



COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Year-Ended June 30, 2016

FOR

UNITY CHARTER SCHOOL
BOARD OF EDUCATION
Morristown, New Jersey

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2016**

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INTRODUCTORY SECTION



Teaching capable, confident kids
for a healthy planet

November 28, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Unity Charter School for the fiscal year June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests on 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, 2016, and the respective changes in financial position and cash flows, where applicable, 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, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, 'Audits of State and Local Governments, and Nonprofit Organizations,' '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.

REPORTING ENTITY AND ITS SERVICES: Unity Charter School constitutes an independent reporting entity within the criteria adopted by the G.A.S.B. as established by G.A.S.B. Statement No. 14 and G.A.S.B. 34. All funds of the entity are included in the report. The Unity Board of Trustees and its school constitute 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, in which students thrive in a multi-age learning environment that stresses the importance of social and environmental responsibility. While encouraging each child to grow academically, Unity integrates parents and the community to participate in classroom support as well as the governance of the school.

ENROLLMENT OUTLOOK: Unity Charter School has completed its eighteenth year of operation as a kindergarten through eighth grade public school of choice. Students are admitted to Unity Charter School using a lottery method, as 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 ended the school year with 219 students, graduating twenty-one students in June 2016.

MAJOR ACCOMPLISHMENTS: In accordance with the school's mission, the Assembly, consisting of parents, trustees, staff and students, met three times this past year, and discussing such topics as the school charter, fundraising, development of a strategic plan, educational program and facilities issues. From these meetings came proposals and activities for the school community and the Board of Trustees. Weekly school meetings, peer mediation and class meetings continued the mission of collaborative teaching and governance.

Throughout the year, in accordance with the school's mission, 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 research projects. The school lunch program continued its partially organic, whole food and vegetarian program, harvesting from the garden for the school lunches. The curriculum integrated sustainability and diversity themes with a robust curriculum that integrated the State Core Curriculum Standards. Students took the state required PAARC tests, scoring well, in comparison to the state average.

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. The controls also ensure that accounting data is properly compiled with reasonable assurance of its accuracy. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The primary control is that the Board President and one other Board member sign all general account checks, that all Purchase Orders are reviewed and that 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, 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.

BUDETARY 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.

As 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, 2016.

ACCOUNTING SYSTEM AND REPORTS: The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). 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 Statements", Note I.

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 School has been aggressive in collecting tuition owed from sending districts, and insuring that the sending districts update the enrollment records in the D.O.E. Charter School Enrollment System. However, even with these efforts tuition payments from the sending districts are historically slow. Unity ended the 2015-2016 year meeting all of its obligations, even though cash payment was delayed.

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 ("G.U.D.P.A."). G.U.D.P.A. was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposits 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.

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.

INDEPENDENT AUDIT: The State statues require an annual audit by independent certified public accountants or registered municipal accountants to be completed for all school districts. The accounting firm of *VM Associates Inc.* was selected by the School. In addition to meeting the requirements set forth in state statues, the audit also was designed to meet the requirements of the Single Audit Act amendments of 1996 and the related Federal Uniform Guidance and State Treasury Circular Letter 15-08 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 to the single audit are included in the single audit section of this report.

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.

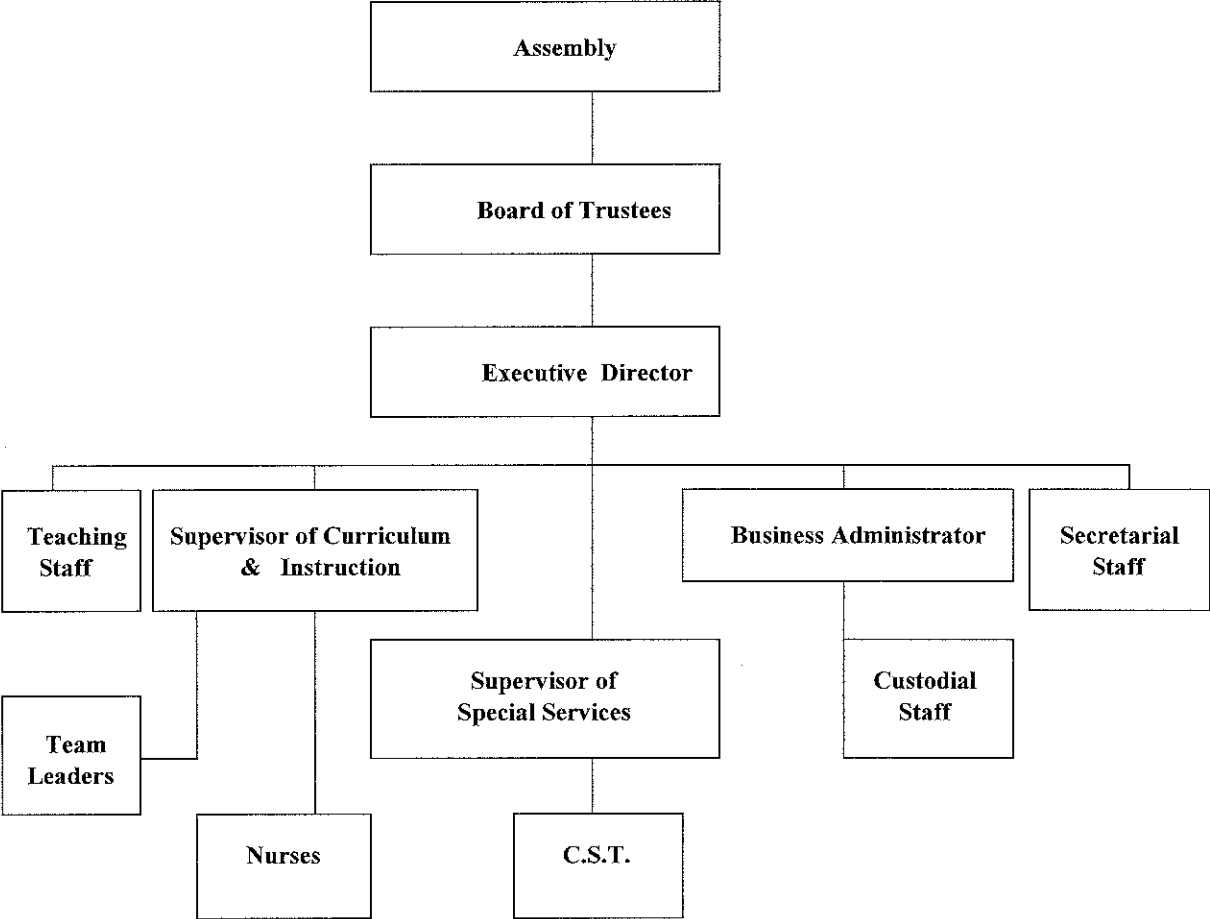
Sincerely,



Katine M. Slunt
Business Administrator/ Board Secretary
Unity Charter School

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Organizational Chart**

as of June 30, 2016



**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Roster of Officials**

as of June 30, 2016

Members of the Board of Education

Term Expires

Robert Ghelli	President	June 2018
Kirstin Sechler	Vice President	June 2018
Tina Bologna	Member	June 2017
Daniel Bolson	Member	June 2017
John Coyle	Member	June 2019
Suzanne Dell'Orto	Member	June 2019
Paul Denninger	Member	June 2017
Kimberly Hart	Member	June 2016
Stacy Havens	Member	June 2017
Peter Minde	Member	June 2016
Alethia Stone	Member	June 2017

Other Officials

Connie Sanchez	Executive Director
Katine Slunt	Business Administrator/ Board Secretary
Jon Rheinhardt	Treasurer

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Consultants and Advisors**

as of June 30, 2016

Audit Firm

Vincent Montanino
VM ASSOCIATES
111 Howard Boulevard Suite 212
Mount Arlington, New Jersey 07856

Attorney

Thomas O. Johnston, Esq.
JOHNSTON LAW FIRM, LLC
75 Midland Avenue
Montclair, New Jersey 07042

Official Depository

BANK OF AMERICA
South Street
Morristown, New Jersey 07960

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, 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 from material misstatement.

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

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Phone: 973-770-5491
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vm_associates@msn.com

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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on Schedules C-1 and C-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and other information such as the introductory section 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 and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 28, 2016 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 the Division of Finance, Department of Education, State of New Jersey in considering Unity Charter School's internal control over financial reporting and compliance.



Vincent M. Montanino
Public School Accountant
License No. CS000495



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

November 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION- PART I

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

The intent of the Management's Discussion and Analysis (M.D. & A.) is to provide an overall explanation of the financial activities and summarize the financial performance of the Unity Charter School for the fiscal year ended June 30, 2016. The financial activity of the Charter School is the numerical representation of the educational, social and recreational programs that occur through out the school year. The Management's Discussion and Analysis explains how these programs, and other financial factors, effect the changes noted in the Charter School's annual financial statements.

The Management's Discussion and Analysis is an element of the Comprehensive Annual Financial Report (C.A.F.R.), as required under the Governmental Accounting Standards Board's (G.A.S.B.) Statement No. 34. The Management Discussion and Analysis is to be used in conjunction with the Charter School's Basic Financial Statements and Notes.

Summary of Performance:

The Unity Charter School provides a full range of educational services for Kindergarten through Grade 8th. As a New Jersey chartered school, Unity draws its students from over forty districts, through a lottery system. The educational, social and recreational programs of the school stem from its overall mission statement:

The mission of Unity Charter School is to provide an environment for learning which fosters the development of the responsible, the 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.

From these objectives, the staff integrates innovation into the curriculum while providing dynamic experiences in the classrooms that empower its students to learn and succeed in a global society. The result is that the Charter School's students continue to score well in comparison to the state averages.

As a school of choice, Unity Charter has maintained its enrollment, with healthy waiting lists to fill interim openings. For 2015-2016, the school's enrollment was 219, 132 in the Lower School (Grade K-4) and 87 in the Middle School (Grade 5-8). Unity's individualized teacher attention provide more opportunities to address the students' individual needs. Unity's support of a multi-age learning environment, that combines similar grades in one classroom, diversifies the educational experience for all students. Unity's educational program teaches respect of self and of others, fostering a health learning environment that focus on the importance of sustainability from the classroom to the cafeteria. The result is a strong academic program with the strong awareness of environmental and social responsibility.

Financially, Unity completed another successful year. School-Based Revenues increased by 9.62% over those from the previous fiscal year. Most of these revenues, 74.1%, related to taxes collected from the Unity's 43 school districts, from which the 219 students reside. The remaining 25.9% of the revenues related to Operating Grants and Donations, and Program Fees. The Operating Grants are from the State of New Jersey for the resident districts, through general state aid, additional aid for students with special needs, non-public and security aid, as well as funds from the Federal Government for students with special needs. The After-Care Program provided after-school, child care services to Unity students. The largest change in Total Revenues related to changes in the State pension funds from year to year, which are required to be included in the Total Revenues through the implementation of G.A.S.B. 68 *Accounting and Financial Reporting of Pensions*.

Regular Operating Expenditures represent 97.2% of the total expenditures and increased by 9.16% over those from the previous fiscal year. Although strong cost containment efforts were implemented in the 2015-2016 school year, costs increased for contractual salary and benefit obligations. The largest change in Total Expenditures related to changes in the State pension costs from year to year, which are required to be included in Total Expenditures through the implementation of G.A.S.B. 68 *Accounting and Financial Reporting of Pensions*.

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

Overall Explanation of the Financial Statements:

The Comprehensive Annual Financial Report presents the Charter School's financial position as of June 30, 2016. The Basic Financial Statements and Notes contain detailed information on this financial activity. These statements are organized in aggregate, or government-wide, in the Statement of Net Position and Statement of Change in Net Position and view the Charter School's financial activities for the entire operating entity. Assets and liabilities are reported using the accrual basis of accounting; revenues are recorded when earned and expenses when incurred, regardless of when cash is received or paid.

The Statement of Net Position and Statement of Change in Net Position report the Charter School's change in net assets, which quantifies whether the Charter School's financial position has improved or diminished during the fiscal year. This provides a longer-term view of the Charter School's financial health. However, factors that effect this change can include non-financial events, such as changes in facility condition, required educational programs and current laws in the State of New Jersey. This is particularly the case with the adoption of the reporting requirements set forth in G.A.S.B. 68, *Accounting and Financial Reporting for Pensions*, in which the long-term pension liabilities of the State pension plans are allocated to the local governmental entities. For the Charter School, the liabilities and expenses related to their employees' pension cost are captured on the School's Statement of Net Position and Statements of Change in Net Position, resulting in a negative net position when combined with the positive operating position, as noted below. In the Statement of Net Position and Statement of Change in Net Position, the Charter School's financial activity is divided into two kinds of activity, Governmental and Business Type. Governmental activities contain most of the Charter School's basic programs and services for the education of the student body. The Business Type activities provide services for a fee, similar to a for-profit entity.

Following the aggregated statements are more detailed statements by fund. Unity Charter School uses many funds to account for a multitude of financial transactions, including Governmental, Propriety and Fiduciary Funds.

The Charter School's Governmental Funds include the General Fund and Special Revenue Fund. These funds are reported using a modified-accrual accounting basis, in which cash and all other financial assets are recorded when they can readily be converted to cash, with no capital assets included. The governmental fund statements provide a short-term view of the Charter School's general operations; they include the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance. The relationship between the *Governmental Funds* and *Governmental Activities* (as reported in the Statement of Net Position and the Statement of Change in Net Position) are reconciled in the financial statements.

The Proprietary Fund contains services that are provided to customers for a charge based on the services provided, such as the food service and after-care programs. The Proprietary Statements include the Statement of Net Position, State of Revenues, Expense and Changes in Net Position and the Statement of Cash Flows. These transactions are reported on an accrual accounting basis, and are the same for the *Proprietary Fund* and the *Business-Type Activities* (as reported in the Statement of Net Position and the Statement of Change in Net Position).

The Fiduciary Fund contains monies that the Charter School does not own, but is holding in trust or as an agent for another agency, such as federal and state tax agencies. The Charter School is responsible to ensure that the assets are disbursed for their intended purpose. These transactions are reported on an accrual accounting basis, and presented in the State of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These funds are excluded from the Statement of Net Position and the Statement of Change in Net Position, because the Charter School cannot use the funds in its operations.

Notes to the Basic Financial Statements provide additional information that is essential for the full understanding of the data in the government-wide and fund financial statements.

UNITY CHARTER SCHOOL

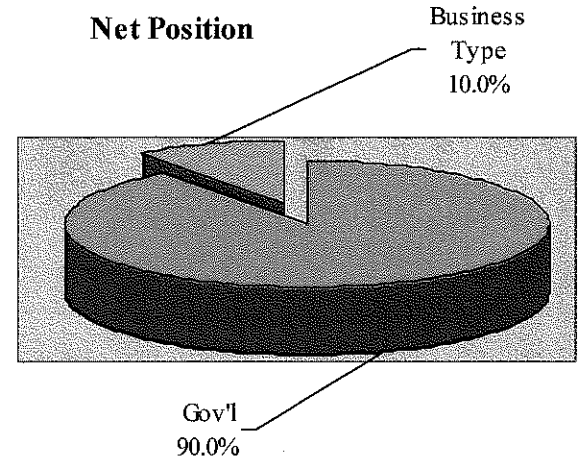
Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

Viewing the School as a Whole:

The table below summarizes the Statement of Net Position. The Governmental Funds provide information on the short-term inflows, outflows and balances of spendable resources. As seen in the below schedule, the Governmental Revenues, excluding Pension Resources, increased by 9.6% over that of the previous year. Increases in enrollment and local taxes and the related state aid from the sending districts resulted in the overall increase for the 2015-2016 school year.

The net position for Governmental Activities increased by 14.81% from the previous year before the addition of the pension costs for the State pension plans; this change in net position relates to increases in revenues through district tuitions and cost containment efforts to utilize resources efficiently. The inclusion of the costs related to the employees' pension plans, held by the State, results in an increase in liabilities and the creation of a negative net position, related to the long-term costs of the plan. The net position for Business-Type Activities increased by 1%, as the after-care program incurred few changes during the 2015-2016 school year.



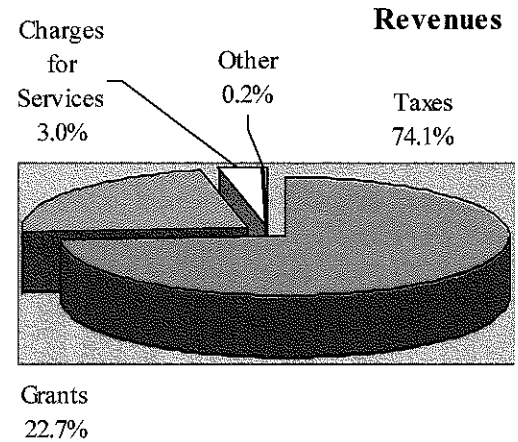
<i>Summary of Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Current & Other Assets	\$ 460,072	\$ 390,022	\$ 27,908	\$ 74,066	\$ 487,981	\$ 464,088
Capital Assets	168,990	175,132	0	0	168,990	175,132
Total Assets	\$ 629,062	\$ 565,154	\$ 27,908	\$ 74,066	\$ 656,971	\$ 639,220
Deferred Outflows of Resources:	\$ 50,565	\$ 26,876	\$ 0	\$ 0	\$ 50,565	\$ 26,876
Operating Liabilities	\$ 196,851	\$ 149,625	\$ 200	\$ 46,555	\$ 197,051	\$ 196,180
Noncurrent Pension Liabilities	385,260	356,088	0	0	\$ 385,260	\$ 356,088
Total Liabilities	\$ 582,111	\$ 505,713	\$ 200	\$ 46,555	\$ 582,311	\$ 552,268
Deferred Inflows of Resources:	\$ 104,214	\$ 105,181	\$ 0	\$ 0	\$ 104,214	\$ 105,181
Invested in Capital Assets, Net of Related Debt	\$ 168,990	\$ 175,132	\$ 0	\$ 0	\$ 168,990	\$ 175,132
Restricted	40,752	46,626	0	0	40,752	46,626
Operating Unrestricted (deficit)	222,468	193,772	27,708	27,510	250,176	221,282
Pension Unrestricted (deficit)	(438,909)	(434,393)	0	0	(438,909)	(434,393)
Total Net Position	\$ (6,698)	\$ (18,863)	\$ 27,708	\$ 27,510	\$ 21,010	\$ 8,647

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

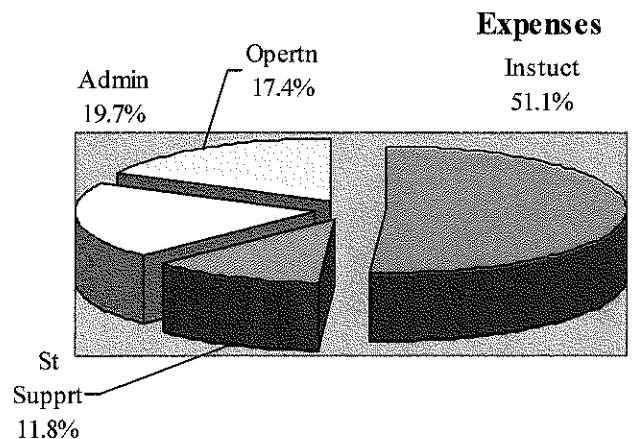
(Unaudited)

The tables below summarize the Statement of Changes in Net Position. They present the Change in Net Position for the whole entity, broken down into its components, Revenues and Expenses. The revenues are shown in the graph to the right. Most of the funds earned relate to taxes (74.1%) and governmental aids (22.7%) collected from the Unity's 43 school districts, from which the 219 students reside. The revenues for Business-Type Activities increased by 19.3%, due to higher participation during the year.



Summary of Change in Net Position	Governmental Activities		Business-Type Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for Service	\$ 0	\$ 0	\$ 101,794	\$ 85,332	\$ 101,794	\$ 85,332
Operating Grants & Donations	844,349	826,464	0	0	844,349	826,464
State Pension Resources	(4,516)	1,365,010	0	0	(4,516)	1,365,010
General Revenues:						
Property Taxes	2,735,424	2,446,841	0	0	2,735,424	2,446,841
Interest & Investment Earnings	2	14	0	0	2	14
Other General Revenues	13,037	4,306	0	0	13,037	4,306
Total Revenues	\$ 3,588,296	\$ 4,642,635	\$ 101,794	\$ 85,332	\$ 3,690,090	\$ 4,727,967

As mentioned above, the Change in Net Position for the whole entity are broken down into its components, Revenues and Expenses. The expenses are shown in the graph to the right. Most of the funds expended relate to instruction (51.1%) and support (11.8%) of the students, benefiting the 219 students directly. The costs related to administration and overhead on the facility represent the remaining 37.1%. Included in the overhead costs are those related to the Business-Type Activities of the food service and after care programs, representing 15.9% of that total.



UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

<i>Summary of Change in Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
EXPENSES						
Instruction:						
Regular	\$ 1,879,181	\$ 2,624,767	\$ 0	\$ 0	\$ 1,879,181	\$ 2,624,767
Support Services:						
Student & Related Services	433,998	567,498	0	0	433,998	567,498
Administration	725,738	845,777	0	0	725,738	845,777
Operations & Maintenance	527,061	518,722	0	0	527,061	518,722
Pupil Transportation	10,153	10,090	0	0	10,153	10,090
Business-Type Activities:						
Food Service	0	0	38,579	25,485	38,579	25,485
After Care Program	0	0	63,017	57,013	63,017	57,013
Total Expenses	\$ 3,576,131	\$ 4,566,854	\$ 101,596	\$ 82,498	\$ 3,677,727	\$ 4,649,352
Increase in Net Position	12,165	75,780	198	2,834	12,363	78,614
Opening Balance- Net Position	(18,863)	(94,643)	27,510	24,676	8,647	(69,967)
Closing Balance-Net Position	\$ (6,698)	\$ (18,863)	\$ 27,708	\$ 27,510	\$ 21,010	\$ 8,647

Viewing the Governmental Activities:

The Governmental Funds provide information on the short-term inflows, outflows and balances of spendable resources that relate to the general operation of the School. As seen in the below schedule, the Governmental Revenues increased by 9.62% over that of the previous year. The increase relates to a 7.88% increase in students and a 1.74% increase due to tuition variations from the districts.

<i>Revenue Source</i>	<i>2016</i>	<i>2015</i>	<i>Variance</i>	<i>Variance</i>
Local Sources:				
Property Tax	\$ 2,735,424	\$ 2,446,841	\$ 288,583	11.79 %
Interest Earned	2	4	(2)	(50.00 %)
Miscellaneous	13,037	4,316	8,721	202.06 %
Local Sources- Total	\$ 2,748,463	\$ 2,451,161	\$ 297,302	12.13 %
State Sources	806,593	791,696	14,897	1.88 %
Federal Sources	37,756	34,768	2,988	8.59 %
TOTAL	\$ 3,592,812	\$ 3,277,625	\$ 315,187	9.62 %

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

As seen in the below schedule, the Governmental Expenditures increased by 9.16% over that of the previous year. Cost saving efforts were used to control costs during the 2015-2016 school year; however, additional administration and support staff were added. Increases in Instructional Programs related to contractual increase. Finally, the increase in Employee Benefits related to the increase in medical and dental premiums, and additional pension contributions.

<i>Expenditure by Function</i>	<i>2016</i>	<i>2015</i>	<i>Variance</i>	<i>Variance</i>
Current:				
Regular Instruction	\$ 1,369,635	\$ 1,223,071	\$ 146,564	11.98 %
Student Support:				
Student Services	329,980	332,301	(2,321)	(0.69 %)
Administration	585,766	479,359	106,407	22.20 %
Operations	503,049	475,726	27,323	5.74 %
Pupil Transportation	10,153	10,090	63	0.62 %
Employee Benefits	761,208	678,299	82,909	12.22 %
Capital Outlay	10,198	71,611	(61,413)	(85.76 %)
TOTAL	\$ 3,569,989	\$ 3,270,458	\$ 299,531	9.16 %

Viewing the Business-Type Activities:

The Business-Type Activities relate to services rendered for a fee, similar to a for-profit entity. Such entities are evaluated based on the return of that invested. As seen in the below schedule, the assets invested in the after-care program provides positive returns, indicating their strong fiscal viability. The food service program is subsidized, so no return on investments is noted. The School chooses to subsidize this program because it provides healthy, sustainable lunches to the students.

<i>Business-Type Entity</i>	<i>Food Service</i>	<i>After Care</i>
Total Assets	\$ 0	\$ 27,908
Net Position	0	27,708
Change in Net Position	0	198
Return on Ending Total Assets	0 %	99.28 %
Return on Ending Net Position	0 %	0.71 %

Viewing Capital Assets at Year-End:

The Capital Assets are building improvements and equipment, greater than \$2,000. In 2015-2016, capital improvements of \$3,690 were made to the building to improve security. The remaining Capital Assets relate to playground equipment, totaling \$6,508.

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2016

(Unaudited)

<i>Capital Assets</i>	<i>Governmental Activities</i>		<i>Totals</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Buildings	\$ 175,266	\$ 165,068	\$ 175,266	\$ 165,068
Equipment	108,755	108,755	108,755	108,755
Fixed Assets	\$ 284,021	\$ 273,823	\$ 284,021	\$ 273,823
Accumulated Depreciation	(115,031)	(98,691)	(115,031)	(98,691)
Fixed Assets, net	\$ 168,990	\$ 175,132	\$ 168,990	\$ 175,132

Debt:

In accordance with New Jersey state statute, Unity Charter School is not permitted to incur debt, through the issuance of bonds, execution of capital leases or loans (except in the first year of business). As a result, normal disclosures for school districts, related to debt, are excluded from the Basic Financial Statements and Notes.

Budgets:

The Charter School's budget is prepared about six months prior to the start of the fiscal year in accordance with the regulations established by the State of New Jersey. In preparing the 2015-2016 budget, the Board of Trustees focused on the educational priorities, while providing accountability to the taxpaying communities.

This time-delay results in revisions of the annual operating budget several times throughout the fiscal year. Revisions were made to adjust revenue projections and to prevent over-expenditures in specific appropriation accounts. In accordance with N.J.S.A. 18A:22-8.1, transfers to make these adjustments are approved by Board resolution at a public meeting of the Board of Trustees. No adjustments were made to the original budgeted amounts for Revenues. However, several revisions were made to the original Expenditures, as noted below:

- The movement of funds to fund additional instructional science supplies with the implementation of a new program.
- The movement of funds to increase the administrative cost center for additional staff.
- The movement of funds to increase capital projects to improve building security and the playground equipment.

Unity Charter School is in sound financial condition on June 30, 2016. The Charter School is proud of its community support and continues to commit itself to financial excellence. The school's financial planning, budgeting, and internal controls structure provide integrity to its financial system. The school plans to maintain this sound fiscal management and to meet its financial responsibilities into the future.

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the school's finances. If you have questions about this report or need additional information, contact Katine M. Slunt, Business Administration/ Board Secretary at Unity Charter School, One Evergreen Place Suite A, Morristown, New Jersey 07960.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Net Position
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 302,883	\$ 17,889	\$ 320,772
Investments	-	-	-
Receivables, net	93,006	-	93,006
Due from Other Funds	12,343	10,019	22,362
Receivables from Other Governments	47,428	-	47,428
Interest Receivable on Investments	-	-	-
Other Receivables	-	-	-
Prepays	-	-	-
Restricted Cash and Cash Equivalents	4,412	-	4,412
Capital Assets, net			
Depreciable Machinery and Equipment	168,990	-	168,990
TOTAL ASSETS	\$ 629,062	\$ 27,908	\$ 656,971
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	\$ 50,565	-	\$ 50,565
LIABILITIES:			
Accounts Payable	\$ 70,745	\$ 200	\$ 70,945
Tuition Payable	79,428	-	79,428
Due from Other Funds	22,074	-	22,074
Payable to Federal Government	-	-	-
Payable to Other Entities	-	-	-
Deferred Revenue	24,604	-	24,604
Noncurrent Liabilities:			
Due within One Year	-	-	-
Due beyond One Year - Net Pension Liability	385,260	-	385,260
TOTAL LIABILITIES	\$ 582,111	\$ 200	\$ 582,311
DEFERRED INFLOWS OF RESOURCES			
	\$ 104,214	-	\$ 104,214
NET POSITION:			
Net Investment in Capital Assets	\$ 168,990	\$ -	\$ 168,990
Restricted Balance			
Encumbrances	40,752	-	40,752
Other Purposes	-	-	-
Unrestricted	(216,441)	27,708	(188,733)
TOTAL NET POSITION	\$ (6,698)	\$ 27,708	\$ 21,010

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Activities
for the Year Ended June 30, 2016**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:					
Instruction:					
Regular	\$ 1,369,635	\$ 509,546	\$ -	\$ 441,315	\$ -
Special Education	-	-	-	-	-
Other Special Instruction	-	-	-	-	-
Other Instruction	-	-	-	-	-
Support Services:					
Tuition	-	-	-	-	-
Student & Instruction Related Services	329,980	104,018	-	101,922	-
School Administrative Services	390,934	106,532	-	116,827	-
General and Business Administrative Services	194,832	33,440	-	53,608	-
Plant Operations and Maintenance	503,049	24,012	-	123,777	-
Pupil Transportation	10,153	-	-	2,384	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,798,583	\$ 777,547	\$ -	\$ 839,833	\$ -
BUSINESS-TYPE ACTIVITIES:					
Food Service	\$ 38,579	\$ -	\$ -	\$ -	\$ -
After School Program	63,018	-	101,794	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 101,597	\$ -	\$ 101,794	\$ -	\$ -
TOTAL PRIMARY GOVERNMENT	\$ 2,900,180	\$ 777,547	\$ 101,794	\$ 839,833	\$ -

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Activities
for the Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:			
Instruction:			
Regular	\$ (1,437,867)	\$ -	\$ (1,437,867)
Special Education	-	-	-
Other Special Instruction	-	-	-
Other Instruction	-	-	-
Support Services:			
Tuition	-	-	-
Student & Instruction Related Services	(332,076)	-	(332,076)
School Administrative Services	(380,639)	-	(380,639)
General and Business Administrative Services	(174,663)	-	(174,663)
Plant Operations and Maintenance	(403,284)	-	(403,284)
Pupil Transportation	(7,769)	-	(7,769)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (2,736,298)	\$ -	\$ (2,736,298)
BUSINESS-TYPE ACTIVITIES:			
Food Service	\$ -	\$ (38,579)	\$ (38,579)
After School Program	-	38,776	38,776
TOTAL BUSINESS-TYPE ACTIVITIES	\$ -	\$ 198	\$ 198
TOTAL PRIMARY GOVERNMENT	\$ (2,736,298)	\$ 198	\$ (2,736,100)
GENERAL REVENUES:			
Taxes:			
Property Taxes, levied for General Purposes, net	\$ 2,735,424	\$ -	\$ 2,735,424
Federal and State Aid, not restricted	-	-	-
Investment Earnings	-	-	-
Miscellaneous Income	13,039	-	13,039
Transfers	-	-	-
Total General Revenues, Special and Extraordinary Items and Transfers	\$ 2,748,463	\$ -	\$ 2,748,463
Change in Net Position	\$ 12,165	\$ 198	\$ 12,363
NET POSITION— July 1	\$ (18,863)	\$ 27,510	\$ 8,648
NET POSITION— June 30	\$ (6,698)	\$ 27,708	\$ 21,010

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2016**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 302,883	\$ -	\$ 302,883
Investments	-	-	-
Receivables, net	93,006	-	93,006
Due from Other Funds	12,343	-	12,343
Receivables from Other Governments	9,672	37,756	47,428
Restricted Cash and Cash Equivalents	4,412	-	4,412
	\$ 422,316	\$ 37,756	\$ 460,072
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 69,936	\$ 809	\$ 70,745
Tuition Payable	79,428	-	79,428
Due from Other Funds	9,731	12,343	22,074
Payable to Federal Government	-	-	-
Payable to Other Entities	-	-	-
Deferred Revenue	-	24,604	24,604
Total Liabilities	\$ 159,095	\$ 37,756	\$ 196,851
Fund Balances:			
Reserved for:			
Encumbrances	\$ 40,752	\$ -	\$ 40,752
Legally Restricted -- Designated for Subsequent Year's Expenditures	-	-	-
Unreserved	222,468	-	222,468
Total Fund Balances	\$ 263,221	\$ -	\$ 263,221
TOTAL LIABILITIES & FUND BALANCE	\$ 422,316	\$ 37,756	

Amounts reported for Governmental Activities in the Statement of Net Position 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 \$ 284,021 and the accumulated depreciation is \$ 115,031.	\$ 168,990
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements	50,565
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements.	(104,214)
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.	(385,260)
Net Position of Governmental Activities	\$ (6,698)

A-1

The accompanying Notes to 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, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,735,424	\$ -	\$ 2,735,424
Tuition	-	-	-
Miscellaneous	5,490	7,549	13,039
Total Local Sources	\$ 2,740,914	\$ 7,549	\$ 2,748,463
State Sources:	\$ 806,593	\$ -	\$ 806,593
Federal Sources:	-	37,756	37,756
TOTAL REVENUES	\$ 3,547,507	\$ 45,305	\$ 3,592,812
EXPENDITURES:			
Current Expense:			
Regular Instruction	\$ 1,362,087	\$ 7,549	\$ 1,369,635
Special Instruction	-	-	-
Other Instruction	-	-	-
School-Sponsored & Other Instructional Programs	-	-	-
Support Services and Undistributed Costs:			
Tuition	-	-	-
Student & Instruction Support Services	292,224	37,756	329,980
School Administrative Services	390,934	-	390,934
Other Administrative Services	194,832	-	194,832
Plant Operations and Maintenance	503,049	-	503,049
Pupil Transportation	10,153	-	10,153
Unallocated Benefits	761,208	-	761,208
Capital Outlay:	10,198	-	10,198
TOTAL EXPENDITURES	\$ 3,524,684	\$ 45,305	\$ 3,569,989
Excess (Deficiency) of Revenues over Expenditures	\$ 22,822	\$ -	\$ 22,822
OTHER FINANCING SOURCES (USES):			
Capital Leases (Non-Budgeted)	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 22,822	\$ -	\$ 22,822
FUND BALANCE— July 1	\$ 240,398	\$ -	240,398
FUND BALANCE— June 30	\$ 263,221	\$ -	\$ 263,221

The accompanying Notes to 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, 2016**

Total Net Change in Fund Balances - Governmental Funds	B-2	\$	22,822
Amounts reported for Governmental Activities in the Statement of Activities 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		\$ (16,339)	
Capital Outlays		<u>10,198</u>	(6,141)
Repayment of Bond Principal is an Expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the <u>Statement of Net Position</u> and is not reported in the Statement of Activities.			
			-
In the <u>Statement of Activities</u> , interest on Long-Term Debt in the <u>Statement of Activities</u> is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.			
			-
Pension contributions are reported in governmental funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns and experience or assumptions.			
This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.			
			(4,516)
In the <u>Statement of Activities</u> , certain Operating Expenses (e.g. compensated absences and vacations) 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).			
			-
Change in Net Position of Governmental Activities	A-2	<u>\$</u>	<u>12,165</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2016**

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 17,889	\$ 17,889
Accounts Receivable	-	-	-
State Receivables	-	-	-
Receivables from Other Funds	-	10,019	10,019
Prepaid Expenses	-	-	-
Total Current Assets	<u>\$ -</u>	<u>\$ 27,908</u>	<u>\$ 27,908</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	\$ -	\$ -	\$ -
Furniture, Machinery & Equipment	-	-	-
Less Accumulated Depreciation	-	-	-
Total Non Current Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 27,908</u>	<u>\$ 27,908</u>
LIABILITIES :			
Current Liabilities:			
Accounts Payable	\$ -	\$ 200	\$ 200
Payable to Other Funds	-	-	-
Compensated Absences	-	-	-
Total Current Liabilities	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>
Noncurrent Liabilities:			
Compensated Absences	\$ -	\$ -	\$ -
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>
NET POSITION:			
Invested in Capital Assets net of Related Debt	\$ -	\$ -	\$ -
Unrestricted	-	27,708	27,708
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 27,708</u>	<u>\$ 27,708</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 Position
Proprietary Funds
for the Year Ended June 30, 2016

	Food Service	After School Program	Total
OPERATING REVENUE:			
Charges for Services:			
Daily sales - Non-Reimbursable Programs	\$ -	\$ -	\$ -
Special Events	\$ -	\$ -	\$ -
Fees for Services	-	101,794	101,794
TOTAL OPERATING REVENUE	\$ -	\$ 101,794	\$ 101,794
OPERATING EXPENSES:			
Cost of Sales	\$ 38,579	\$ -	\$ 38,579
Salaries	-	46,746	46,746
Other Purchased Professional Services	-	-	-
General Supplies	-	10,272	10,272
Depreciation	-	-	-
Other Costs	-	6,000	6,000
TOTAL OPERATING EXPENSES	\$ 38,579	\$ 63,018	\$ 101,597
Operating Profit	\$ (38,579)	\$ 38,776	\$ 198
NONOPERATING REVENUES:			
Local Sources:			
Interest and Investment Revenue	\$ -	\$ -	\$ -
TOTAL NONOPERATING REVENUE	\$ -	\$ -	\$ -
Income (Loss) before Contributions & Transfers	\$ (38,579)	\$ 38,776	\$ 198
Capital Contributions	\$ -	\$ -	\$ -
Transfers in (out)	38,579	(38,579)	-
Change in Net Position	\$ -	\$ 198	\$ 198
TOTAL NET POSITION— July 1	\$ -	\$ 27,510	\$ 27,510
TOTAL NET POSITION— June 30	\$ -	\$ 27,708	\$ 27,708

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, 2016**

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ -	\$ 101,794	\$ 101,794
Payments to Employees	(9,573)	(46,746)	(56,319)
Payments for Employee Benefits	-	-	-
Payments to Suppliers	(29,006)	(16,072)	(45,078)
Net Cash provided by (used for) Operating Activities	\$ (38,579)	\$ 38,976	\$ 398
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	\$ -	\$ -	\$ -
Federal Sources	-	-	-
Operating Subsidies and Transfers to Other Funds	19,782	(58,848)	(39,066)
Net Cash provided by (used for) Non-Capital Financing Activities	\$ 19,782	\$ (58,848)	\$ (39,066)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Change in Capital Contributions	\$ -	\$ -	\$ -
Purchases of Capital Assets	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
Net Cash provided by (used for) Capital and Related Financing Activities	\$ -	\$ -	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	\$ -	\$ -	\$ -
Proceeds from Sale/Maturities of Investments	-	-	-
Net Cash provided by (used for) Investing Activities	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (18,796)	\$ (19,872)	\$ (38,668)
BALANCES— July 1	\$ 18,796	\$ 37,761	\$ 56,557
BALANCES— June 30	\$ -	\$ 17,889	\$ 17,889
Reconciliation of Operating Income (Loss) to Net Cash provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (38,579)	\$ 38,776	\$ 198
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Depreciation and Net Amortization	-	-	-
Operating from State Sources	-	-	-
(Increase) Decrease in Accounts Receivable, net	-	(7,489)	(7,489)
(Increase) Decrease in Inventories	-	-	-
(Increase) Decrease in Other Current Assets	18,796	35,249	54,045
Increase (Decrease) in Accounts Payable	(7,700)	(2,695)	(10,395)
Increase (Decrease) in Other Liabilities	(11,096)	(24,864)	(35,960)
Total Adjustments	\$ -	\$ 200	\$ 200
Net Cash provided by (used for) Operating Activities	\$ (38,579)	\$ 38,976	\$ 398

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Unemployment Compensation Trust	Agency Fund
ASSETS:		
Cash and Cash Equivalents	\$ 10	\$ 3,883
Investments	-	-
Receivable From Other Funds	-	-
Other Receivables	-	9,731
	\$ 10	\$ 13,614
TOTAL ASSETS		
LIABILITIES :		
Accounts Payable	\$ -	\$ 247
Payable to the Other Funds	-	10,019
Payable to the Student Groups	-	1,696
Payroll Deductions and Withholdings	-	1,652
	\$ -	\$ 13,614
TOTAL LIABILITIES		
NET POSITION:		
Held in Trust for Unemployment Claims	\$ 10	\$ -
Reserved for Flexible Benefits	-	-
Reserved for Scholarships	-	-
	\$ 10	\$ -
TOTAL NET POSITION		

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 Position
Fiduciary Funds
for the Year Ended June 30, 2016**

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	\$ 11,121
Other	9,999
Total Contributions	\$ 21,120
Investment Earnings:	
Interest	\$ -
Other	-
Total Investment Earnings	\$ -
TOTAL ADDITIONS	\$ 21,120
DEDUCTIONS:	
Quarterly Contribution Reports	\$ -
Other Payments	21,120
Administrative Expenses	-
TOTAL DEDUCTIONS	\$ 21,120
Change in Net Position	\$ -
TOTAL NET POSITION— July 1	\$ 10
TOTAL NET POSITION— June 30	\$ 10

The accompanying Notes to 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, 2016**

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 (Charter School) have been prepared in conformity with generally accepted accounting principles (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.). The more significant accounting policies established in G.A.A.P. and used by the Charter School 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 elected officials and is responsible for the fiscal control of the Charter School. An Executive Director is appointed by the Board and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criteria for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. The operations of the Charter School include an elementary and middle school located in Morristown, New Jersey. 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 Charter School 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 position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. 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 Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

Indirect expenses include depreciation, health benefits, employer's share of payroll taxes and tuition reimbursements.

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 meet 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. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the Charter School 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 Charter School:

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 Charter School:

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund. As required by the New Jersey State Department of Education, the Charter School includes budgeted Capital Outlay in this fund.

Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, 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 or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Type

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Types (Continued)

The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 Charter School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. G.A.S.B. No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The Charter School's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation 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.

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

Agency Funds (Payroll, Payroll Agency, Student Activity, and Athletic Funds): The agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with G.A.S.B. Statement 34, fiduciary funds are not included in the government-wide financial 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.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (continued)

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

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 Charter School 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 claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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 presented to the community and submitted to the New Jersey Department of Education, Office of Charter in March. 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. Appropriation of prior year encumbrances in the amount of \$46,626 were made during the year ended June 30, 2016. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. For the year ended June 30, 2016, there were no expenditures that exceeded appropriations in the General Fund.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. 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 G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports. The special revenue fund had no encumbrances at June 30, 2016. Open encumbrances in the special revenue fund 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 G.A.A.P. basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (continued)
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 Charter Schools 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.

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

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 Charter School and that are due within one year.

3. 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.

G.A.S.B. No. 34 requires the Charter School 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 Charter School has included all infrastructure assets in the current fiscal year.

4. 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.

5. Fund Equity:

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity (Continued)

5. Fund Equity:

for a specific future use. Designated fund balances represent plans for future use of financial resources.

6. 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.

7. Net Position/ Fund Balance:

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets- Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position- reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position- any portion of net position not already classified as either net investment in capital assets or net position-restricted.

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the Charter School's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

Assigned- includes amounts that the Charter School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes.

- Year-End Encumbrances- Represents outstanding purchase orders for goods or service approved by management for specific purposes from available resources of the current year for which the goods and services have not yet been received or rendered at June 30. The Charter School has \$40,752 assigned for this purpose at June 30, 2016.
- Designated for Subsequent Year's Expenditures- This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016-2017 Charter School Budget. The Charter School has assigned \$50,000 for this purpose at June 30, 2016.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Recent Accounting Pronouncements

In March 2012, the Governmental Accounting Standards Board (G.A.S.B.) issued Statement No. 66, "Technical Corrections-2012, an Amendment of G.A.S.B. Statements 10 & 62." This statement which is effective for periods beginning after December 15, 2012, purpose is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 F.A.S.B. and A.I.C.P.A. Pronouncements. The Charter School has adopted this statement for the year ended June 30, 2014.

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement is effective for periods beginning with the year ending June 15, 2014. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", as well as the requirements of Statement No. 50, "Pension

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note I: Summary of Significant Accounting Policies (Continued)

I. Recent Accounting Pronouncements

Disclosures.” This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Charter School has reviewed its obligations under GASB 67, and its potential impact on the financial statements. In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, “Government Combinations and Disposals of Government Operations.” This statement is effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations. This Statement applies to all state and local governmental entities. The Charter School does not expect this statement to impact its financial statements.

Note II: 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 (F.D.I.C.), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks 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, 2016, the Unity Charter School cash and cash equivalent’s amounted to \$405,631. Of this amount, \$250,000 was covered by federal depository insurance (F.D.I.C.) and \$155,631 was covered by a callable pool maintained by the banks as required by GUDPA.

At June 30, 2016, the Unity Charter School had no participation in the State of New Jersey Cash Management Fund.

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

As of June 30, 2016, none of the Unity Charter School’s cash and cash equivalents of \$405,631 was exposed to custodial credit risk.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

A. Deposits and Investments (Continued)

The Charter School does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by G.U.D.P.A. Due to the nature of G.U.D.P.A., further information is not available regarding the full amount that is collateralized.

Investments

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

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the Charter School or bonds or other obligations of local unit or units within which the Charter School 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 Charter School;
- (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.

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. G.A.S.B. 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2016.

Interest Rate Risk: The Charter School does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2016.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

A. Deposits and Investments (Continued)

Concentration of Credit Risk: The Charter School places no limit on the amount the Charter School may invest in any one issuer. The Charter School did not have any investments at June 30, 2016.

B. Interfund Receivables and Payables

As of June 30, 2016, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 12,343	\$ 9,731
Special Revenue Fund	0	12,343
Enterprise Fund	10,019	0
Trust and Agency Fund	9,731	10,019
	\$ 32,093	\$ 32,093

The interfund balance at June 30, 2016 represents \$9,731 from the General Fund to subsidize field trip costs in the Student Activity Fund. \$12,343 is a cash advance from the General Fund to the Special Revenue Fund. Finally, it includes \$10,019 as a cash advance on collected fees to the Student Activity Fund, due to the Enterprise Fund.

Note III: 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.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement 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 above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at:

http://www.state.nj.us/treasury/pensions/annrpts_archive.html.

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members.

The TPAF is considered a cost-sharing multiple-employer plan with special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies-

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

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

The employer contributions for the school are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the Charter School (employer) is considered to be in special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the school (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflow or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the school was \$7,142,792 as measured on June 30, 2015 and \$5,520,336 as measured on June 30, 2014.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$436,132 and revenue of \$436,132 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Teachers' Pension and Annuity Fund (TPAF)

	<u>6/30/14</u>	<u>6/30/15</u>
Collective Deferred Outflows of Resources	\$2,306,623,861	\$7,521,378,257
Collective Deferred Inflows of Resources		
	1,763,205,593	554,399,005
Collective Net Pension Liability (Non-Employer-State of NJ)	53,446,745,367	63,577,864,440
State's Portion of the Net Pension Liability that was associated with the District	5,520,336	7,142,792
State's Portion of the Net Pension Liability that was associated with the District as a percentage of the Collective Net Pension Liability	0.0103287%	0.0113011%

Actuarial Assumptions

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

Inflation	2.5%
Salary Increases	Varies based on experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Teachers' Pension and Annuity Fund (TPAF)

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

Discount Rate

The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

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

Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the school would not be sensitive to any changes in the discount rate.

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Teachers' Pension and Annuity Fund (TPAF)

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at:

<http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.pdf>

Pension Plan Fiduciary Net Position

Information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at:

<http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2016, the Charter School reported a liability of \$385,260 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Charter School's proportion was 0.001716%, which was a decrease of 0.000234% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$3,931. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Public Employees' Retirement System (PERS)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 9,191	
Changes of Assumptions	41,374	
Net difference between Projected and Actual Earnings on Pension Plan Investments		\$ 6,194
Changes in proportion and differences between District Contributions and Proportionate Share of Contributions		98,020
School Contributions Subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total	<u>\$ 65,320</u>	<u>\$ 104,214</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$ 8,078
2017	8,078
2018	8,078
2019	12,865
2020	<u>7,271</u>
Total	<u>\$ 44,371</u>

	<u>6/30/14</u>	<u>6/30/15</u>
Collective Deferred Outflows of Resources	\$ 952,194,675	\$ 2,410,735,486
Collective Deferred Inflows of Resources	1,479,224,662	478,031,236
Collective Net Pension Liability (Non-State-Local Group)	18,722,735,003	22,447,996,119
District's Portion of Net Pension Liability	356,088	385,260
District's Proportion %	0.0019019%	0.0017162%

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Public Employees' Retirement System (PERS)

Actuarial Assumptions

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases:	
2012-2013	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Public Employees' Retirement System (PERS)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School's proportionate share of the net pension liability	\$ 478,765	\$ 385,207	\$ 306,768

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at:

<http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, "P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary.

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

Defined Contribution Retirement Plan (DCRP)

The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system: however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% or related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members'

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the PERS operates and to the benefit provisions. New members of the PERS hire on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 % for each month that the member is under age 65. The eligibility age to qualify for service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. Employees are required to contribute a certain percentage of the cost of health benefits. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability from a level percent of pay method to level dollar of pay.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 7.06% for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined.

**BOARD OF EDUCATION
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**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note III: Pension Plans (continued)

PERS and TPAF Vesting and Benefit Provisions

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.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2015, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. For TPAF employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, member contributions are matched by a 3% employer contribution.

Contributions – Actual

The Charter School's total payroll for the year ended June 30, 2016 was \$1,985,515 and covered payroll was \$1,202,738 for T.P.A.F. and \$106,432 for P.E.R.S. Contributions to the T.P.A.F. and the P.E.R.S. for the year ended June 30, 2016 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered Payroll	<u>PERS</u>	Percent of Covered Payroll
Employees	6/30/14	79,391	6.96%	8,637	7.85%
	6/30/15	77,177	7.45%	9,928	7.44%
	6/30/16	94,131	7.83%	8,306	7.80%
Board of Education	6/30/14			18,249	13.84%
	6/30/15			15,679	11.75%
	6/30/16			14,755	13.86%
State of New Jersey	6/30/14	118,171	10.07%		
	6/30/15	158,091	12.69%		
	6/30/16	190,594	15.85%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$96,371 during the year ended June 30, 2016 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. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB No. 68.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note IV: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required T.P.A.F. and P.E.R.S., 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 T.P.A.F. and P.E.R.S. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with 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 P.E.R.S. who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The Reporting and Disclosure Requirements Promulgated by G.A.S.B. Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pension Plans* are not applicable for the Charter School.

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at:

www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf

Note V: Risk Management

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, and 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 C.A.F.R.

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Note V: Risk Management

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 9,999	\$ 11,121	\$ 21,120	\$ 10
2014-2015	10,079	10,066	20,145	10
2013-2014	8,567	8,539	17,106	10
2012-2013	14,620	7,653	22,273	10
2011-2012	13,902	13,922	30,506	10

Note VI: Subsequent Events

As part of the fiscal requirements of the Performance Framework, instituted in 2014 by the Department of Education, all Charter School are required to reserve a portion of their Unreserved Fund Balance as a Reserved Escrow for the purpose of legal, audit and pension benefit costs associated with dissolution if it should occur. By 2018, \$75,000 must be restricted for this purpose. In August 2016, the Board of Trustees restricted \$45,000.00 of its Unreserved Fund Balance in order to start funding this Reserved Escrow requirement.

REQUIRED SUPPLEMENTARY INFORMATION- PART II

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
for Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,731,244	\$ -	\$ 2,731,244	\$ 2,735,424	\$ 4,180
Interest Earned on Investments	-	-	-	2	2
Miscellaneous	1,500	-	1,500	5,488	3,988
Total Local Sources	\$ 2,732,744	\$ -	\$ 2,732,744	\$ 2,740,914	\$ 8,170
State Sources:					
Local Tax Levy- State Aid Share	\$ 276,630	\$ -	\$ 276,630	\$ 325,652	\$ 49,022
Special Education Aid	133,507	-	133,507	154,846	21,339
Non- Public Aid	25,000	-	25,000	25,389	389
Security Aid	14,442	-	14,442	13,741	(701)
TPAF Pension (On-Behalf - Non-Budgeted)				87,000	87,000
TPAF PRM (On-Behalf - Non-Budgeted)				103,594	103,594
TPAF Social Security (Reimbursed- Non-Budgeted)				96,371	96,371
Total State Sources	\$ 449,579	\$ -	\$ 449,579	\$ 806,593	\$ 357,014
TOTAL REVENUES	\$ 3,182,323	\$ -	\$ 3,182,323	\$ 3,547,507	\$ 365,184
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades K-8 - Salaries of Teachers 100-100-101	\$ 1,185,582	\$ 10,607	\$ 1,196,189	\$ 1,196,189	\$ -
Regular Programs - Home Instruction:					
Salaries of Teachers 100-150-101	3,500	(3,500)	-	-	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction 100-100-106	48,725	24	48,749	48,749	-
Rentals 100-100-300	35,980	(8,255)	27,725	27,725	-
Other Purchased Services 100-100-500	11,180	3,676	14,856	14,856	-
General Supplies 100-100-610	46,241	56,708	102,949	64,197	38,752
Textbooks 100-100-640	12,000	(3,054)	8,946	8,946	-
Other Objects 100-100-890	3,500	(2,075)	1,425	1,425	-
Total Regular Programs	\$ 1,346,708	\$ 54,131	\$ 1,400,839	\$ 1,362,087	\$ 38,752
TOTAL INSTRUCTIONAL EXPENDITURES	\$ 1,346,708	\$ 54,131	\$ 1,400,839	\$ 1,362,087	\$ 38,752
Undistributed Expenditures - Support Services- Students:					
Support Services- Students:					
Health Services:					
Salaries 300-213-100	\$ 62,457	\$ 683	\$ 63,140	\$ 63,140	\$ -
Purchased Professional Services 300-213-300	2,555	(1,315)	1,240	1,240	-
Supplies and Materials 300-213-600	2,300	(1,202)	1,098	1,098	-
Supplies and Materials 300-213-600	-	-	-	-	-
Total Health Services	\$ 67,312	\$ (1,834)	\$ 65,478	\$ 65,478	\$ -
Related Services:					
Purchased Professional Services 300-216-300	\$ 16,868	\$ (6,608)	\$ 10,260	\$ 10,260	\$ -
Supplies and Materials 300-216-600	2,400	(1,930)	470	470	-
Total Related Services	\$ 19,268	\$ (8,538)	\$ 10,730	\$ 10,730	\$ -

See Management's Discussion and Analysis Section of this report for Explanation of significant Budget Variances, Original and Final.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
for Fiscal Year Ended June 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
EXPENDITURES:						
GENERAL CURRENT EXPENSE:						
Undistributed Expenditures - Support Services- Students:						
Support Services- Students:						
Guidance Services:						
Salaries	300-218-100	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional Services	300-218-300	4,869	(1,920)	2,949	2,949	-
Supplies and Materials	300-218-600	790	(790)	-	-	-
Total Guidance Services		\$ 5,659	\$ (2,710)	\$ 2,949	\$ 2,949	\$ -
Child Study Team Services:						
Salaries	300-219-100	\$ 139,510	\$ 53,911	\$ 193,421	\$ 193,421	\$ -
Purchased Professional Services	300-219-300	48,729	(39,912)	8,817	8,817	-
Travel	300-219-500	-	495	495	495	-
Supplies and Materials	300-219-600	1,566	(1,027)	539	539	-
Other Costs	300-219-800	525	(138)	388	388	-
Total Child Study Team Services		\$ 190,330	\$ 13,329	\$ 203,659	\$ 203,659	\$ -
Curriculum and Instruction Services:						
Salaries	300-221-100	\$ 6,000	\$ (5,263)	\$ 738	\$ 738	\$ -
Purchased Professional Services	300-221-300	2,000	(2,000)	-	-	-
Supplies and Materials	300-221-600	-	125	125	125	-
Total Curriculum and Instruction Services		\$ 8,000	\$ (7,137)	\$ 863	\$ 863	\$ -
Staff Training Services:						
Salaries	300-223-100	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional Services	300-223-300	10,000	(2,197)	7,803	7,803	-
Travel	300-223-500	600	142	742	742	-
Supplies and Materials	300-223-600	-	-	-	-	-
Total Staff Training Services		\$ 10,600	\$ (2,055)	\$ 8,545	\$ 8,545	\$ -
Total Support Services- Students		\$ 301,169	\$ (8,945)	\$ 292,224	\$ 292,224	\$ -
Undistributed Expenditures - Support Services - Administration:						
General Administration:						
Salaries - Administration	200-230-103	\$ 196,081	\$ (2,406)	\$ 193,675	\$ 193,675	\$ -
Salaries- Secretarial Staff	200-230-105	50,636	19,206	69,842	69,842	-
Purchased Professional Services	200-230-320	57,040	16,805	73,845	73,845	-
Purchased Technical Services	200-230-340	9,300	(859)	8,441	8,441	-
Insurance	200-230-520	6,151	987	7,138	7,138	-
Communications/Telephone	200-230-530	6,523	(120)	6,403	6,403	-
Travel	200-230-580	600	604	1,204	1,204	-
Other Purchased Services	200-230-590	9,750	(5,236)	4,514	4,514	-
Supplies and Materials	200-230-610	7,555	3,612	11,167	11,167	-
Miscellaneous Expenditures	200-230-890	8,006	6,770	14,776	14,705	70
Total General Administration		\$ 351,642	\$ 39,362	\$ 391,004	\$ 390,934	\$ 70

See Management's Discussion and Analysis Section of this report for explanation of significant Budget Variances, Original and Final.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
for Fiscal Year Ended June 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
EXPENDITURES:						
GENERAL CURRENT EXPENSE:						
Undistributed Expenditures - Support Services - Administration:						
Business Services:						
Salaries	200-251-100	\$ 60,037	\$ (30,660)	\$ 29,377	\$ 29,377	\$ -
Purchased Professional Services	200-251-300	52,000	27,983	79,983	79,983	-
Rentals	200-251-420	11,655	(2,617)	9,038	9,038	-
Other Purchased Services	200-251-500	8,200	(1,869)	6,331	6,331	-
Supplies and Materials	200-251-600	1,747	1,476	3,223	3,223	-
Other Costs	200-251-890	2,500	224	2,724	2,724	-
Total Business Services		\$ 136,139	\$ (5,463)	\$ 130,676	\$ 130,676	\$ -
Technology Services:						
Salaries	200-252-100	\$ 55,280	\$ (1,940)	\$ 53,340	\$ 53,340	\$ -
Other Purchased Services	200-252-500	5,000	3,619	8,619	8,619	-
Supplies and Materials	200-252-600	3,151	(953)	2,198	2,198	-
Total Technology Services		\$ 63,431	\$ 725	\$ 64,156	\$ 64,156	\$ -
Total Support Services- Administration		\$ 551,212	\$ 34,624	\$ 585,836	\$ 585,766	\$ 70
Undistributed Expenditures - Personal Services- Employee Benefits:						
Unallocated Benefits:						
Social Security Contributions	200-291-220	\$ 38,000	\$ 8,997	\$ 46,997	\$ 46,997	\$ -
Other Retirement Payments	200-291-241	24,000	(26)	23,974	23,974	-
Unemployment	200-291-250	-	11,121	11,121	11,121	-
Workmen's Compensation	200-291-260	16,760	(2,459)	14,301	14,301	-
Health Benefits	200-291-270	394,244	(24,367)	369,877	369,877	-
Other Employee Benefits	200-291-291	9,600	(1,627)	7,973	7,973	-
Total Unallocated Benefits		\$ 482,604	\$ (8,361)	\$ 474,243	\$ 474,243	\$ -
On-Behalf Contributions:						
TPAF Pension (On-Behalf - Non-Budgeted)		\$ -	\$ -	\$ -	\$ 87,000	\$ (87,000)
TPAF PRM (On-Behalf - Non-Budgeted)		-	-	-	103,594	(103,594)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	96,371	(96,371)
Total On-Behalf Contributions		\$ -	\$ -	\$ -	\$ 286,965	\$ (286,965)
Total Personal Services- E. Benefits		\$ 482,604	\$ (8,361)	\$ 474,243	\$ 761,208	\$ (286,965)
Undistributed Expenditures - Other Support Services:						
Maintenance of Plant:						
Salaries	300-261-100	\$ -	\$ -	\$ -	\$ -	\$ -
Custodial Services	300-261-300	1,090	2,474	3,564	3,564	-
Repair Services	300-261-420	24,775	(11,642)	13,133	13,133	-
General Supplies	300-261-610	5,300	(2,494)	2,806	2,806	-
Total Maintenance of Plant		\$ 31,165	\$ (11,661)	\$ 19,504	\$ 19,504	\$ -
Operations of Plant:						
Salaries	300-262-100	\$ 34,333	\$ 122	\$ 34,455	\$ 34,455	\$ -
Cleaning, Repair & Maintenance	300-262-420	5,934	558	6,492	6,492	-

See Management's Discussion and Analysis Section of this report for Explanation of significant Budget Variances, Original and Final.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
for Fiscal Year Ended June 30, 2016**

		Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
EXPENDITURES:						
GENERAL CURRENT EXPENSE:						
Undistributed Expenditures - Other Support Services:						
Operations of Plant:						
Rentals	300-262-440	368,528	(18,504)	350,024	350,024	-
Insurance	300-262-520	20,920	(648)	20,272	20,272	-
Other Purchased Services	300-262-500	2,500	961	3,461	3,461	-
General Supplies	300-262-610	4,500	6,919	11,419	11,419	-
Energy (Energy and Electricity)	300-262-620	39,050	(9,688)	29,362	29,362	-
Other Objects	300-262-800	100	3,750	3,850	3,850	-
Total Operations of Plant		<u>\$ 475,865</u>	<u>\$ (16,529)</u>	<u>\$ 459,336</u>	<u>\$ 459,336</u>	<u>\$ -</u>
Maintenance of Grounds:						
Purchased Services	300-263-420	\$ 31,000	\$ (5,622)	\$ 25,378	\$ 22,971	\$ 2,407
General Supplies	300-263-600	2,600	(1,361)	1,239	1,239	-
Total Operations of Plant		<u>\$ 33,600</u>	<u>\$ (6,983)</u>	<u>\$ 26,617</u>	<u>\$ 24,210</u>	<u>\$ 2,407</u>
Student Transportation Services:						
Transportation - Other than School	300-262-615	\$ 10,000	\$ 153	\$ 10,153	\$ 10,153	\$ -
Total Student Transportation Services		<u>\$ 10,000</u>	<u>\$ 153</u>	<u>\$ 10,153</u>	<u>\$ 10,153</u>	<u>\$ -</u>
Total Other Support Services		<u>\$ 550,630</u>	<u>\$ (35,021)</u>	<u>\$ 515,609</u>	<u>\$ 513,202</u>	<u>\$ 2,407</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>\$ 1,885,615</u>	<u>\$ (17,703)</u>	<u>\$ 1,867,912</u>	<u>\$ 2,152,400</u>	<u>\$ (284,488)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>\$ 3,232,323</u>	<u>\$ 36,428</u>	<u>\$ 3,268,751</u>	<u>\$ 3,514,486</u>	<u>\$ (245,735)</u>
CAPITAL OUTLAY:						
Equipment						
Regular Programs - Instruction:						
Grades K-8	400-100-731	\$ -	\$ -	\$ -	\$ -	\$ -
Undistributed Expenditures:						
General Administration	400-200-732	-	-	-	-	-
Total Equipment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facilities Acquisition & Construction Services						
Purchased Technical Services	400-400-300	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Services	400-400-450	-	10,198	10,198	10,198	-
Total Facilities Acquisition & Construction Services		<u>\$ -</u>	<u>\$ 10,198</u>	<u>\$ 10,198</u>	<u>\$ 10,198</u>	<u>\$ -</u>
Assets Acquired Under Capital Leases (non-budgeted)						
General Administration		\$ -	\$ -	\$ -	\$ -	\$ -
Assets Acquired Under Capital Leases (non-budgeted)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CAPITAL OUTLAY		<u>\$ -</u>	<u>\$ 10,198</u>	<u>\$ 10,198</u>	<u>\$ 10,198</u>	<u>\$ -</u>
TOTAL EXPENDITURES		<u>\$ 3,232,323</u>	<u>\$ 46,626</u>	<u>\$ 3,278,949</u>	<u>\$ 3,524,684</u>	<u>\$ (245,735)</u>
Excess (Deficiency) of Revenues Over (under) Expenditure		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,626)</u>	<u>\$ 22,822</u>	<u>\$ 119,448</u>

See Management's Discussion and Analysis Section of this report for Explanation of significant Budget Variances, Original and Final.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
for Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
FUND BALANCE, July 1	\$ 240,398	\$ -	\$ 240,398	\$ 240,398	\$ -
FUND BALANCE, June 30	<u>\$ 240,398</u>	<u>\$ -</u>	<u>\$ 143,772</u>	<u>\$ 263,221</u>	<u>\$ 119,448</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses):					
Adjustment for Prior Year Encumbrances	\$ -	\$ -	\$ (46,626)	\$ -	\$ 46,626
Budgeted Fund Balance- Appropriated	-	-	(50,000)	22,822	72,822
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,626)</u>	<u>\$ 22,822</u>	<u>\$ 119,448</u>

Analysis of Fund Balance as of June 30, 2015

Assigned Fund Balance:

Encumbrances

\$ 40,752

Unassigned Fund Balance

222,468

\$ 263,221

Reconciliation of Budgetary Fund balance to G.A.A.P. Fund Balance:

Fund Balance as of June 30, 2015

\$ 263,221

Last Current Year State Aide Payment Not Realized on G.A.A.P. Basis

-

\$ 263,221

See Management's Discussion and Analysis Section of this report for Explanation of significant Budget Variances, Original and Final.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	VARIANCE Final Budget To Actual
REVENUES:					
Local Sources	\$ 21,862	\$ 9,838	\$ 31,700	\$ 7,549	\$ 24,151
State Sources	453	-	453	-	453
Federal Sources	29,553	8,966	38,519	37,756	763
TOTAL REVENUES	\$ 51,868	\$ 18,804	\$ 70,672	\$ 45,305	\$ 25,367
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 12,283	\$ (1,675)	\$ 10,608	\$ 675	\$ 9,933
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional -Educational Services	453	1,675	2,128	1,675	453
Other Purchased Services (400-500 series)	3,100	(3,100)	-	-	-
General Supplies	6,479	12,938	19,417	5,199	14,218
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Instruction	\$ 22,315	\$ 9,838	\$ 32,153	\$ 7,549	\$ 24,604
Support Services					
Salaries of Other Professional Staff	\$ -	\$ -	\$ -	\$ -	\$ -
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional - Educational Services	29,553	8,966	38,519	37,756	763
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Support Services	29,553	8,966	38,519	37,756	763
Facilities Acquisition:					
Instructional Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Non Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 51,868	\$ 18,804	\$ 70,672	\$ 45,305	\$ 25,367
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ -	\$ -	\$ -

See Management's Discussion and Analysis Section of this report for Explanation of significant Budget Variances, Original and Final.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
for the Fiscal Year Ended June 30, 2016**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	C-1, C-2	\$ 3,547,507	\$	45,305
Difference - Budget to GAAP:				
Last State Aid Payment is recognized as revenue for budgetary purposes, and differs from G.A.A.P. which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with G.A.S.B. 33.		-		-
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Total Revenues as reported on the <u>Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds.</u>	B-2	<u>\$ 3,547,507</u>	<u>\$</u>	<u>45,305</u>
Uses/outflows of resources				
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	C-1, C-2	\$ 3,524,684	\$	45,305
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		-		-
Total Expenditures as reported on the <u>Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds.</u>	B-2	<u>\$ 3,524,684</u>	<u>\$</u>	<u>45,305</u>

REQUIRED SUPPLEMENTARY INFORMATION- PART III

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Schedule of School's Proportionate Share of the New Pension Liability
Last Ten Fiscal Years *

Teachers' Pension and Annuity Fund (TPAF)

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
School's Proportion of the Net Pension Liability (Asset) **	N/A	N/A	N/A		
School's Proportion Share of the Net Pension Liability (Asset) **	N/A	N/A	N/A		
State's Proportionate Share of the New Pension Liability (Asset) associated with the School	7,142,792	5,520,336	4,168,133		
TOTAL	\$ 7,142,792	\$ 5,520,336	\$ 4,168,133		
School's Covered Employee Payroll	\$ 1,202,738	\$ 1,139,939	\$ 1,017,629		
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A	N/A		
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%		

Public Employees Retirement System (PERS)

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
School's Proportion of the Net Pension Liability (Asset)	0.001716%	0.001382%	0.001382%		
School's Proportion Share of the Net Pension Liability (Asset)	\$ 385,260	\$ 356,088	\$ 462,885		
School's Covered Employee Payroll	\$ 106,432	\$ 110,007	\$ 109,868		
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	361.98%	323.70%	421.31%		
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.84%	52.08%	48.72%		

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

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Schedule of District Contributions
Last Ten Fiscal Years ***

Teachers' Pension and Annuity Fund (TPAF)

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Contractually Required Contributions **	N/A	N/A	N/A		
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A		
Contribution Deficiency (Excess)	N/A	N/A	N/A		
School's Covered Employee Payroll	\$ 1,202,738	\$ 1,139,939	\$ 1,017,629		
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A		

Public Employees Retirement System (PERS)

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Contractually Required Contributions	\$ 25,273	\$ 18,249	\$ 13,977		
Contributions in Relation to the Contractually Required Contribution	(25,273)	(18,249)	(13,977)		
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -		
School's Covered Employee Payroll	\$ 106,432	\$ 110,007	\$ 109,868		
Contributions as a Percentage of Covered Employee Payroll	23.75%	16.59%	12.72%		

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

** TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The School (employer) does not contribute directly to the plan.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
YEAR ENDED JUNE 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

Changes of Benefit Terms

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

Changes in Assumptions

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

Public Employees Retirement System (PERS)

Changes in Benefit Terms

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

Changes in Assumptions

Mortality rates were based on the RP-2000 Health Mortality Table (set-back one year for females) with the adjustments for mortality improvements from the base year of 2012 Based Projections Scale AA

OTHER SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
School Level Schedules
Combined Balance Sheet
for the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
School Level Schedules**

**Blended Resource Fund- Schedule of Expenditures Allocated by Resource Type- Actual
for the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
School Level Schedules
Blended Resource Fund- Schedule of Blended Expenditures- Budget and Actual
for the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

SPECIAL REVENUE FUND DETAIL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016**

	<u>Total</u>	<u>Local Grants</u>	<u>State Grants</u>	<u>Federal Grants</u>
REVENUES:				
Local Sources	\$ 7,549	\$ 7,549	\$ -	\$ -
State Sources	-	-	-	-
Federal Sources	37,756	-	-	37,756
TOTAL REVENUES	\$ 45,305	\$ 7,549	\$ -	\$ 37,756
EXPENDITURES:				
Instruction:				
Salaries of Teachers 100-101	\$ 675	\$ 675	\$ -	\$ -
Other Staff Salaries 100-106	-	-	-	-
P. Educational Services 100-300	1,675	1,675	-	-
Other Purchased Services 100-500	-	-	-	-
Supplies and Materials 100-600	5,199	5,199	-	-
Textbooks 100-640	-	-	-	-
Other Costs 100-800	-	-	-	-
Total Instruction	\$ 7,549	\$ 7,549	\$ -	\$ -
Support Services:				
Salaries of Professionals 200-100	\$ -	\$ -	\$ -	\$ -
Other Staff Salaries 200-110	-	-	-	-
Employee Benefits 200-290	-	-	-	-
P. Educational Services 200-300	37,756	-	-	37,756
Other Purchased Services 200-500	-	-	-	-
Supplies and Materials 200-600	-	-	-	-
Other Costs 200-800	-	-	-	-
Total Support Services	\$ 37,756	\$ -	\$ -	\$ 37,756
Facility Acquisition:				
Instructional Equipment 400-730	\$ -	\$ -	\$ -	\$ -
Non-Instructional Equipment 400-731	-	-	-	-
Total Facility Acquisition	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 45,305	\$ 7,549	\$ -	\$ 37,756

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016**

FEDERAL GRANTS				
		Federal Grant Total	I.D.E.A. PreSchool	I.D.E.A. Basic
REVENUES:				
Local Sources		\$ -	\$ -	\$ -
State Sources		-	-	-
Federal Sources		<u>37,756</u>	<u>-</u>	<u>37,756</u>
TOTAL REVENUES		\$ 37,756	\$ -	\$ 37,756
EXPENDITURES:				
Instruction:				
Salaries of Teachers	100-101	\$ -	\$ -	\$ -
Other Staff Salaries	100-106	-	-	-
P. Educational Services	100-300	-	-	-
Other Purchased Services	100-500	-	-	-
Supplies and Materials	100-600	-	-	-
Textbooks	100-640	-	-	-
Other Costs	100-800	-	-	-
Total Instruction		\$ -	\$ -	\$ -
Support Services:				
Salaries of Professionals	200-100	\$ -	\$ -	\$ -
Other Staff Salaries	200-110	-	-	-
Employee Benefits	200-290	-	-	-
P. Educational Services	200-300	37,756	-	37,756
Other Purchased Services	200-500	-	-	-
Supplies and Materials	200-600	-	-	-
Other Costs	200-800	-	-	-
Total Support Services		\$ 37,756	\$ -	\$ 37,756
Facility Acquisition:				
Instructional Equipment	400-730	\$ -	\$ -	\$ -
Non-Instructional Equipment	400-731	-	-	-
Total Facility Acquisition		\$ -	\$ -	\$ -
TOTAL EXPENDITURES		\$ 37,756	\$ -	\$ 37,756

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016**

		STATE GRANTS		
		<u>State Grant Total</u>	<u>Teacher Mentoring</u>	<u>Anti-Bully Grant</u>
REVENUES:				
Local Sources		\$ -	\$ -	\$ -
State Sources		-	-	-
Federal Sources		-	-	-
TOTAL REVENUES		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	100-101	\$ -	\$ -	\$ -
Other Staff Salaries	100-106	-	-	-
P. Educational Services	100-300	-	-	-
Other Purchased Services	100-500	-	-	-
Supplies and Materials	100-600	-	-	-
Textbooks	100-640	-	-	-
Other Costs	100-800	-	-	-
Total Instruction		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Support Services:				
Salaries of Professionals	200-100	\$ -	\$ -	\$ -
Other Staff Salaries	200-110	-	-	-
Employee Benefits	200-290	-	-	-
P. Educational Services	200-300	-	-	-
Other Purchased Services	200-500	-	-	-
Supplies and Materials	200-600	-	-	-
Other Costs	200-800	-	-	-
Total Support Services		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility Acquisition:				
Instructional Equipment	400-730	\$ -	\$ -	\$ -
Non-Instructional Equipment	400-731	-	-	-
Total Facility Acquisition		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016**

LOCAL GRANTS					
	Local Grant Total	Miscellaneous Local Grants	Dodge Foundation	Bayer Science	TORO
REVENUES:					
Local Sources	\$ 7,549	\$ 2,002	\$ 2,350	\$ 1,434	\$ 1,762
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
TOTAL REVENUES	\$ 7,549	\$ 2,002	\$ 2,350	\$ 1,434	\$ 1,762
EXPENDITURES:					
Instruction:					
Salaries of Teachers 100-101	\$ 675	\$ -	\$ 675	\$ -	\$ -
Other Staff Salaries 100-106	-	-	-	-	-
P. Educational Services 100-300	1,675	-	1,675	-	-
Other Purchased Services 100-500	-	-	-	-	-
Supplies and Materials 100-600	5,199	2,002	-	1,434	1,762
Textbooks 100-640	-	-	-	-	-
Other Costs 100-800	-	-	-	-	-
Total Instruction	\$ 7,549	\$ 2,002	\$ 2,350	\$ 1,434	\$ 1,762
Support Services:					
Salaries of Professionals 200-100	\$ -	\$ -	\$ -	\$ -	\$ -
Other Staff Salaries 200-110	-	-	-	-	-
Employee Benefits 200-290	-	-	-	-	-
P. Educational Services 200-300	-	-	-	-	-
Other Purchased Services 200-500	-	-	-	-	-
Supplies and Materials 200-600	-	-	-	-	-
Other Costs 200-800	-	-	-	-	-
Total Support Services	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Acquisition:					
Instructional Equipment 400-730	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Instructional Equipment 400-731	-	-	-	-	-
Total Facility Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 7,549	\$ 2,002	\$ 2,350	\$ 1,434	\$ 1,762

CAPITAL PROJECTS FUND DETAIL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Capital Projects Fund
Summary Statement of Project Expenditures
for the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

PROPRIETARY FUND DETAIL STATEMENTS

ENTERPRISE FUND

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Net Position
Enterprise Funds
June 30, 2016**

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 17,889	\$ 17,889
Accounts Receivable	-	-	-
State Receivables	-	-	-
Receivables from Other Funds	-	10,019	10,019
Prepaid Expenses	-	-	-
Total Current Assets	<u>\$ -</u>	<u>\$ 27,908</u>	<u>\$ 27,908</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	\$ -	\$ -	\$ -
Furniture, Machinery & Equipment	-	-	-
Less Accumulated Depreciation	-	-	-
Total Non Current Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 27,908</u>	<u>\$ 27,908</u>
LIABILITIES :			
Current Liabilities:			
Accounts Payable	\$ -	\$ 200	\$ 200
Payable to Other Funds	-	-	-
Compensated Absences	-	-	-
Total Current Liabilities	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>
Noncurrent Liabilities:			
Compensated Absences	\$ -	\$ -	\$ -
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>
NET POSITION:			
Net Investment in Capital Assets	\$ -	\$ -	\$ -
Unrestricted	-	27,708	27,708
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 27,708</u>	<u>\$ 27,708</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
for the Year Ended June 30, 2016

	<u>Food Service</u>	<u>After School Program</u>	<u>Total</u>
OPERATING REVENUE:			
Charges for Services:			
Daily Sales - Non-Reimbursable Programs	\$ -	\$ -	\$ -
Special Events	-	-	-
Fees for Services	-	101,794	101,794
TOTAL OPERATING REVENUE	<u>\$ -</u>	<u>\$ 101,794</u>	<u>\$ 101,794</u>
OPERATING EXPENSES:			
Cost of Sales	\$ 38,579	\$ -	\$ 38,579
Salaries	-	46,746	46,746
Other Purchased Professional Services	-	-	-
General Supplies	-	10,272	10,272
Depreciation	-	-	-
Other Costs	-	6,000	6,000
TOTAL OPERATING EXPENSES	<u>\$ 38,579</u>	<u>\$ 63,018</u>	<u>\$ 101,597</u>
Operating Profit	\$ (38,579)	\$ 38,776	\$ 198
NONOPERATING REVENUES:			
Local Sources:			
Interest and Investment Revenue	\$ -	\$ -	\$ -
TOTAL NONOPERATING REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income (Loss) before Contributions & Transfers	\$ (38,579)	\$ 38,776	\$ 198
Capital Contributions	\$ -	\$ -	\$ -
Transfers in (out)	38,579	(38,579)	-
Change in Net Position	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ 198</u>
TOTAL NET POSITION— July 1	\$ -	\$ 27,510	\$ 27,510
TOTAL NET POSITION— June 30	<u>\$ -</u>	<u>\$ 27,708</u>	<u>\$ 27,708</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Cash Flows
Enterprise Funds
for the Year Ended June 30, 2016**

	Food Service	After School Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ -	\$ 101,794	\$ 101,794
Payments to Employees	(9,573)	(46,746)	(56,319)
Payments for Employee Benefits	-	-	-
Payments to Suppliers	(29,006)	(16,072)	(45,078)
Net Cash provided by (used for) Operating Activities	\$ (38,579)	\$ 38,976	\$ 398
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State Sources	\$ -	\$ -	\$ -
Federal Sources	-	-	-
Operating Subsidies and Transfers to Other Funds	19,782	(58,848)	(39,066)
Net Cash provided by (used for) Non-Capital Financing Activities	\$ 19,782	\$ (58,848)	\$ (39,066)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Change in Capital Contributions	\$ -	\$ -	\$ -
Purchases of Capital Assets	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
Net Cash provided by (used for) Capital and Related Financing Activities	\$ -	\$ -	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	\$ -	\$ -	\$ -
Proceeds from Sale/Maturities of Investments	-	-	-
Net Cash provided by (used for) Investing Activities	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (18,796)	\$ (19,872)	\$ (38,668)
BALANCES— July 1	\$ 18,796	\$ 37,761	\$ 56,557
BALANCES— June 30	\$ -	\$ 17,889	\$ 17,889
Reconciliation of Operating Income (Loss) to Net Cash provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (38,579)	\$ 38,776	\$ 198
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Depreciation and Net Amortization	-	-	-
Operating from State Sources	-	-	-
(Increase) Decrease in Accounts Receivable, net	-	(7,489)	(7,489)
(Increase) Decrease in Inventories	-	-	-
(Increase) Decrease in Other Current Assets	18,796	35,249	54,045
Increase (Decrease) in Accounts Payable	(7,700)	(2,695)	(10,395)
Increase (Decrease) in Other Liabilities	(11,096)	(24,864)	(35,960)
Total Adjustments	\$ -	\$ 200	\$ 200
Net Cash provided by (used for) Operating Activities	\$ (38,579)	\$ 38,976	\$ 398

INTERNAL SERVICE FUND

FIDUCIARY FUND DETAIL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Unemployment Compensation Trust	Agency Fund	TOTALS
ASSETS:			
Cash and Cash Equivalents	\$ 10	\$ 3,883	\$ 3,893
Investments	-	-	-
Receivable From Other Funds	-	-	-
Other Receivables	-	9,731	9,731
TOTAL ASSETS	\$ 10	\$ 13,614	\$ 13,624
LIABILITIES :			
Accounts Payable	\$ -	\$ 247	\$ 247
Payable to the Other Funds	-	10,019	10,019
Payable to the Student Groups	-	1,696	1,696
Payroll Deductions and Withholdings	-	1,652	1,652
TOTAL LIABILITIES	\$ -	\$ 13,614	\$ 13,614
NET POSITION:			
Held in Trust for Unemployment Claims	\$ 10	\$ -	\$ 10
Reserved for Flexible Benefits	-	-	-
Reserved for Scholarships	-	-	-
TOTAL NET POSITION	\$ 10	\$ -	\$ 10

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Year Ended June 30, 2016

	Unemployment Compensation Trust	TOTALS
ADDITIONS:		
Contributions:		
Plan Member	\$ 11,121	\$ 11,121
Other	9,999	9,999
Total Contributions	\$ 21,120	\$ 21,120
Investment Earnings:		
Interest	\$ -	\$ -
Other	-	-
Total Investment Earnings	\$ -	\$ -
TOTAL ADDITIONS	\$ 21,120	\$ 21,120
DEDUCTIONS:		
Quarterly Contribution Reports	\$ -	\$ -
Other Payments	21,120	21,120
Administrative Expenses	-	-
TOTAL DEDUCTIONS	\$ 21,120	\$ 21,120
Change in Net Position	\$ -	\$ -
TOTAL NET POSITION— July 1	\$ 10	\$ 10
TOTAL NET POSITION— June 30	\$ 10	\$ 10

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Schedule of Receipts and Disbursements
Student Activity Agency Fund
for the Fiscal Year Ended June 30, 2016**

	<u>Balance on July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accruals on June 30, 2016</u>	<u>Balance on June 30, 2016</u>
STUDENT ACTIVITIES:					
Student Activities	\$ 1,933	\$ 18,391	\$ 18,752	\$ 247	\$ 1,325
Field Trips	(1,890)	60,415	59,830	-	(1,305)
FUND RAISING ACTIVITIES:					
Fund Raising	\$ 1,676	\$ -	\$ -	\$ -	\$ 1,676
	<u>\$ 1,718</u>	<u>\$ 78,806</u>	<u>\$ 78,582</u>	<u>\$ 247</u>	<u>\$ 1,696</u>
 STUDENT ACTIVITIES:					
Accounts Payable	\$ 5,945	\$ -	\$ (5,945)	\$ 247	\$ 247
Account Receivable	(10,050)	10,050	-	(9,731)	(9,731)
Due from Other Funds	-	-	-	-	-
Due to Other Funds	17,508	-	(17,508)	10,019	10,019
TOTAL ASSETS	<u>\$ 15,122</u>	<u>\$ 88,856</u>	<u>\$ 55,128</u>	<u>\$ 782</u>	<u>\$ 2,231</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Schedule of Receipts and Disbursements
Payroll Agency Fund
for the Fiscal Year Ended June 30, 2016**

	<u>Balance on July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance on June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,822	\$ 2,140,490	\$ 2,143,660	\$ 1,652
Interfund Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 4,822</u>	<u>\$ 2,140,490</u>	<u>\$ 2,143,660</u>	<u>\$ 1,652</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 4,822	\$ 2,140,490	\$ 2,143,660	\$ 1,652
Interfund Payable	-	957	957	-
TOTAL LIABILITIES	<u>\$ 4,822</u>	<u>\$ 2,141,447</u>	<u>\$ 2,144,617</u>	<u>\$ 1,652</u>

LONG TERM DEBT

STATISTICAL SECTION

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
GOVERNMENTAL ACTIVITIES:					
Net Investment in Capital Assets	\$ 168,990	\$ 175,132	\$ 119,325	\$ 103,262	\$ 88,743
Restricted	40,752	46,626	40,266	-	4,887
Unrestricted	(216,441)	(240,621)	(254,234)	241,306	329,755
GOVERNMENTAL ACTIVITIES NET POSITION	\$ (6,698)	\$ (18,863)	\$ (94,643)	\$ 344,568	\$ 423,385
BUSINESS-TYPE ACTIVITIES:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	27,708	27,510	24,676	18,198	5,557
BUSINESS-TYPE ACTIVITIES NET POSITION	\$ 27,708	\$ 27,510	\$ 24,676	\$ 18,198	\$ 5,557
DISTRICT-WIDE:					
Net Investment in Capital Assets	\$ 168,990	\$ 175,132	\$ 119,325	\$ 103,262	\$ 88,743
Restricted	40,752	46,626	40,266	-	4,887
Unrestricted	(188,733)	(213,111)	(229,558)	259,504	335,313
DISTRICT-WIDE NET POSITION	\$ 21,010	\$ 8,647	\$ (69,967)	\$ 362,766	\$ 428,943

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Net Asset by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
GOVERNMENTAL ACTIVITIES:					
Net Investment in Capital Assets	\$ 66,802	\$ 57,155	\$ 63,492	\$ 70,249	\$ 73,972
Restricted	1,104	890	852	969	784
Unrestricted	166,539	105,674	89,435	93,018	106,986
GOVERNMENTAL ACTIVITIES NET POSITION	\$ 234,445	\$ 163,719	\$ 153,778	\$ 164,236	\$ 181,743
BUSINESS-TYPE ACTIVITIES:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	2,325	1,223	3,350	2,123
BUSINESS-TYPE ACTIVITIES NET POSITION	\$ -	\$ 2,325	\$ 1,223	\$ 3,350	\$ 2,123
DISTRICT-WIDE:					
Net Investment in Capital Assets	\$ 66,802	\$ 57,155	\$ 63,492	\$ 70,249	\$ 73,972
Restricted	1,104	890	852	969	784
Unrestricted	166,539	107,999	90,657	96,368	109,110
DISTRICT-WIDE NET POSITION	\$ 234,445	\$ 166,044	\$ 155,001	\$ 167,586	\$ 183,866

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
EXPENSES:					
Governmental Activities					
Instruction:					
Regular Programs	\$ 1,879,182	\$ 2,624,767	\$ 1,518,652	\$ 1,480,970	\$ 1,326,641
Support Services:					
Student and Related Services	433,998	567,498	361,663	388,847	299,841
General and Other Administrative Services	725,737	845,777	600,129	379,786	363,629
Plant Operations and Maintenance	537,214	528,812	437,913	462,796	402,490
Governmental Activities Expenses	\$ 3,576,131	\$ 4,566,855	\$ 2,918,357	\$ 2,712,399	\$ 2,392,601
Business-Type Activities					
Food Service	\$ 38,579	\$ 25,485	\$ 22,108	\$ 31,437	\$ 14,710
After School Program	63,018	57,013	35,822	33,441	34,513
Business-Type Activities Expenses	\$ 101,597	\$ 82,498	\$ 57,930	\$ 64,878	\$ 49,223
DISTRICT-WIDE EXPENSES	\$ 3,677,727	\$ 4,649,352	\$ 2,976,288	\$ 2,777,277	\$ 2,441,824
PROGRAM REVENUES					
Governmental Activities					
Operating Grants and Contributions	\$ 839,833	\$ 2,191,474	\$ 638,300	\$ 595,322	\$ 556,706
Governmental Activities Revenues	\$ 839,833	\$ 2,191,474	\$ 638,300	\$ 595,322	\$ 556,706
Business-Type Activities					
Food Service	\$ -	\$ -	\$ -	\$ -	\$ 1,563
After School Program	101,794	85,332	64,408	77,519	53,217
Business-Type Activities Revenues	\$ 101,794	\$ 85,332	\$ 64,408	\$ 77,519	\$ 54,780
DISTRICT-WIDE PROGRAM REVENUES	\$ 941,627	\$ 2,276,806	\$ 702,708	\$ 672,841	\$ 611,486
NET (EXPENSE)/ REVENUE					
Governmental Activities	\$ (2,736,298)	\$ (2,375,381)	\$ (2,280,057)	\$ (2,117,077)	\$ (1,835,895)
Business-Type Activities	198	2,834	6,478	12,641	5,557
DISTRICT-WIDE NET EXPENSE	\$ (2,736,100)	\$ (2,372,546)	\$ (2,273,579)	\$ (2,104,436)	\$ (1,830,338)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental Activities					
Taxes: Property Taxes, Levied for General Purpose	\$ 2,735,424	\$ 2,446,841	\$ 2,283,175	\$ 2,070,346	\$ 1,950,276
Investment Earnings	2	4	3	13	9
Miscellaneous Income	13,037	4,316	4,869	11,256	74,551
Transfers	-	-	-	(43,355)	-
Governmental Activities	\$ 2,748,463	\$ 2,451,161	\$ 2,288,046	\$ 2,038,260	\$ 2,024,835
Business-Type Activities					
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-	-
Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -
DISTRICT-WIDE GENERAL REVENUES	\$ 2,748,463	\$ 2,451,161	\$ 2,288,046	\$ 2,038,260	\$ 2,024,835
CHANGE IN NET POSITION					
Governmental Activities	\$ 12,165	\$ 75,780	\$ 7,989	\$ (78,817)	\$ 188,940
Business-Type Activities	198	2,834	6,478	12,641	5,557
DISTRICT-WIDE CHANGE IN NET POSITION	\$ 12,363	\$ 78,615	\$ 14,467	\$ (66,176)	\$ 194,498

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
EXPENSES:					
Governmental Activities					
Instruction:					
Regular Programs	\$ 975,350	\$ 871,765	\$ 876,466	\$ 878,979	\$ 762,080
Support Services:					
Student and Related Services	234,242	287,266	297,783	204,050	191,090
General and Other Administrative Services	295,868	277,151	253,062	258,347	222,263
Plant Operations and Maintenance	359,210	167,544	158,396	148,456	163,139
Governmental Activities Expenses	\$ 1,864,670	\$ 1,603,726	\$ 1,585,708	\$ 1,489,832	\$ 1,338,573
Business-Type Activities					
Food Service	\$ 51,553	\$ 50,843	\$ 47,826	\$ 55,575	\$ 54,434
After School Program	34,816	22,580	30,221	28,731	27,532
Business-Type Activities Expenses	\$ 86,369	\$ 73,423	\$ 78,047	\$ 84,306	\$ 81,965
DISTRICT-WIDE EXPENSES	\$ 1,951,039	\$ 1,677,149	\$ 1,663,755	\$ 1,574,138	\$ 1,420,538
PROGRAM REVENUES					
Governmental Activities					
Operating Grants and Contributions	\$ 379,522	\$ 405,586	\$ 547,824	\$ 651,536	\$ 554,347
Governmental Activities Revenues	\$ 379,522	\$ 405,586	\$ 547,824	\$ 651,536	\$ 554,347
Business-Type Activities					
Food Service	\$ 21,028	\$ 24,417	\$ 27,742	\$ 26,020	\$ 43,461
After School Program	33,163	23,130	27,988	29,357	27,532
Business-Type Activities Revenues	\$ 54,192	\$ 47,547	\$ 55,730	\$ 55,377	\$ 70,993
DISTRICT-WIDE PROGRAM REVENUES	\$ 433,714	\$ 453,133	\$ 603,555	\$ 706,913	\$ 625,339
NET (EXPENSE)/ REVENUE					
Governmental Activities	\$ (1,485,148)	\$ (1,198,140)	\$ (1,037,883)	\$ (838,296)	\$ (784,226)
Business-Type Activities	(32,178)	(25,876)	(22,317)	(28,929)	(10,973)
DISTRICT-WIDE NET EXPENSE	\$ (1,517,326)	\$ (1,224,016)	\$ (1,060,200)	\$ (867,225)	\$ (795,199)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental Activities					
Taxes: Property Taxes, Levied for General Purpose	\$ 1,554,574	\$ 1,125,621	\$ 1,009,657	\$ 795,838	\$ 756,099
Investment Earnings	14	-	1,404	4,781	7,112
Miscellaneous Income	31,120	109,399	36,574	50,326	45,630
Transfers	(29,833)	(26,939)	(20,190)	(30,155)	(11,278)
Governmental Activities	\$ 1,555,874	\$ 1,208,081	\$ 1,027,446	\$ 820,790	\$ 797,563
Business-Type Activities					
Investment Earnings	\$ 20	\$ -	\$ -	\$ -	\$ -
Transfers	29,833	26,978	20,190	30,155	11,278
Business-Type Activities	\$ 29,853	\$ 26,978	\$ 20,190	\$ 30,155	\$ 11,278
DISTRICT-WIDE GENERAL REVENUES	\$ 1,585,727	\$ 1,235,059	\$ 1,047,636	\$ 850,945	\$ 808,841
CHANGE IN NET POSITION					
Governmental Activities	\$ 70,726	\$ 9,941	\$ (10,438)	\$ (17,506)	\$ 13,337
Business-Type Activities	(2,325)	1,102	(2,127)	1,226	305
DISTRICT-WIDE CHANGE IN NET POSITION	\$ 68,402	\$ 11,042	\$ (12,564)	\$ (16,280)	\$ 13,642

Source: District Records.

**BOARD OF EDUCATION
 UNITY CHARTER SCHOOL
 Fund Balances- Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)**

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>
GENERAL FUND					
Reserved	\$ 40,752	\$ 46,626	\$ 40,266	\$ -	\$ 4,887
Unreserved	222,468	193,772	192,965	241,306	329,755
TOTAL FUND BALANCE	<u>\$ 263,221</u>	<u>\$ 240,398</u>	<u>\$ 233,231</u>	<u>\$ 241,306</u>	<u>\$ 334,642</u>

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Fund Balances- Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
GENERAL FUND					
Reserved	\$ 1,104	\$ 890	\$ 852	\$ 969	\$ 784
Unreserved	166,539	105,674	89,435	93,018	106,986
TOTAL FUND BALANCE	<u>\$ 167,643</u>	<u>\$ 106,564</u>	<u>\$ 90,287</u>	<u>\$ 93,987</u>	<u>\$ 107,770</u>

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Changes in Fund Balances- Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>
REVENUES					
Tax Levy	\$ 2,735,424	\$ 2,446,841	\$ 2,283,175	\$ 2,070,346	\$ 1,950,276
Interest Earnings	2	4	3	13	9
Miscellaneous	13,037	4,316	871	11,256	74,551
State Sources	806,593	791,696	607,528	562,566	529,022
Federal Sources	37,756	34,768	30,772	32,756	27,684
TOTAL REVENUES	<u>\$ 3,592,812</u>	<u>\$ 3,277,625</u>	<u>\$ 2,922,348</u>	<u>\$ 2,676,937</u>	<u>\$ 2,581,541</u>
EXPENDITURES					
Instruction:					
Regular Programs	\$ 1,369,635	\$ 1,223,071	\$ 1,109,928	\$ 1,101,726	\$ 1,056,623
Support Services:					
Student and Related Services	329,980	332,301	292,710	272,156	216,759
General and Other Administrative Services	585,766	479,359	470,425	292,269	301,318
Plant Operations and Maintenance	513,202	485,816	431,843	462,796	402,490
Employee Benefits	761,208	678,299	601,786	574,244	405,371
Capital Outlay	10,198	71,611	27,729	67,082	31,981
TOTAL EXPENDITURES	<u>\$ 3,569,989</u>	<u>\$ 3,270,458</u>	<u>\$ 2,934,421</u>	<u>\$ 2,770,273</u>	<u>\$ 2,414,542</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 22,822</u>	<u>\$ 7,167</u>	<u>\$ (12,073)</u>	<u>\$ (93,336)</u>	<u>\$ 166,999</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ 22,822</u>	<u>\$ 7,167</u>	<u>\$ (12,073)</u>	<u>\$ (93,336)</u>	<u>\$ 166,999</u>
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Changes in Fund Balances- Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
REVENUES					
Tax Levy	\$ 1,554,574	\$ 1,125,621	\$ 1,009,657	\$ 795,838	\$ 756,099
Interest Earnings	14	-	1,404	4,781	7,112
Miscellaneous	31,120	109,399	36,574	50,326	45,630
State Sources	354,560	366,562	527,106	632,080	535,494
Federal Sources	24,962	39,024	20,718	19,456	18,853
TOTAL REVENUES	\$ 1,965,229	\$ 1,640,606	\$ 1,595,460	\$ 1,502,481	\$ 1,363,187
EXPENDITURES					
Instruction:					
Regular Programs	\$ 784,882	\$ 689,639	\$ 716,489	\$ 704,741	\$ 641,291
Support Services:					
Student and Related Services	175,636	231,227	248,553	150,438	153,925
General and Other Administrative Services	251,914	235,122	216,140	218,138	194,389
Plant Operations and Maintenance	359,210	167,544	158,396	148,456	163,139
Employee Benefits	285,257	273,857	239,393	260,120	176,248
Capital Outlay	17,419	-	-	4,215	-
TOTAL EXPENDITURES	\$ 1,874,317	\$ 1,597,389	\$ 1,578,971	\$ 1,486,108	\$ 1,328,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 90,912	\$ 43,216	\$ 16,489	\$ 16,372	\$ 34,196
OTHER FINANCING SOURCES (USES)					
Transfers Out	\$ (29,833)	\$ (26,939)	\$ (20,190)	\$ (30,155)	\$ (11,278)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (29,833)	\$ (26,939)	\$ (20,190)	\$ (30,155)	\$ (11,278)
NET CHANGE IN FUND BALANCES	\$ 61,079	\$ 16,277	\$ (3,701)	\$ (13,783)	\$ 22,918
Debt Service as a Percentage of Noncapital Expenditures	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 Years Ended June 30th	Total	Interest	Prior Year Refunds	Local Projects	Donations	Miscellaneous
2016	\$ 5,490	\$ 2	\$ 5,033	\$ -	\$ -	\$ 455
2015	17	4	-	-	-	14
2014	4,871	3	3,998	871	-	-
2013	11,269	13	1,274	9,982	-	-
2012	74,559	9	2,798	71,252	500	-
2011	31,133	14	-	31,086	-	33
2010	109,399	-	170	109,229	-	-
2009	37,979	1,404	1,549	32,718	-	2,307
2008	55,107	4,781	3,561	35,600	10,000	1,164
2007	52,742	7,112	555	40,642	4,362	72

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

<u>Years Ended December 31st</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

<u>Years Ended December 31st</u>	<u>(from J-6) Total Assessed</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
(per \$100 of Assessed Valuations)
Last Ten Assessment Years
(Unaudited)**

Years Ended December 31st	School District Direct Rate		Overlapping Rates		Total Direct Overlapping Tax Rate
	Basic Rate	Total Direct School Tax Rate	Municipality	County	

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Principal Property Taxpayers
Last Ten Fiscal Years
(Unaudited)**

<u>Years Ended June 30th</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total District Net Assessed Value</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

<u>Years Ended December 31st</u>	<u>Taxes Levied for Fiscal Year</u>	<u>Collected within Fiscal Year</u>		<u>Collected in Subsequent Yr.</u>	<u>Total Collected</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Years Ended June 30th</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Total District</u>	<u>Percentage of Personal Income Per Capita</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
 UNITY CHARTER SCHOOL
 Ratio of Net General Bonded Debt Outstanding
 for the Fiscal Year Ended June 30
 (Unaudited)**

Years Ended June 30th	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
General Obligation Bonds	Deductions				

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
for the Year Ended December 31, 2015
(Unaudited)**

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Legal Debt Margin Information
for the Year Ended December 31, 2015
(Unaudited)**

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Demographic and Economic Information**

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Years Ended</u> <u>June 30th</u>	<u>Population</u>	<u>Personal</u> <u>Income</u>	<u>Per Capita</u> <u>per Income</u>	<u>Unemployment</u> <u>Rate</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Principal Employer
Last Ten Fiscal Years
(Unaudited)**

<u>Years Ended December 31st</u>	<u>Employer</u>	<u>Employee</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employer</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Full-Time Equivalent District Employees by Function/ Program**

(Unaudited)

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Operating Statistics**

(Unaudited)

Fiscal Year Ended June 30th	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Operating Statistics**

(Unaudited)

Fiscal Year Ended June 30th	Pupil - Teacher Ratio		Average Daily Enrollment	Average Daily Attendance	Percentage Change of Average Daily Attendance
	Elementary School	Middle School			

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
School Building Information**

(Unaudited)

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
General Fund
Schedule of Required Maintenance for School Facilities**

(Unaudited)

Undistributed Expenditures- Required Maintenance for School Facilities (11-000-261-XXX)

<u>School Facilities</u>	<u>Project #'s</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
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NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Insurance Schedule
June 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy- N.J. School Boards		
Property- Blanket Building and Contents	\$ 400,000,000	\$ 1,000
Commercial General Liability	16,000,000	
Commercial Automotive Liability	16,000,000	
Comprehensive		1,000
Collision		1,000
Computer & Scheduled Equipment	37,000	1,000
Boiler & Machinery	100,000,000	1,000
School Board Legal Liability- N.J. School Boards		
School Boards Legal Liability	\$ 16,000,000	\$ 5,000
Faithful Performance Bond	50,000	500
Workman's Compensation- N.J. School Boards		
Employers Liability Insurance	5,000,000	
Bodily Injury by Accident	2,000,000	each accident
Bodily Injury by Disease	2,000,000	each employee
Bodily Injury by Disease	2,000,000	policy limit
Flood Insurance- N.J. School Boards		
Buildings	\$ 50,000,000	\$ 500,000
Contents	1,000,000	500,000

Source: District Records.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Performance Framework: Financial Performance Fiscal Ratios
June 30, 2016
(Unaudited)**

	<u>2014 Audit</u>	<u>2015 Audit</u>	<u>2016 Audit</u>	<u>Source</u>
Cash	\$ 212,027	\$ 344,723	\$ 320,772	Annual Audit: Exhibit A-1
Current Assets	183,459	119,366	167,209	Annual Audit: Exhibit A-1
TOTAL ASSETS	514,811	639,220	656,971	Annual Audit: Exhibit A-1
Current Liabilities	168,351	196,180	197,051	Annual Audit: Exhibit A-1
TOTAL LIABILITIES	168,351	552,268	582,311	Annual Audit: Exhibit A-1
NET ASSETS	533,095	8,647	21,010	Annual Audit: Exhibit A-1
TOTAL REVENUE	\$ 2,990,755	\$ 4,727,967	\$ 3,690,090	Annual Audit: Exhibit A-2
TOTAL EXPENDITURES	2,980,284	4,649,352	3,677,727	Annual Audit: Exhibit A-2
CHANGE IN NET ASSETS	10,471	78,615	12,363	Annual Audit: Exhibit A-2
Depreciation Expense	\$ 11,666	\$ 15,805	\$ 16,339	Financial Statements/ Audit Workpapers
Interest Expense	-	-	-	Financial Statements/ Audit Workpapers
Principal Payments	-	-	-	Financial Statements/ Audit Workpapers
Interest Payments	-	-	-	Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	194	203	219	DOE Enrollment Reports
March 30th Budgeted Enrollment	194	210	220	Charter School Budget

RATIO ANALYSIS					
Near-Term Indicators	2014	2015	2016	3-Year Cumulative	Source
1a. Current Ratio	1.09	3.26	3.33		Current Assets/ Current Liabilities
1b. Unrestricted Days of Cash	25.97	27.06	31.84		Cash/ (Total Expenses/365)
1c. Enrollment Variance	100%	97%	100%		Avg Daily Enrollment/Bdgtd Enrollment
1d. Default	No	No	No		Audit
Sustainability Indicators	2014	2015	2016	3-Year Cumulative	Source
2a. Total Margin	0.35%	1.66%	0.34%	0.78%	Change in Net Assets/ Total Revenue
2b. Debt to Asset	0.33	0.86	0.89		Total Liabilities/ Total Assets
2c. Cash Flow	\$ 160,109.72	\$ 132,695.94	\$ (23,951.12)	\$ 268,854.54	Net Change in Cash Flow fr. P/Y
2d. Debt Service Coverage Ratio	N/A	N/A	N/A		Change in Net Assets+Depreciation+ Interest/ (Principal & Interest Payments)

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

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Unity Charter School's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances 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 a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

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



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



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

November 28, 2016

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Schedule A

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Grant Period</u>	<u>Balance at June 30, 2015</u>	<u>Carryover Amount</u>	<u>Cash Received</u>
U.S. Department of Education Passed-Through State Department of Education:						
Special Revenue Fund:						
I.D.E.A. Part B, Basic Regular	84.027	\$ 37,756	07/01/15 - 06/30/16	\$ -	\$ -	\$ -
I.D.E.A. Part B, Pre School	84.027	763	07/01/15 - 06/30/16	-	-	-
I.D.E.A. Part B, Pre School	84.027	<u>700</u>	<u>07/01/14 - 06/30/15</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Department of Education		\$ 39,219		\$ -	\$ -	\$ -
TOTAL FEDERAL ASSISTANCE		\$ 39,219		\$ -	\$ -	\$ -

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Schedule A

Federal Grantor/ Pass-Through Grantor/ Program Title	Budgetary Expenditures	Budgetary Encumbrances	Total	Accounts Receivable June 30, 2016	Deferred Revenue	Due to Grantor on June 30, 2016
U.S. Department of Education Passed-Through State Department of Education:						
Special Revenue Fund:						
I.D.E.A. Part B, Basic Regular	\$ (37,756)	\$ -	\$ (37,756)	\$ 37,756	\$ -	\$ -
I.D.E.A. Part B, Pre School	-	-	-	-	-	-
I.D.E.A. Part B, Pre School	-	-	-	-	-	-
Total Department of Education	\$ (37,756)	\$ -	\$ (37,756)	\$ 37,756	\$ -	\$ -
TOTAL FEDERAL ASSISTANCE	\$ (37,756)	\$ -	\$ (37,756)	\$ 37,756	\$ -	\$ -

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 Awards
For the Fiscal Year Ended June 30, 2016**

Schedule B

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>	<u>Balance at June 30, 2015</u>	<u>Carryover Amount</u>	<u>Cash Received</u>
State Department of Education:						
General Fund:						
Local Tax Levy- State Aid Share	15-495-034-5120-022	\$ 325,652	07/01/15-06/30-16	\$ -	\$ -	\$ 325,652
Special Education Aid	15-495-034-5120-089	154,846	07/01/15-06/30-16	-	-	154,846
Non-Public Aid		25,389	07/01/15-06/30-16	-	-	25,389
Security Aid	15-495-034-5120-084	13,741	07/01/15-06/30-16	-	-	13,741
		<u>\$ 519,628</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,628</u>
Reimbursed TPAF Pension	15-495-034-5095-001	\$ 87,000	07/01/15-06/30-16	\$ -	\$ -	\$ 87,000
Reimbursed TPAF PRM	15-495-034-5095-001	103,594	07/01/15-06/30-16	-	-	\$ 103,594
Reimbursed TPAF Social Security	15-495-034-5095-002	96,371	07/01/15-06/30-16	-	-	96,371
Total General Fund		<u>\$ 806,593</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,593</u>
Special Revenue:						
Teacher Quality Mentoring	06-495-034-5120-062	\$ 906	07/01/05-06/30/06	\$ 453	\$ -	\$ -
Total Special Revenue Fund		<u>\$ 906</u>		<u>\$ 453</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL STATE ASSISTANCE		<u>\$ 807,499</u>		<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 806,593</u>

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 Awards
For the Fiscal Year Ended June 30, 2016**

Schedule B

State Grantor/ Program Title	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	Accounts Receivable June 30, 2016	Deferred Revenue	Due to Grantor on June 30, 2016
State Department of Education:						
General Fund:						
Local Tax Levy- State Aid Share	\$ (325,652)	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Aid	(154,846)	-	-	-	-	-
Non-Public Aid	(25,389)	-	-	-	-	-
Security Aid	(13,741)	-	-	-	-	-
	<u>\$ (519,628)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reimbursed TPAF Pension	\$ (87,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursed TPAF PRM	(103,594)	-	-	-	-	-
Reimbursed TPAF Social Security	(96,371)	-	-	-	-	-
Total General Fund	<u>\$ (806,593)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special Revenue:						
Teacher Quality Mentoring	\$ -	\$ -	\$ -	\$ -	\$ 453	\$ -
Anti-Bully Program	-	-	-	-	-	-
Total Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453</u>	<u>\$ -</u>
TOTAL STATE ASSISTANCE	<u>\$ (806,593)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453</u>	<u>\$ -</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, 2016

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 the Federal Uniform Guidance, New Jersey OMB Circular 15-08, *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, 2016
(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	\$	\$806,593.00	\$806,593.00
Special Revenue Fund	<u>37,756.00</u>	<u>0.00</u>	<u>37,756.00</u>
 Total Awards and Financial Assistance	 <u>\$37,756.00</u>	 <u>\$806,593.00</u>	 <u>\$844,349.00</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 amounts reported as TPAF Pension and Post Retirement Medical Contributions represents the amounts paid by the state on behalf of the district for the year ended June 30, 2016. 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, 2016.

Note 6: On-Behalf Programs Not Subject to State Single Audit

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

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified
- 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, 2016
(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, 2016
(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 Federal Uniform Guidance and New Jersey OMB's Circular 15-08.

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, 2016

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, Federal Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable