24,714.83</u>
Total Outflows	<u>\$ -</u>	<u>\$123,651.07</u>	<u>\$123,651.07</u>	<u>\$ 98,936.24</u>	<u>\$24,714.83</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

BOARD OF EDUCATION
 UNITY CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1,C-2]	\$ 2,482,604.76	\$ 98,936.24
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		-	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,482,604.76</u>	<u>\$ 98,936.24</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1,C-2]	\$ 2,315,605.61	\$ 98,936.24
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -	-	
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,315,605.61</u>	<u>\$ 98,936.24</u>

OTHER SUPPLEMENTARY INFORMATION

Section D

SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund**

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

		<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
Federal Sources		\$ 27,684.00	\$ 27,684.00	\$ -
Local Sources		<u>71,252.24</u>	<u>-</u>	<u>71,252.24</u>
Total Revenues		<u>98,936.24</u>	<u>27,684.00</u>	<u>71,252.24</u>
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services	100-300	62,375.14	-	62,375.14
General Supplies	100-610	<u>6,569.73</u>	<u>-</u>	<u>6,569.73</u>
Total Instruction		<u>68,944.87</u>	<u>-</u>	<u>68,944.87</u>
Support Services:				
Purchased Professional and Technical Services	200-300	2,000.00	-	2,000.00
Purchased Professional - Educational Services	200-320	27,684.00	27,684.00	-
Supplies and Materials	200-600	82.37	-	82.37
Other Objects	200-800	<u>225.00</u>	<u>-</u>	<u>225.00</u>
Total Support Services		<u>29,991.37</u>	<u>27,684.00</u>	<u>2,307.37</u>
Total Expenditures		<u>\$ 98,936.24</u>	<u>\$ 27,684.00</u>	<u>\$ 71,252.24</u>

BOARD OF EDUCATION
 UNITY CHARTER SCHOOL
 Special Revenue Fund

Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

		<u>Total</u>	<u>I.D.E.A. Part B Basic</u>
REVENUES			
Federal Sources		\$ 27,684.00	\$27,684.00
Total Federal Revenues		<u>27,684.00</u>	<u>27,684.00</u>
EXPENDITURES:			
Support Services:			
Purchased Professional - Educational Services	200-320	27,684.00	27,684.00
Supplies and Materials	200-600	<u>-</u>	<u>-</u>
Total Support Services		<u>27,684.00</u>	<u>27,684.00</u>
Total Expenditures		<u>\$ 27,684.00</u>	<u>\$ 27,684.00</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund**

**Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

REVENUES	Total	Clean Energy	Playground Grant	CE Grant	Bayer Science Grant	Target Grant	NJSBAIG Security Grant	Dodge Grant
Local Sources	\$ 71,252.24	\$ 82.37	\$33,634.00	\$ 2,461.70	\$6,569.73	\$ 225.00	\$2,000.00	\$ 26,279.44
Total Local Revenues	<u>71,252.24</u>	<u>82.37</u>	<u>33,634.00</u>	<u>2,461.70</u>	<u>6,569.73</u>	<u>225.00</u>	<u>2,000.00</u>	<u>26,279.44</u>
EXPENDITURES:								
Instruction:								
Purchased Professional and Technical Services 100-300	62,375.14		33,634.00	2,461.70				26,279.44
General Supplies 100-600	6,569.73	-	-	-	6,569.73			-
Total Instruction	<u>68,944.87</u>	<u>-</u>	<u>33,634.00</u>	<u>2,461.70</u>	<u>6,569.73</u>	<u>-</u>	<u>-</u>	<u>26,279.44</u>
Support Services:								
Purchased Professional and Technical Services 200-300	2,000.00	-				-	2,000.00	-
Supplies & Materials 200-600	82.37	82.37				-		-
Other Objects 200-800	225.00	-				225.00		-
Total Support Services	<u>2,307.37</u>	<u>82.37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225.00</u>	<u>2,000.00</u>	<u>-</u>
Total Expenditures	<u>\$ 71,252.24</u>	<u>\$ 82.37</u>	<u>\$ 33,634.00</u>	<u>\$ 2,461.70</u>	<u>\$ 6,569.73</u>	<u>\$ 225.00</u>	<u>\$ 2,000.00</u>	<u>\$ 26,279.44</u>

Section F

CAPITAL PROJECTS FUND

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012

<u>Account</u>	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Student Activity	\$ 3,613.07	\$ 42,661.00	\$ 43,137.82	\$ 3,136.25
Fund Raising	<u>9,807.56</u>	<u>564.30</u>	<u>5,494.00</u>	<u>4,877.86</u>
	<u>\$ 13,420.63</u>	<u>\$ 43,225.30</u>	<u>\$ 48,631.82</u>	<u>\$ 8,014.11</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 9,163.83	\$ 535,818.01	\$ 543,909.03	\$ 1,072.81
Net Salaries and Wages	<u>24.81</u>	<u>892,385.90</u>	<u>891,446.82</u>	<u>963.89</u>
	<u>\$ 9,188.64</u>	<u>\$ 1,428,203.91</u>	<u>\$ 1,435,355.85</u>	<u>\$ 2,036.70</u>

Section I

LONG – TERM DEBT

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

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

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2004.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67	\$ 73,972.27	\$ 83,553.19	\$ 95,303.41	\$ 106,432.56
Restricted	4,887.00	1,104.00	890.00	852.00	969.00	784.00	2,296.35	9,084.61	6,750.00
Unrestricted	329,755.37	166,539.22	105,674.00	89,434.54	93,018.39	109,986.24	82,556.27	71,890.45	65,783.50
Total Governmental Activities Net Assets	\$ 423,385.24	\$ 234,445.11	\$ 163,719.01	\$ 153,778.45	\$ 164,236.06	\$ 181,742.51	\$ 168,405.81	\$ 176,278.47	\$ 178,966.06
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	5,557.48	-	2,324.53	1,222.77	3,349.62	2,123.47	1,818.41	12,297.49	15,834.28
Total Business-Type Activities Net Assets	\$ 5,557.48	\$ -	\$ 2,324.53	\$ 1,222.77	\$ 3,349.62	\$ 2,123.47	\$ 1,818.41	\$ 12,297.49	\$ 15,834.28
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67	\$ 73,972.27	\$ 83,553.19	\$ 95,303.41	\$ 106,432.56
Restricted	4,887.00	1,104.00	890.00	852.00	969.00	784.00	2,296.35	9,084.61	6,750.00
Unrestricted	335,312.85	166,539.22	107,998.53	90,657.31	96,368.01	109,109.71	84,374.68	84,187.94	81,617.78
Total District Net Assets	\$ 428,942.72	\$ 234,445.11	\$ 166,043.54	\$ 155,001.22	\$ 167,585.68	\$ 183,865.98	\$ 170,224.22	\$ 188,575.96	\$ 194,800.34

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 1,326,640.68	\$ 975,350.49	\$ 871,765.24	\$ 876,486.32	\$ 878,978.92	\$ 762,080.16	\$ 732,131.56	\$ 746,063.35	\$ 724,239.47
Support Services:									
Student and Instruction Related Services	299,841.00	234,241.84	287,265.83	297,782.93	204,050.10	191,090.41	193,798.50	172,847.26	180,882.40
General and Business Administrative Services	363,629.46	295,867.93	277,150.98	253,061.98	258,348.76	222,263.25	246,234.73	256,785.70	223,543.08
Plant Operations and Maintenance	402,489.73	359,209.99	167,544.29	158,396.43	148,456.27	163,138.86	141,690.08	133,137.86	148,115.98
Total Governmental Activities Expenses	2,392,600.87	1,864,670.25	1,603,726.34	1,585,727.66	1,489,832.05	1,338,572.68	1,313,854.87	1,308,834.17	1,276,780.93
Business-Type Activities:									
Food Service	14,709.56	51,553.42	50,843.42	47,825.73	55,574.56	54,433.84	47,832.29	38,800.11	36,490.34
After School	34,513.23	34,815.78	22,579.54	30,221.20	28,731.38	27,531.53	34,526.23	40,629.71	41,711.12
Total Business-Type Activities Expense	49,222.79	86,369.20	73,422.96	78,046.93	84,305.94	81,965.37	82,358.52	79,429.82	78,201.46
Total District-Wide Expenses	2,441,823.66	1,951,039.45	1,677,149.30	1,663,774.59	1,574,137.99	1,420,538.05	1,396,213.39	1,388,263.99	1,354,982.39
Program Revenues									
Governmental Activities:									
Operating Grants and Contributions	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86	554,346.64	580,785.00	576,068.36	521,627.78
Total Governmental Activities Program Revenues	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86	554,346.64	580,785.00	576,068.36	521,627.78

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-Type Activities:									
Charges for Services									
Food Service	\$ 1,563.47	\$ 21,028.33	\$ 24,417.41	\$ 27,742.11	\$ 26,020.22	\$ 43,460.97	\$ 31,057.84	\$ 38,800.11	\$ 40,596.11
After School	53,216.80	33,163.22	23,129.77	27,988.10	29,356.87	27,531.53	23,521.60	37,092.92	37,181.49
Total Business-Type Activities Program Revenues	\$ 54,780.27	\$ 54,191.55	\$ 47,547.18	\$ 55,730.21	\$ 55,377.09	\$ 70,992.50	\$ 54,579.44	\$ 75,893.03	\$ 77,777.60
Total District-Wide Program Revenues	\$ 611,486.04	\$ 433,713.68	\$ 453,133.10	\$ 603,554.57	\$ 706,912.95	\$ 625,339.14	\$ 635,364.44	\$ 651,961.39	\$ 599,405.38
Net (Expense)/Revenue									
Governmental Activities	(1,835,895.10)	(1,485,148.12)	(1,198,140.42)	(1,037,903.30)	(838,296.19)	(784,226.04)	(733,069.87)	(732,765.81)	(755,153.15)
Business-Type Activities	5,557.48	(32,177.65)	(25,875.78)	(22,316.72)	(28,928.85)	(10,972.87)	(27,779.08)	(3,536.79)	(423.86)
Total District-Wide Net Expense	<u>(1,830,337.62)</u>	<u>(1,517,325.77)</u>	<u>(1,224,016.20)</u>	<u>(1,060,220.02)</u>	<u>(867,225.04)</u>	<u>(795,198.91)</u>	<u>(760,848.95)</u>	<u>(736,302.60)</u>	<u>(755,577.01)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property Taxes, Levied for General Purposes	1,950,276.00	1,554,573.50	1,125,620.55	1,009,657.00	795,838.00	756,098.55	715,380.56	700,675.32	724,062.48
Investment Earnings	8.51	13.76	-	1,404.28	4,780.78	7,111.90	4,190.93	1,931.11	349.09
Miscellaneous Income	74,550.72	31,119.62	109,399.35	36,574.28	50,325.96	45,630.22	22,925.72	27,471.79	34,062.24
Transfers	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)	(11,277.93)	(17,300.00)	(3,536.79)	(4,112.00)
Total Governmental Activities	2,024,835.23	1,555,874.22	1,208,080.98	1,027,445.69	820,789.74	797,562.74	725,197.21	730,078.22	754,361.81
Business-Type Activities:									
Investment Earnings	-	20.46	-	-	-	-	-	-	-
Transfers	-	29,832.66	26,977.54	20,189.87	30,155.00	11,277.93	17,300.00	-	-
Total Business-Type Activities	-	29,853.12	26,977.54	20,189.87	30,155.00	11,277.93	17,300.00	-	-
Total District-Wide General Revenues	2,024,835.23	1,585,727.34	1,235,058.52	1,047,635.56	850,944.74	808,840.67	742,497.21	730,078.22	754,361.81
Change in Net Assets									
Governmental Activities	188,940.13	70,726.10	9,940.56	(10,457.61)	(17,506.45)	13,336.70	(7,872.66)	(2,687.59)	(791.34)
Business-Type Activities	5,557.48	(2,324.53)	1,101.76	(2,126.85)	1,226.15	305.06	(10,479.08)	(3,536.79)	(423.86)
Total District-Wide Change in Net Assets	<u>\$ 194,497.61</u>	<u>\$ 68,401.57</u>	<u>\$ 11,042.32</u>	<u>\$ (12,584.46)</u>	<u>\$ (16,280.30)</u>	<u>\$ 13,641.76</u>	<u>\$ (18,351.74)</u>	<u>\$ (6,224.39)</u>	<u>\$ (1,215.20)</u>

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund									
Reserved	\$ 4,887.00	\$ 1,104.00	\$ 890.00	\$ 852.00	\$ 969.00	\$ 784.00	\$ 2,296.35	\$ 9,084.61	\$ 6,750.00
Unreserved	329,755.37	166,539.22	105,674.00	89,434.54	93,018.39	106,986.24	82,556.27	71,890.45	65,783.50
Total General Fund	<u>\$334,642.37</u>	<u>\$167,643.22</u>	<u>\$106,564.00</u>	<u>\$90,286.54</u>	<u>\$ 93,987.39</u>	<u>\$107,770.24</u>	<u>\$84,852.62</u>	<u>\$80,975.06</u>	<u>\$72,533.50</u>
Total Fund Balances	<u>\$334,642.37</u>	<u>\$167,643.22</u>	<u>\$106,564.00</u>	<u>\$90,286.54</u>	<u>\$ 93,987.39</u>	<u>\$107,770.24</u>	<u>\$84,852.62</u>	<u>\$80,975.06</u>	<u>\$72,533.50</u>

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues									
Tax Levy	\$ 1,950,276.00	\$ 1,554,573.50	\$ 1,125,620.55	\$ 1,009,657.00	\$ 795,838.00	\$ 756,098.55	\$ 715,380.56	\$ 700,675.32	\$ 724,062.48
Interest Earnings	8.51	13.76	-	1,404.28	4,780.78	7,111.90	4,190.93	1,931.11	349.09
Miscellaneous	74,550.72	31,119.62	109,399.35	36,574.28	50,325.96	45,630.22	22,925.72	27,471.79	34,062.24
State Sources	529,021.77	354,560.01	366,562.04	527,106.36	632,079.86	535,493.64	554,393.00	550,287.36	502,682.78
Federal Sources	27,684.00	24,962.12	39,023.88	20,718.00	19,456.00	18,853.00	26,392.00	25,781.00	18,945.00
Total Revenues	2,581,541.00	1,965,229.01	1,640,605.82	1,595,459.92	1,502,480.60	1,363,187.31	1,323,282.21	1,306,146.58	1,280,101.59
Expenditures									
Instruction									
Regular Instruction	1,056,623.46	784,881.88	689,639.15	716,489.30	704,740.74	641,291.43	613,025.98	614,963.97	598,860.36
Support Services:									
Student and Instruction Related Services	216,756.78	175,636.12	231,227.04	248,553.08	150,438.35	153,924.65	157,150.63	132,508.99	142,304.21
General and Business Administrative Services	301,317.80	251,913.64	235,121.89	216,139.59	218,137.95	194,388.92	218,748.82	226,532.00	194,609.44
Plant Operations and Maintenance	402,489.73	359,209.99	167,544.29	156,396.43	148,456.27	163,138.86	141,690.08	133,137.86	148,115.98
Employee Benefits	405,371.38	285,256.50	273,857.07	239,392.50	260,120.14	176,247.90	171,489.14	190,562.20	177,562.53
Capital Outlay	31,980.70	17,419.00	-	-	4,215.00	-	-	-	-
Total Expenditures	2,414,541.85	1,874,317.13	1,597,389.44	1,578,970.90	1,486,108.45	1,328,991.76	1,302,104.65	1,297,705.02	1,261,452.52
Excess (Deficiency) of Revenues Over (Under) Expenditures	166,999.15	90,911.88	43,216.38	16,489.02	16,372.15	34,195.55	21,177.56	8,441.56	18,649.07
Other Financing sources (uses)									
Transfers out	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)	(11,277.93)	(17,300.00)	-	-
Total other financing sources (uses)	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)	(11,277.93)	(17,300.00)	-	-
Net Change in Fund Balances	\$ 166,999.15	\$ 61,079.22	\$ 16,277.46	\$ (3,700.85)	\$ (13,782.85)	\$ 22,917.62	\$ 3,877.56	\$ 8,441.56	\$ 18,649.07
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

Fiscal Year Ending June 30,	Total	Interest	Prior Year Refunds	Local Projects	Donations	Miscellaneous
2003	\$ 13,784.17	\$ 279.70	\$ -	\$ -	\$ 9,732.00	\$ 3,772.47
2004	34,411.33	349.09	1,344.97	27,000.00	5,182.00	535.27
2005	29,402.90	1,931.11	15,471.79	12,000.00		
2006	27,116.65	4,190.93		18,000.00	4,803.25	122.47
2007	52,742.12	7,111.90	555.11	40,642.01	4,361.60	71.50
2008	55,106.74	4,780.78	3,561.27	35,600.44	10,000.00	1,164.25
2009	37,978.56	1,404.28	1,549.43	32,717.99		2,306.86
2010	109,399.35		170.22	109,229.13		
2011	31,133.38	13.76		31,086.49		33.13
2012	74,559.23	8.51	2,798.48	71,252.24	500.00	

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Assessed Value					Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Farm	Commercial	Industrial					

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended December 31,	School District Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	School Tax Rate	Municipality	County	

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

Fiscal Year Ended June 30,	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities						Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)					

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Net General Bonded Debt Outstanding		

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Direct and Overlapping Governmental Activities Debt
As of December 31, 2011
Unaudited

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
-------------	-------------------	----------------------------	---	------------------------------

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2011		2002		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program

NOT AVAILABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	Senior High School				

NOT AVAILABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

District Building

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

	Gross Building	
<u>*School Facility</u>	<u>Pending Projects (w/DOE Project #)</u>	<u>Area (SF)</u>

NOT APPLICABLE

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

Source: District records

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Insurance Schedule
As of June 30, 2012
Unaudited**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - N.J. School Boards		
Association Insurance Group		
Property - Blanket Building & Contents	\$ 11,350,337,221.00	\$ 1,000.00
Comprehensive General Liability	16,000,000.00	
Comprehensive Automotive Liability	16,000,000.00	
Comprehensive		1,000.00
Collision		1,000.00
Computer & Scheduled Equipment	37,000.00	1,000.00
Boiler & Machinery	100,000,000.00	1,000.00
School Boards Legal Liability - N.J. School Boards	16,000,000.00	5,000.00
Workers Compensation - N.J. School Boards Assoc.	5,000,000.00	
Employers Liability Insurance		
Bodily Injury by Accident	2,000,000.00	each accident
Bodily Injury by Disease	2,000,000.00	each employee
Bodily Injury by Disease	2,000,000.00	policy limit
Flood Insurance - N.J. School Boards		
Buildings	50,000,000.00	500,000.00
Contents	1,000,000.00	500,000.00
Faithful Performance Bond	50,000.00	500.00

Source: District records

SINGLE AUDIT SECTION



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-1
Sheet 1

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

The Honorable President
Members of the Board of Education
Unity Charter School
County of Morris, New Jersey

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 Unity Charter School as of and for the year ended June 30, 2012, 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 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

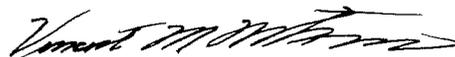
111 Howard Boulevard
Suite 212
P.O. Box 397
Mt. Arlington, NJ 07856
Phone: 973-770-5491
Fax: 973-770-5494
vm_associates@msn.com

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

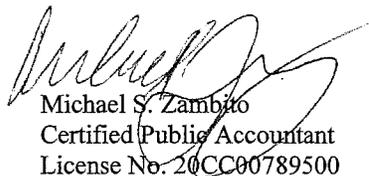
Compliance and Other Matters

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

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



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 15, 2012

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances				
I.D.E.A. Part B, Basic	84.027A	9/1/11-8/31/12	\$ 27,684.00	\$ -	\$ -	\$ 27,684.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total U.S. Department of Education			\$ 27,684.00	\$ -	\$ -	\$ 27,684.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Federal Financial Assistance			\$ 27,684.00	\$ -	\$ -	\$ 27,684.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Balance June 30, 2012		
							Disbursements	Accounts Payable		Accounts Receivable	Deferred Revenue	Due to Grantor
State Department of Education:												
General Funds:												
Local Tax Levy - State Aid Share	12-495-034-5120-022	7/1/11-6/30/12	\$ 221,393.00	\$ -	\$ -	\$ 221,393.00	\$ 221,393.00	\$ -	\$ -	\$ -	\$ -	
Local Tax Levy - State Aid Share	11-495-034-5120-022	7/1/10-6/30/11	165,022.00	(5,722.00)	-	5,722.00	-	-	-	-	-	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	77,295.00	-	-	77,295.00	77,295.00	-	-	-	-	
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	45,793.00	-	-	-	-	-	-	-	-	
Non-Public Aid	7/1/11-6/30/12	59,594.00	59,594.00	-	-	59,594.00	59,594.00	-	-	-	-	
Non-Public Aid	7/1/10-6/30/11	28,881.00	28,881.00	(7,237.00)	-	7,237.00	-	-	-	-	-	
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	9,507.00	-	-	9,507.00	9,507.00	-	-	-	-	
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	5,560.00	-	-	-	-	-	-	-	-	
Adjustment Aid	12-495-034-5120-084	7/1/11-6/30/12	11,092.00	-	-	11,092.00	11,092.00	-	-	-	-	
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	80,006.77	-	-	80,006.77	80,006.77	-	(11,092.00)	-	-	
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	64,983.01	(3,167.02)	-	3,167.02	-	-	-	-	-	
On-Behalf TPAF Pension Contributions	12-495-034-5095-001	7/1/11-6/30/12	70,134.00	-	-	70,134.00	70,134.00	-	-	-	-	
Total General Funds			<u>70,134.00</u>	<u>(16,125.02)</u>	<u>-</u>	<u>534,055.79</u>	<u>529,021.77</u>	<u>-</u>	<u>(11,092.00)</u>	<u>-</u>	<u>-</u>	
Special Revenue Funds:												
Anti-Bullying Aid		7/1/11-6/30/12	1,121.00	-	-	1,121.00	-	-	-	-	1,121.00	
Teacher Quality Mentoring	06-495-034-5120-062	7/1/05-6/30/06	906.00	453.00	-	-	-	-	-	-	453.00	
Total Special Revenue Funds			<u>2,027.00</u>	<u>453.00</u>	<u>-</u>	<u>1,121.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,574.00</u>	
Total All Funds			<u>\$ 72,161.00</u>	<u>\$ (11,672.02)</u>	<u>\$ -</u>	<u>\$ 535,176.79</u>	<u>\$ 529,021.77</u>	<u>\$ -</u>	<u>\$ (11,092.00)</u>	<u>\$ -</u>	<u>\$ 1,574.00</u>	

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

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Unity Charter School Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

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

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 year due to the state deferral and recording of 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:22-44.2.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 in the general fund and \$0.00 in the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$529,021.77	\$529,021.77
Special Revenue Fund	<u>27,684.00</u>	<u> </u>	<u>27,684.00</u>
Total Awards and Financial Assistance	<u>\$27,684.00</u>	<u>\$529,021.77</u>	<u>\$556,705.77</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? _____yes X no
- 2) Were significant deficiencies identified
 that were not considered to be material
 weaknesses? _____yes X no
- C) Noncompliance material to basic
 financial statements noted? _____yes X no

Federal Awards Section

Not Applicable

State Financial Assistance Section

Not Applicable

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2012

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, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable