

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

PREPARED BY

**UNITY CHARTER SCHOOL
FINANCE OFFICE**

**UNITY CHARTER SCHOOL
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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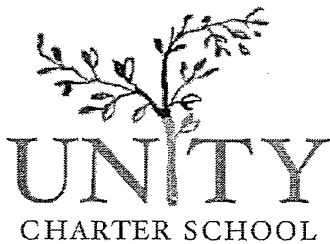
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INTRODUCTORY SECTION



Teaching capable, confident kids
for a healthy planet

December 12, 2017

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, 2017 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, 2017, 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 235 students, graduating twenty-one students in June 2017.

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.

The NJ Department of Education granted Unity Charter School another renewal in the 2016-2017 school year for five (5) years as it continues to make significant strides in improving academic outcomes and providing a positive school environment for sustainability and growth for the scholars of Unity Charter School.

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. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance at June 30, 2017.

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 2016-2017 year meeting all of its obligations.

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 *Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*, was selected by the Board. 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.

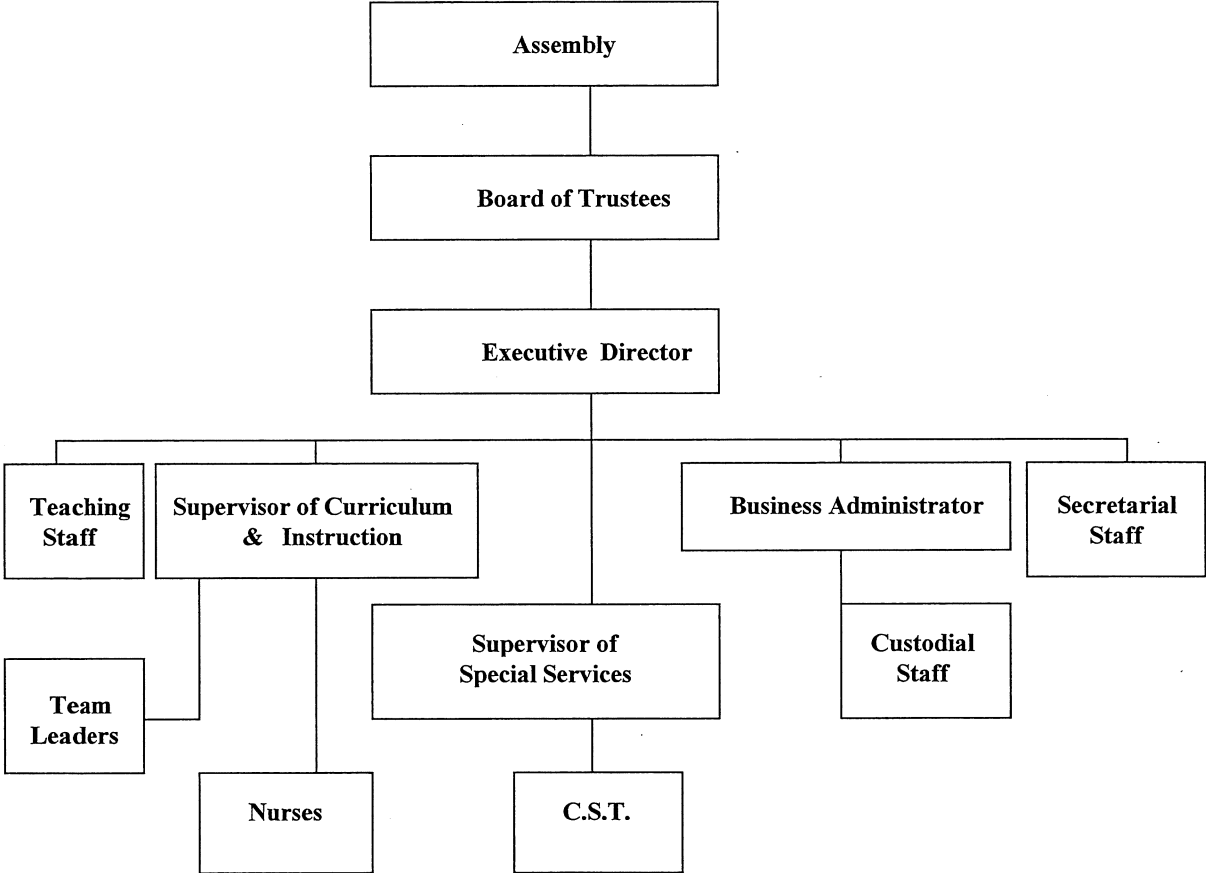
Sincerely,



Charlene Jones
Business Administrator/ Board Secretary
Unity Charter School

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

as of June 30, 2017



**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Term Expires

Robert Ghelli	President	June 2018
Kirstin Sechler	Vice President	June 2018
Anna Bodajlo	Member	June 2020
John Coyle	Member	June 2019
Suzanne Dell'Orto	Member	June 2019
Paul Denninger	Member	June 2020
Carrie Gastelu	Member	June 2020
Stacy Havens	Member	June 2020
Owen Lipnick	Member	June 2020
Gayle Moran	Member	June 2020
Michael Pruskowski	Member	June 2020

Executive Director

Connie Sanchez

Business Administrator/Board Secretary

Katine Slunt (thru March 20, 2017)

Marilyn Cuykendell (from March 20, 2017)

Treasurer

Jon Rheinhardt

UNITY CHARTER SCHOOL
CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
100B Main Street
Newton, New Jersey 07860

Board Attorney

Johnston Law Firm, LLC
75 Midland Avenue
Montclair, New Jersey 07042

Official Depository

Bank of America
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Morristown, New Jersey 07960

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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Fax 973 835-6631

Newton Office
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973 579-3212
Fax 973 579-7128

Vincent M. Montanino, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Trustees
Unity Charter School
County of Morris, New Jersey 07960

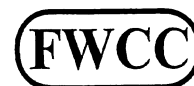
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Unity Charter School, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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



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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unity Charter School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 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 non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of the Unity Charter School Board of Education'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

Honorable President and
Members of the Board of Education
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of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unity Charter School Board of Education's internal control over financial reporting and compliance.



Vincent M. Montanino
Licensed Public School Accountant
No. 20CS00049500

Ferraioli, Wielkottz, Cerullo & Cuva, PA

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.

Certified Public Accountants

Newton, New Jersey

December 12, 2017



REQUIRED SUPPLEMENTARY INFORMATION

PART I

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2017

(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, 2017. 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 2016-2017, the school's year end enrollment was 235, 139 in the Lower School (Grade K-4) and 96 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 23.92% over those from the previous fiscal year. Most of these revenues, 75.7%, related to taxes collected from the Unity's 43 school districts, from which the 235 students reside. The remaining 24.3% 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 96.6% of the total expenditures and increased by 24.83% over those from the previous fiscal year. Although strong cost containment efforts were implemented in the 2016-2017 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, 2017

(Unaudited)

Overall Explanation of the Financial Statements:

The Comprehensive Annual Financial Report presents the Charter School's financial position as of June 30, 2017. 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, Statement 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 Statement 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, 2017

(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 23.92% 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 2016-2017 school year.

The net position for Governmental Activities increased by 176.5% 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 decreased by 40.3%, as the after-care program incurred few changes during the 2016-2017 school year.

<i>Summary of Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Current & Other Assets	\$ 473,230	\$ 460,072	\$ 19,822	\$ 27,908	\$ 493,052	\$ 487,981
Capital Assets	<u>157,868</u>	<u>168,990</u>	<u>0</u>	<u>0</u>	<u>157,868</u>	<u>168,990</u>
Total Assets	<u>\$ 631,098</u>	<u>\$ 629,062</u>	<u>\$ 19,822</u>	<u>\$ 27,908</u>	<u>\$ 650,920</u>	<u>\$ 656,971</u>
Deferred Outflows of Resources:	<u>\$ 116,044</u>	<u>\$ 50,565</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 116,044</u>	<u>\$ 50,565</u>
Operating Liabilities	\$ 231,385	\$ 196,851	\$ 3,271	\$ 200	\$ 234,656	\$ 197,051
Noncurrent Pension Liabilities	<u>396,324</u>	<u>385,260</u>	<u>0</u>	<u>0</u>	<u>\$ 396,324</u>	<u>\$ 385,260</u>
Total Liabilities	<u>\$ 627,709</u>	<u>\$ 582,111</u>	<u>\$ 3,271</u>	<u>\$ 200</u>	<u>\$ 630,980</u>	<u>\$ 582,311</u>
Deferred Inflows of Resources:	<u>\$ 137,952</u>	<u>\$ 104,214</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 137,952</u>	<u>\$ 104,214</u>
Invested in Capital Assets, Net of Related Debt	\$ 157,868	\$ 168,990	\$ 0	\$ 0	\$ 157,868	\$ 168,990
Restricted	45,000	40,752	0	0	45,000	40,752
Operating Unrestricted (deficit)	208,310	222,468	16,551	27,708	224,861	250,176
Pension Unrestricted (deficit)	<u>(429,697)</u>	<u>(438,909)</u>	<u>0</u>	<u>0</u>	<u>(429,697)</u>	<u>(438,909)</u>
Total Net Position	<u>\$ (18,519)</u>	<u>\$ (6,698)</u>	<u>\$ 16,551</u>	<u>\$ 27,708</u>	<u>\$ (1,968)</u>	<u>\$ 21,010</u>

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2017

(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 (75.7%) and governmental aids (23.7%) collected from the Unity's 43 school districts, from which the 233 students reside. The revenues for Business-Type Activities increased by 42.5%, due to higher participation during the year.

<i>Summary of Change in Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
REVENUES						
Program Revenues:						
Charges for Service	\$ 0	\$ 0	\$ 145,050	\$ 101,794	\$ 145,050	\$ 101,794
Operating Grants & Donations	1,056,483	844,349	0	0	1,056,483	844,349
State Pension Resources		(4,516)	0	0		(4,516)
General Revenues:						
Property Taxes	3,370,368	2,735,424	0	0	3,370,368	2,735,424
Interest & Investment Earnings	1	2	0	0	1	2
Other General Revenues	<u>25,305</u>	<u>13,037</u>	<u>0</u>	<u>0</u>	<u>25,305</u>	<u>13,037</u>
Total Revenues	<u>\$ 4,452,157</u>	<u>\$ 3,588,296</u>	<u>\$ 145,050</u>	<u>\$ 101,794</u>	<u>\$ 4,597,207</u>	<u>\$ 3,690,090</u>

As mentioned above, the Change in Net Position for the whole entity are broken down into its components, Revenues and Expenses. Most of the funds expended relate to instruction (52.96%) and support (14.7) of the students, benefiting the 233 students directly. The costs related to administration and overhead on the facility represent the remaining 29.0%. Included in the overhead costs are those related to the Business-Type Activities of the food service and after care programs, representing 3.4% of that total.

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UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2017

(Unaudited)

<i>Summary of Change in Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
EXPENSES						
Instruction:						
Regular	\$ 2,446,726	\$ 1,879,181	\$ 0	\$ 0	\$ 2,446,726	\$ 1,879,181
Support Services:						
Student & Related Services	660,837	433,998	0	0	660,837	433,998
Administration	792,418	725,738	0	0	792,418	725,738
Operations & Maintenance	546,598	527,061	0	0	546,598	527,061
Pupil Transportation	17,396	10,153	0	0	17,396	10,153
Business-Type Activities:						
Food Service	0	0	91,423	38,579	91,423	38,579
After Care Program	0	0	64,784	63,017	64,784	63,017
Total Expenses	\$ 4,463,975	\$ 3,576,131	\$ 156,207	\$ 101,596	\$ 4,620,182	\$ 3,677,727
Increase/(Decrease) in Net Position	(11,818)	12,165	(11,157)	198	(22,975)	12,363
Opening Balance- Net Position	(6,700)	(18,865)	27,508	27,510	21,008	8,645
Closing Balance-Net Position	\$ (18,518)	\$ (6,700)	\$ 16,551	\$ 27,708	\$ (1,967)	\$ 21,008

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 9.44% over that of the previous year. The increase relates to an increase in students and tuition variations from the districts.

<i>Revenue Source</i>	<i>2017</i>	<i>2016</i>	<i>Variance</i>	<i>Variance</i>
Local Sources:				
Property Tax	\$ 3,370,368	\$ 2,735,424	\$ 634,944	23.21 %
Interest Earned	1	2	(1)	(50.00 %)
Miscellaneous	25,305	13,037	12,268	94.10 %
Local Sources- Total	\$ 3,395,674	\$ 2,748,463	\$ 647,211	23.55 %
State Sources	481,259	806,593	325,334	40.33 %
Federal Sources	54,940	37,756	17,184	45.51 %
TOTAL	\$ 3,931,873	\$ 3,592,812	\$ 339,061	9.44 %

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2017

(Unaudited)

As seen in the below schedule, the Governmental Expenditures increased by 10.41% over that of the previous year. Cost saving efforts were used to control costs during the 2016-2017 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>2017</i>	<i>2016</i>	<i>Variance</i>	<i>Variance</i>
Current:				
Regular Instruction	\$ 1,536,373	\$ 1,369,635	\$ 166,738	12.17 %
Student Support:				
Student Services	380,728	329,980	50,748	15.38%
Administration	582,336	585,766	(3,430)	(.03 %)
Operations	546,598	503,049	43,549	8.66 %
Pupil Transportation	17,396	10,153	7,243	71.34 %
Employee Benefits	872,995	761,208	111,787	14.69 %
Capital Outlay	5,357	10,198	(4,841)	(47.47 %)
TOTAL	\$ 3,941,783	\$ 3,569,989	\$ 371,794	10.41 %

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	\$ 3,111	\$ 16,711
Net Position	0	16,551
Change in Net Position	0	(11,157)
Return on Ending Total Assets	0 %	(67) %
Return on Ending Net Position	0 %	(67) %

UNITY CHARTER SCHOOL

Management Discussion and Analysis for the Year Ended June 30, 2017

(Unaudited)

Viewing Capital Assets at Year-End:

The Capital Assets are building improvements and equipment, greater than \$2,000. In 2016-2017, capital improvements of \$5,357 were made to the building to improve security.

<i>Capital Assets</i>	<i>Governmental Activities</i>		<i>Totals</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Buildings	\$ 175,266	\$ 175,266	\$ 175,266	\$ 175,688
Equipment	114,112	108,755	114,112	108,755
Fixed Assets	\$ 289,378	\$ 284,021	\$ 289,378	\$ 284,021
Accumulated Depreciation	(131,510)	(115,031)	(131,510)	(115,031)
Fixed Assets, net	\$ 157,868	\$ 168,990	\$ 157,868	\$ 168,990

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 2016-2017 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, 2017. 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 the 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, 2017**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$100,779.83	\$ 4,734.48	\$105,514.31
Receivables, Net	327,450.00		327,450.00
Interfunds Receivable	-	15,088.00	15,088.00
Restricted Assets:			
Cash and Cash Equivalents	45,000.00		45,000.00
Capital Assets, Net	<u>157,868.39</u>	-	<u>157,868.39</u>
Total Assets	<u>631,098.22</u>	<u>19,822.48</u>	<u>650,920.70</u>
DEFERRED OUTFLOWS			
Pension Deferred Outflows	<u>116,044.00</u>		<u>116,044.00</u>
LIABILITIES			
Accounts Payable	12,643.00	3,271.39	15,914.39
Interfunds Payable	15,088.00	-	15,088.00
Deposits Payable	195,412.00		195,412.00
Unearned Revenue	8,241.78		8,241.78
Noncurrent Liabilities:			
Due Beyond One Year	<u>396,324.00</u>	-	<u>396,324.00</u>
Total Liabilities	<u>627,708.78</u>	<u>3,271.39</u>	<u>630,980.17</u>
DEFERRED INFLOWS			
Pension Deferred Inflows	<u>137,952.00</u>		<u>137,952.00</u>
NET POSITION			
Net Investment in Capital Assets	157,868.39		157,868.39
Restricted for:			
Mandated Reserve	45,000.00		45,000.00
Unrestricted/Unassigned	<u>(221,386.95)</u>	<u>16,551.09</u>	<u>(204,835.86)</u>
Total Net Position	<u>\$ (18,518.56)</u>	<u>\$16,551.09</u>	<u>\$ (1,967.47)</u>

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

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Activities

For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,354,119.70	\$ -	\$ 655,019.22	\$ -	\$ (1,699,100.48)	\$ -	\$ (1,699,100.48)
Other Instruction	92,606.01		31,694.48		(60,911.53)		(60,911.53)
Support Services:							
Student and Instruction Related Services	660,836.78		211,296.52		(449,540.25)		(449,540.25)
General and Business Administrative Services	792,417.86		158,472.39		(633,945.47)		(633,945.47)
Plant Operations and Maintenance	546,598.53		-		(546,598.53)		(546,598.53)
Pupil Transportation	17,395.64		-		(17,395.64)		(17,395.64)
Total Governmental Activities	4,463,974.53	-	1,056,482.62	-	(3,407,491.90)	-	(3,407,491.90)
Business-type Activities:							
Food Service	91,422.59	92,653.93				1,231.34	1,231.34
After School	64,784.43	52,396.15				(12,388.28)	(12,388.28)
Total Business-type Activities	156,207.02	145,050.08				(11,156.94)	(11,156.94)
Total Primary Government	\$ 4,620,181.55	\$ 145,050.08	\$ 1,056,482.62	\$ -	\$ (3,407,491.90)	\$ (11,156.94)	\$ (3,418,648.84)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 3,370,368.00	\$ -	\$ 3,370,368.00
Investment Earnings					1.03		1.03
Miscellaneous Income					25,304.73		25,304.73
Total General Revenues, Special Items, Extraordinary Items and Transfers					3,395,673.76		3,395,673.76
Change in Net Position					(11,818.14)	(11,156.94)	(22,975.08)
Net Position—Beginning					(6,700.42)	27,708.03	21,007.61
Net Position—Ending					\$ (18,518.56)	\$ 16,551.09	\$ (1,967.47)

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

FUND FINANCIAL STATEMENTS

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 100,779.83	\$ -	\$ 100,779.83
Interfunds Receivable	24,021.22		24,021.22
Receivables from Other Governments	295,187.00	32,263.00	327,450.00
Restricted Cash and Cash Equivalents	<u>45,000.00</u>	<u>-</u>	<u>45,000.00</u>
Total Assets	<u>\$ 464,988.05</u>	<u>\$ 32,263.00</u>	<u>\$ 497,251.05</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,178.00	\$ -	\$ 1,178.00
Interfunds Payable	15,088.00	24,021.22	39,109.22
Payable to Other Local Units	195,412.00		195,412.00
Unearned Revenue - State	-	453.00	453.00
Unearned Revenue - Local	<u>-</u>	<u>7,788.78</u>	<u>7,788.78</u>
Total Liabilities	<u>211,678.00</u>	<u>32,263.00</u>	<u>243,941.00</u>
Fund Balances:			
Restricted:			
Mandated Reserve Account	45,000.00		45,000.00
Unrestricted:			
General Fund	<u>208,310.05</u>		<u>208,310.05</u>
Total Fund Balances	<u>253,310.05</u>	<u>-</u>	<u>253,310.05</u>
Total Liabilities and Fund Balances	<u>\$ 464,988.05</u>	<u>\$ 32,263.00</u>	

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

Accounts payable for subsequent pension payment is not a payable in the funds	(11,465.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$289,378.25 and the accumulated depreciation is \$131,509.86.	157,868.39
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.	116,044.00
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.	(137,952.00)
Long-term liabilities, including the net pension payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(396,324.00)</u>
Net position of governmental activities	<u>\$ (18,518.56)</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 3,370,368.00	\$ -	\$ 3,370,368.00
Interest Earned on Investments	1.03		1.03
Miscellaneous	7,442.29	17,862.44	25,304.73
Total - Local Sources	3,377,811.32	17,862.44	3,395,673.76
State Sources	481,258.62	-	481,258.62
Federal Sources	-	54,940.00	54,940.00
Total Revenues	<u>3,859,069.94</u>	<u>72,802.44</u>	<u>3,931,872.38</u>
EXPENDITURES			
Current:			
Regular Instruction	1,455,932.74	29,356.04	1,485,288.78
Other Instruction	51,084.07		51,084.07
Support Services and Undistributed Costs:			
Student and Instruction Related Services	337,281.80	43,446.40	380,728.20
General and Business Administrative Services	582,336.43		582,336.43
Plant Operations and Maintenance	546,598.53		546,598.53
Pupil Transportation	17,395.64		17,395.64
Unallocated Benefits	872,994.68		872,994.68
Capital Outlay	5,357.00	-	5,357.00
Total Expenditures	<u>3,868,980.89</u>	<u>72,802.44</u>	<u>3,941,783.33</u>
Net Change in Fund Balances	(9,910.95)	-	(9,910.95)
Fund Balance—July 1	263,221.00	-	263,221.00
Fund Balance—June 30	<u>\$ 253,310.05</u>	<u>\$ -</u>	<u>\$ 253,310.05</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2) \$ (9,910.95)

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

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

This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (16,478.19)	
	Capital outlays	<u>5,357.00</u>	
			(11,121.19)

Pension contributions are reported in governmental funds as expenditures when made.

However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	11,888.00	
	Less: Pension Expense	<u>(2,674.00)</u>	
	(Increase) in Pension Expense		9,214.00

Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

	Increase in On-behalf State Aid TPAF Pension	(520,284.00)	
	Increase in On-behalf TPAF Pension Expense	520,284.00	

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

Change in net position of governmental activities \$ (11,818.14)

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, 2017**

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,111.39	\$ 1,623.09	\$ 4,734.48
Interfund Receivable	-	15,088.00	15,088.00
Total Current Assets	<u>3,111.39</u>	<u>16,711.09</u>	<u>19,822.48</u>
Total Assets	<u>3,111.39</u>	<u>16,711.09</u>	<u>19,822.48</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	<u>3,111.39</u>	<u>160.00</u>	<u>3,271.39</u>
Total Current Liabilities	<u>3,111.39</u>	<u>160.00</u>	<u>3,271.39</u>
NET POSITION			
Unrestricted	-	16,551.09	16,551.09
Total Net Position	<u>\$ -</u>	<u>\$ 16,551.09</u>	<u>\$ 16,551.09</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, 2017**

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Program	\$ 92,653.93	\$ -	\$ 92,653.93
Program Fees	-	52,396.15	52,396.15
Total Operating Revenues	<u>92,653.93</u>	<u>52,396.15</u>	<u>145,050.08</u>
Operating Expenses:			
Cost of Sales - Non-reimbursable Program	34,040.46		34,040.46
Salaries	50,601.56	52,662.55	103,264.11
Cleaning, Repair and Maintenance Services	3,134.53		3,134.53
Miscellaneous	2,230.00		2,230.00
General Supplies	1,416.04	12,121.88	13,537.92
Total Operating Expenses	<u>91,422.59</u>	<u>64,784.43</u>	<u>156,207.02</u>
Operating Income (Loss)	<u>1,231.34</u>	<u>(12,388.28)</u>	<u>(11,156.94)</u>
Income (Loss) Before Contributions and Transfer:	1,231.34	(12,388.28)	(11,156.94)
Transfers In (Out)	<u>(1,231.34)</u>	<u>1,231.34</u>	<u>-</u>
Change in Net Position	0.00	(11,156.94)	(11,156.94)
Total Net Position—Beginning	-	27,708.03	27,708.03
Total Net Position—Ending	<u>\$ 0.00</u>	<u>\$ 16,551.09</u>	<u>\$ 16,551.09</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds		
	Food Service	After School	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 92,653.93	\$ 52,396.15	\$ 145,050.08
Payments to Employees	(50,601.56)	(52,662.55)	(103,264.11)
Payments to Suppliers	<u>(37,709.64)</u>	<u>(12,161.88)</u>	<u>(49,871.52)</u>
Net Cash Provided By (Used for) Operating Activities	<u>4,342.73</u>	<u>(12,428.28)</u>	<u>(8,085.55)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	<u>(1,231.34)</u>	<u>(3,837.40)</u>	<u>(5,068.74)</u>
Net Cash (Used for) Non-Capital Financing Activities	<u>(1,231.34)</u>	<u>(3,837.40)</u>	<u>(5,068.74)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,111.39	(16,265.68)	(13,154.29)
Balances—Beginning of Year	<u>-</u>	<u>17,888.77</u>	<u>17,888.77</u>
Balances—End of Year	<u>\$ 3,111.39</u>	<u>\$ 1,623.09</u>	<u>\$ 4,734.48</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities:			
Operating Income (Loss)	\$ 1,231.34	\$ (12,388.28)	\$ (11,156.94)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	<u>3,111.39</u>	<u>(40.00)</u>	<u>3,071.39</u>
Total Adjustments	<u>3,111.39</u>	<u>(40.00)</u>	<u>3,071.39</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ 4,342.73</u>	<u>\$ (12,428.28)</u>	<u>\$ (8,085.55)</u>

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 10.00	\$ 19,451.04
Total Assets	<u>\$ 10.00</u>	<u>\$ 19,451.04</u>
LIABILITIES		
Reserve for Fund Raising		\$ 10,629.17
Payable to Student Groups		7,930.66
Payroll Deductions and Withholdings	-	891.21
Total Liabilities	<u>-</u>	<u>\$ 19,451.04</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 10.00</u>	

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

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 12,071.76
Other	<u>1,385.01</u>
Total Contributions	<u>13,456.77</u>
DEDUCTIONS	
Unemployment Claims	<u>13,456.77</u>
Total Deductions	<u>13,456.77</u>
Change in Net Position	<u>-</u>
Net Position—Beginning	<u>10.00</u>
Net Position—Ending	<u>\$ 10.00</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Unity Charter School (“Charter school”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Unity Charter School located in the County of Morris, State of New Jersey. The board consists of elected officials and is responsible for the fiscal control of the Charter School. The purpose of the district is to educate students in grades K-8. An Executive Director is appointed by the Board and is responsible for the administrative control of the Charter School.

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

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 criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, 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 District over which the Board exercises operating control. The operations of the District include an elementary and middle school located in Morristown, NJ. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Unity Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

District-wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall Charter School, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

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

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

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. 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 Board 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 Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund and After School Program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendent's office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made material supplemental budgetary appropriation adjustments during the fiscal year from surplus funds totaling \$40,752.40.

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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control (continued)

for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

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

Additionally, the Board 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

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments (continued)

Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 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.

G. Tuition Revenues/Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Tuition Payable

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Short-Term Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund” receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the Charter School implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

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

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Charter School has only one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Charter School has one item that qualifies in this category, deferred amounts related to pension.

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Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses

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

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Use of Estimates

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

X. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Charter School had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Charter School believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The Charter School is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The Charter School is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Charter School does not believe this Statement will have any effect on future financial statements.

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Charter School does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Charter School does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Charter School is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Charter School is currently reviewing what effect, if any, this Statement might have on future financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Charter School's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the Charter School's bank balance of \$140,944.16 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS 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.

NOTE 4. RECEIVABLES

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

	Governmental Fund Financial <u>Activities</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$41,671.00	\$ -	\$41,671.00
Federal Aid	32,263.00		32,263.00
Other	253,516.00	-	253,516.00
Interfunds	<u>24,021.22</u>	<u>15,088.00</u>	<u>15,088.00</u>
Gross Receivables	<u>351,471.22</u>	<u>15,088.00</u>	<u>342,538.00</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>\$351,471.22</u>	<u>\$15,088.00</u>	<u>\$342,538.00</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to General Fund from Special Revenue Fund for cash advances until Federal Funds are received.	\$24,021.22
Due to Enterprise Fund from the General Fund for After Care revenue received.	<u>15,088.00</u>
	<u>\$39,109.22</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Buildings and Improvements	\$175,265.73	-	-	\$175,265.73
Machinery and Equipment	<u>108,755.52</u>	<u>5,357.00</u>	-	<u>114,112.52</u>
Totals at Historical Cost	<u>284,021.25</u>	<u>5,357.00</u>	-	<u>289,378.25</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(28,647.71)	(8,763.29)	-	(37,411.00)
Machinery and Equipment	<u>(86,383.96)</u>	<u>(7,714.90)</u>	-	<u>(94,098.86)</u>
Total Accumulated Depreciation	<u>(115,031.67)</u>	<u>(16,478.19)</u>	(1) -	<u>(131,509.86)</u>
Net Capital Assets Being Depreciated	<u>168,989.58</u>	<u>(11,121.19)</u>	-	<u>157,868.39</u>
Governmental Activities Capital Assets, Net	<u>\$ 168,989.58</u>	<u>\$ (11,121.19)</u>	<u>\$ -</u>	<u>\$ 157,868.39</u>

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

Instruction	(10,710.82)
Student and Instruction Related Services	(3,295.64)
Plant Operations and Maintenance	<u>(2,471.73)</u>
	<u>\$ (16,478.19)</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2017 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Net Pension Liability	\$385,260.00	11,064.00	-	\$396,324.00	
Total Other Liabilities	<u>\$385,260.00</u>	<u>11,064.00</u>	-	<u>\$396,324.00</u>	-
Governmental Activities					
Long - Term Liabilities	<u>\$385,260.00</u>	<u>\$11,064.00</u>	<u>\$ -</u>	<u>\$396,324.00</u>	<u>\$ -</u>

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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NOTE 8. PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at:
http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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 Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District 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.

Benefits Provided

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

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

The following represents the membership tiers for TPAF:

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

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

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 Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, 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.

Benefits Provided

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

**Unity Charter School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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NOTE 8. PENSION PLANS: (continued)

The following represents the membership tiers for PERS:

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

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

Defined Contribution Retirement Program

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/17	\$ 11,888.00	\$8,460.26
6/30/16	14,755.00	6,776.19
6/30/15	15,679.00	7,448.95

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>LTDI Contribution</u>
6/30/17	\$117,724.00	\$101,644.00	4,265.00	\$710.00
6/30/16	82,872.00	103,594.00	4,128.00	-
6/30/15	56,997.00	96,993.00	4,101.00	-

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$102,430.62 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

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**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the Charter School had a liability of \$396,324.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.0013381575 percent, which was a decrease of 0.00037807540 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$2,674.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,370.00	\$ -
Changes of assumptions	82,097.00	-
Net difference between projected and actual earnings on pension plan investments	15,112.00	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0.00	137,952.00
District contributions subsequent to the measurement date	<u>11,465.00</u>	<u>-</u>
Total	<u>\$116,044.00</u>	<u>\$ 137,952.00</u>

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Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

The \$11,465.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$23,545.00
2018	23,545.00
2019	27,278.00
2020	22,917.00
2021	7,294.00

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	396,324	385,260
District s Proportion	0.0013381575%	0.0017162%

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Actuarial Assumptions

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

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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

Mortality Rates

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

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 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%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	1%	<u>June 30, 2016</u> At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$485,649	\$396,324	\$322,579

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the Charter School recognized at June 30, 2017 was as follows:

Net Pension Liability:

Charter School's proportionate share	\$ -0-
State's proportionate share associated with the Charter School	<u>8,548,132</u>
	<u>\$ 8,548,132</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the Charter School was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the Charter School was 0.0108663108%.

For the year ended June 30, 2017, the Charter School recognized on-behalf pension expense and revenue of \$642,273.00 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Actuarial Assumptions (continued)

was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Mortality Rates

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

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

Long-Term Expected Rate of Return

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

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	<u>3.75%</u>	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2026, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. 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 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. 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 SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financia1/2016divisioncombined.pdf>

**Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 10. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the Charter School should they occur.

The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium. (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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. The table below is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$1,385.01	\$12,071.76	\$13,456.77	\$10.00
2015-2016	9,999.00	11,121.00	21,120.00	10.00
2014-2015	10,079.00	10,066.00	20,145.00	10.00

Unity Charter School
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017

NOTE 16. CONTINGENT LIABILITIES

Litigation - The Board's attorney is unaware of any potential claims against the Charter School that would materially affect the financial condition of the Charter School.

NOTE 17: SUBSEQUENT EVENT

As part of the fiscal requirements of the Performance Framework, instituted in 2014 by the Department of Education, all Charter Schools 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.

The Charter School has evaluated subsequent events through December 12, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>	
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 3,374,021.00	\$ -	\$ 3,374,021.00	\$ 3,370,368.00	\$ (3,653.00)	
Interest Earned on Investments	-	-	-	1.03	1.03	
Miscellaneous	-	-	-	7,442.29	7,442.29	
Total - Local Sources	<u>3,374,021.00</u>	<u>-</u>	<u>3,374,021.00</u>	<u>3,377,811.32</u>	<u>3,790.32</u>	
State Sources:						
Local Tax Levy - State Aid Share	109,902.00	-	109,902.00	109,902.00	-	
Special Education Categorical Aid	2,326.00	-	2,326.00	2,326.00	-	
Security Aid	586.00	-	586.00	586.00	-	
Adjustment Aid	-	-	-	41,671.00	41,671.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	101,644.00	101,644.00	
TPAF LTDI (On-Behalf) (Non-budgeted)	-	-	-	710.00	710.00	
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	121,989.00	121,989.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	102,430.62	102,430.62	
Total State Sources	<u>112,814.00</u>	<u>-</u>	<u>112,814.00</u>	<u>481,258.62</u>	<u>368,444.62</u>	
Total Revenues	<u>3,486,835.00</u>	<u>-</u>	<u>3,486,835.00</u>	<u>3,859,069.94</u>	<u>372,234.94</u>	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Grades 6-8 - Salaries of Teachers	130-100-101	1,242,060.00	(7,480.20)	1,234,579.80	1,234,284.16	295.64
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	51,606.00	(6,349.00)	45,257.00	45,249.55	7.45
Purchased Technical Services	190-100-340	40,384.00	(14,465.80)	25,918.20	25,248.52	669.68
Other Purchased Services (400-500 series)	190-100-500	69,980.00	(28,558.00)	41,422.00	40,642.00	780.00
General Supplies	190-100-610	50,676.00	56,828.43	107,504.43	106,640.57	863.86
Textbooks	190-100-640	23,500.00	(23,500.00)	-	-	-
Other Objects	190-100-800	3,700.00	500.00	4,200.00	3,867.94	332.06
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>1,481,906.00</u>	<u>(23,024.57)</u>	<u>1,458,881.43</u>	<u>1,455,932.74</u>	<u>2,948.69</u>
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100		24,427.00	24,427.00	24,426.25	0.75
Supplies and Materials	401-100-600		361.41	361.41	358.26	3.15
Other Objects	401-100-800		-	23,100.00	22,606.56	493.44
Total School-Spon. Cocurricular Actvts. - Inst.			<u>47,888.41</u>	<u>47,888.41</u>	<u>47,391.07</u>	<u>497.34</u>
Other Instructional Programs - Instruction						
Salaries	402-100-100		2,850.00	2,850.00	2,850.00	-
Supplies and Materials	402-100-600		-	913.00	843.00	70.00
Total Other Instructional Programs - Instruction			<u>3,763.00</u>	<u>3,763.00</u>	<u>3,693.00</u>	<u>70.00</u>
Total Instruction		<u>1,481,906.00</u>	<u>28,626.84</u>	<u>1,510,532.84</u>	<u>1,507,016.81</u>	<u>3,516.03</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	64,733.00	(3,910.00)	60,823.00	60,738.14	84.86
Purchased Professional and Technical Services	000-213-300	2,555.00	7,240.00	9,795.00	8,737.50	1,057.50
Supplies and Materials	000-213-600	2,300.00	(196.00)	2,104.00	1,967.43	136.57
Other Objects	000-213-800	-	150.00	150.00	95.00	55.00
Total Undistributed Expenditures - Health Services		<u>69,588.00</u>	<u>3,284.00</u>	<u>72,872.00</u>	<u>71,538.07</u>	<u>1,333.93</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Purchased Professional - Educational Services	000-216-320	10,000.00	20,687.00	30,687.00	30,300.79	386.21
Supplies and Materials	000-216-600	1,400.00	(811.50)	588.50	179.58	408.92
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.		<u>11,400.00</u>	<u>19,875.50</u>	<u>31,275.50</u>	<u>30,480.37</u>	<u>795.13</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	73,367.00	(29,879.00)	43,488.00	43,466.45	21.55
Other Purchased Prof. and Tech. Services	000-218-390	5,300.00	(1,567.00)	3,733.00	3,033.00	700.00
Supplies and Materials	000-218-600	700.00	(280.00)	420.00	-	420.00
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		<u>79,367.00</u>	<u>(31,726.00)</u>	<u>47,641.00</u>	<u>46,499.45</u>	<u>1,141.55</u>
Undist. Expend. - Other Supp. Serv. Students-Special						
Salaries of Other Professional Staff	000-219-104	129,472.00	9,088.00	138,560.00	138,509.92	50.08
Salaries of Secretarial and Clerical Assistants	000-219-105	30,414.00	(4,414.00)	26,000.00	25,818.31	181.69
Other Purchased Prof. and Tech. Services	000-219-390	19,500.00	(9,600.00)	9,900.00	7,301.25	2,598.75
Misc. Pur. Serv. (400-500 series) Other Than Residential Cos	000-219-592	495.00	360.00	855.00	485.00	370.00
Supplies and Materials	000-219-600	1,000.00	895.00	1,895.00	1,684.93	210.07
Other Objects	000-219-800	525.00	25.00	550.00	550.00	-
Total Undist. Expend. - Other Supp. Serv. Students-Spl.		<u>181,406.00</u>	<u>(3,646.00)</u>	<u>177,760.00</u>	<u>174,349.41</u>	<u>3,410.59</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	\$ 6,000.00	\$ (2,997.50)	\$ 3,002.50	\$ 2,999.29	\$ 3.21
Purchased Prof- Educational Services	000-221-320	2,000.00	(1,930.00)	70.00	70.00	-
Supplies and Materials	000-221-600	500.00	929.00	1,429.00	1,429.00	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>8,500.00</u>	<u>(3,998.50)</u>	<u>4,501.50</u>	<u>4,498.29</u>	<u>3.21</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	10,000.00	-	10,000.00	9,748.32	251.68
Other Purchased Services (400-500 series)	000-223-500	1,000.00	-	1,000.00	167.89	832.11
Total Undist. Expend. - Instructional Staff Training Serv.		<u>11,000.00</u>	<u>-</u>	<u>11,000.00</u>	<u>9,916.21</u>	<u>1,083.79</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	295,034.00	(2,334.00)	292,700.00	292,691.62	8.38
Legal Services	000-230-331	21,000.00	6,000.00	27,000.00	26,861.97	138.03
Auditing Services	000-230-331	10,000.00	(100.00)	9,900.00	9,900.00	-
Other Purchased Professional Services	000-230-339	8,200.00	1,717.00	9,917.00	9,917.00	-
Communications/Telephone	000-230-530	7,571.00	1,830.71	9,401.71	9,094.01	307.70
Other Purchased Services (400-500 series)	000-230-590	16,567.00	(1,401.81)	15,165.19	14,953.83	211.36
Supplies and Materials	000-230-600	8,500.00	8,916.73	17,416.73	17,397.78	18.95
Miscellaneous Expenditures	000-230-890	11,203.00	(120.51)	11,082.49	10,676.49	406.00
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>378,075.00</u>	<u>14,508.12</u>	<u>392,583.12</u>	<u>391,492.70</u>	<u>1,090.42</u>
Undist. Expend.- Central Services						
Salaries	000-251-100	36,210.00	14,593.19	50,803.19	50,780.21	22.98
Purchased Professional Services	000-251-330	65,000.00	(23,207.50)	41,792.50	41,792.50	-
Purchased Technical Services	000-251-340	11,655.00	(2,630.00)	9,025.00	8,997.48	27.52
Miscellaneous Purchased Services (400-500 series)	000-251-592	8,200.00	(1,900.00)	6,300.00	6,219.90	80.10
Supplies and Materials	000-251-600	2,400.00	2,564.56	4,964.56	4,724.91	239.65
Other Objects	000-251-890	2,412.00	2,538.00	4,950.00	4,948.89	1.11
Total Undist. Expend. - Support Serv. - School Admin.		<u>125,877.00</u>	<u>(8,041.75)</u>	<u>117,835.25</u>	<u>117,463.89</u>	<u>371.36</u>
Undist. Expend.- Admin. Info. Technology						
Salaries	000-252-100	55,381.00	(617.00)	54,764.00	54,763.92	0.08
Purchased Technical Services	000-252-340	8,175.00	6,805.84	14,980.84	14,645.84	335.00
Supplies and Materials	000-252-600	1,500.00	2,494.16	3,994.16	3,970.08	24.08
Total Undist. Expend. - Admin. Info Technology		<u>65,056.00</u>	<u>8,683.00</u>	<u>73,739.00</u>	<u>73,379.84</u>	<u>359.16</u>
Undist. Expend. - Required Maint. for Sch. Facil.						
Cleaning, Repair and Maintenance Services	000-261-420	19,365.00	10,865.48	30,230.48	29,387.11	843.37
General Supplies	000-261-610	5,800.00	5,033.33	10,833.33	10,745.80	87.53
Total Undist. Expend. - Required Maint. for Sch. Facil.		<u>25,165.00</u>	<u>15,898.81</u>	<u>41,063.81</u>	<u>40,132.91</u>	<u>930.90</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	35,930.00	2,868.00	38,798.00	38,796.17	1.83
Rentals Other Than Lease Purchase Agreements	000-262-441	375,495.00	8,809.41	384,304.41	367,052.24	17,252.17
Other Purchased Property Services	000-262-490	9,027.00	(1,430.00)	7,597.00	7,443.88	153.12
Insurance	000-262-520	21,600.00	(1,000.00)	20,600.00	20,535.50	64.50
General Supplies	000-262-610	13,500.00	(6,929.83)	6,570.17	6,509.95	60.22
Energy (Energy and Electricity)	000-262-620	42,955.00	(14,600.00)	28,355.00	28,243.49	111.51
Other Objects	000-262-800	2,000.00	(2,000.00)	-	-	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>500,507.00</u>	<u>(14,282.42)</u>	<u>486,224.58</u>	<u>468,581.23</u>	<u>17,643.35</u>
Care and Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	30,715.00	5,950.00	36,665.00	36,647.79	17.21
General Supplies	000-263-610	2,000.00	(763.40)	1,236.60	1,236.60	-
Total Care and Upkeep of Grounds		<u>32,715.00</u>	<u>5,186.60</u>	<u>37,901.60</u>	<u>37,884.39</u>	<u>17.21</u>
Undist. Expend. - Student Transportation Serv.						
Contracted Services (Other than Between Home and School)	000-270-512	20,000.00	635.00	20,635.00	17,395.64	3,239.36
Total Undist. Expend. - Student Transportation Serv.		<u>20,000.00</u>	<u>635.00</u>	<u>20,635.00</u>	<u>17,395.64</u>	<u>3,239.36</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	\$ 48,000.00	\$ 7,497.16	\$ 55,497.16	\$ 55,147.79	\$ 349.37
Other Retirement Contributions - Regular	000-291-241	26,000.00	(4,349.96)	21,650.04	21,648.68	1.36
Unemployment Compensation	000-291-250	11,100.00	2,395.00	13,495.00	13,456.77	38.23
Workmen's Compensation	000-291-260	15,793.00	(2,275.00)	13,518.00	13,514.45	3.55
Health Benefits	000-291-270	432,780.00	3,775.00	436,555.00	436,552.87	2.13
Tuition Reimbursement	000-291-280	4,000.00	(850.00)	3,150.00	3,100.50	49.50
Other Employee Benefits	000-291-290	5,600.00	(2,800.00)	2,800.00	2,800.00	-
TOTAL UNALLOCATED BENEFITS		<u>543,273.00</u>	<u>3,392.20</u>	<u>546,665.20</u>	<u>546,221.06</u>	<u>444.14</u>
On-behalf TPAF Pension Contributions (non-budgeted)			-		101,644.00	(101,644.00)
On-Behalf TPAF LTDI Contributions (non-budgeted)					710.00	(710.00)
On-behalf TPAF PRM Contributions (non-budgeted)					121,989.00	(121,989.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	102,430.62	(102,430.62)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>326,773.62</u>	<u>(326,773.62)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>543,273.00</u>	<u>3,392.20</u>	<u>546,665.20</u>	<u>872,994.68</u>	<u>(326,329.48)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>2,051,929.00</u>	<u>9,768.56</u>	<u>2,061,697.56</u>	<u>2,356,607.08</u>	<u>(294,909.52)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>3,533,835.00</u>	<u>38,395.40</u>	<u>3,572,230.40</u>	<u>3,863,623.89</u>	<u>(291,393.49)</u>
CAPITAL OUTLAY						
Equipment						
Undistributed Expenditures - Instruction	000-100-730	3,000.00	2,357.00	5,357.00	5,357.00	-
TOTAL CAPITAL OUTLAY		<u>3,000.00</u>	<u>2,357.00</u>	<u>5,357.00</u>	<u>5,357.00</u>	<u>-</u>
TOTAL EXPENDITURES		<u>3,536,835.00</u>	<u>40,752.40</u>	<u>3,577,587.40</u>	<u>3,868,980.89</u>	<u>(291,393.49)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(50,000.00)</u>	<u>(40,752.40)</u>	<u>(90,752.40)</u>	<u>(9,910.95)</u>	<u>80,841.45</u>
Fund Balance, July 1		<u>263,221.00</u>	<u>-</u>	<u>263,221.00</u>	<u>263,221.00</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 213,221.00</u>	<u>\$ (40,752.40)</u>	<u>\$ 172,468.60</u>	<u>\$ 253,310.05</u>	<u>\$ 80,841.45</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Mandated Reserve		\$ -	\$ -	\$ -	\$ 45,000.00	\$ 45,000.00
Budgeted Fund Balance		<u>(50,000.00)</u>	<u>(40,752.40)</u>	<u>(90,752.40)</u>	<u>(54,910.95)</u>	<u>35,841.45</u>
Total		<u>\$ (50,000.00)</u>	<u>\$ (40,752.40)</u>	<u>\$ (90,752.40)</u>	<u>\$ (9,910.95)</u>	<u>\$ 80,841.45</u>
Analysis of Fund Balance June 30, 2017:						
Restricted Fund Balance:						
State Mandated Reserve					\$ 45,000.00	
Unassigned Fund Balance					<u>208,310.05</u>	
					<u>\$ 253,310.05</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2017					\$ 253,310.05	
Last Current Year State Aid Payment Not Realized on GAAP Basis					<u>-</u>	
					<u>\$ 253,310.05</u>	

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 453.00	\$ -	\$ 453.00	\$ -	\$ 453.00
Federal Sources	47,093.00	8,822.00	55,915.00	54,940.00	975.00
Local Sources	<u>27,559.00</u>	<u>(1,907.78)</u>	<u>25,651.22</u>	<u>17,862.44</u>	<u>7,788.78</u>
Total Revenues	<u>75,105.00</u>	<u>6,914.22</u>	<u>82,019.22</u>	<u>72,802.44</u>	<u>9,216.78</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	25,783.00	(11,856.00)	13,927.00	13,927.00	-
Purchased Professional and Technical Services	1,953.00	8,433.06	10,386.06	9,500.00	886.06
General Supplies	<u>15,276.00</u>	<u>(1,016.24)</u>	<u>14,259.76</u>	<u>5,929.04</u>	<u>8,330.72</u>
Total Instruction	<u>43,012.00</u>	<u>(4,439.18)</u>	<u>38,572.82</u>	<u>29,356.04</u>	<u>9,216.78</u>
Support Services					
Purchased Professional - Educational Services		41,013.00	41,013.00	41,013.00	-
Other Purchased Services (400-500 series)	<u>32,093.00</u>	<u>(29,659.60)</u>	<u>2,433.40</u>	<u>2,433.40</u>	<u>-</u>
Total Support Services	<u>32,093.00</u>	<u>11,353.40</u>	<u>43,446.40</u>	<u>43,446.40</u>	<u>-</u>
Total Expenditures	<u>75,105.00</u>	<u>6,914.22</u>	<u>82,019.22</u>	<u>72,802.44</u>	<u>9,216.78</u>
Total Outflows	<u>\$ 75,105.00</u>	<u>\$ 6,914.22</u>	<u>\$ 82,019.22</u>	<u>\$ 72,802.44</u>	<u>\$ 9,216.78</u>

**NOTES TO 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

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1,C-2]	\$ 3,859,069.94	\$ 72,802.44
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		-	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 3,859,069.94</u>	<u>\$ 72,802.44</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1,C-2]	\$ 3,868,980.89	\$ 72,802.44
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 3,868,980.89</u>	<u>\$ 72,802.44</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0019019013%	\$ 356,088	\$ 133,471	266.79%	47.92%
2016	0.0017162329%	385,260	106,432	361.98%	52.07%
2017	0.0013381575%	396,324	96,836	409.27%	59.86%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 15,679	\$ 15,679	\$ -	\$ 133,471	11.75%
2016	14,755	14,755	-	106,432	13.86%
2017	11,888	11,888		96,836	12.28%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0103286656%	\$ -	\$ 5,520,336	\$ 1,035,413	0.00%	33.64%
2016	0.0113011217%	\$ -	7,142,792	1,202,738	0.00%	28.71%
2017	0.0108663108%	\$ -	8,548,132	1,337,635	0.00%	22.33%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

OTHER SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	54,940.00	-	54,940.00	-
Local Sources	<u>17,862.44</u>	<u>-</u>	<u>-</u>	<u>17,862.44</u>
Total Revenues	<u><u>72,802.44</u></u>	<u><u>-</u></u>	<u><u>54,940.00</u></u>	<u><u>17,862.44</u></u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries 100-100	13,927.00	-	13,927.00	-
Purchased Professional and Technical Services 100-300	9,500.00	-	-	9,500.00
General Supplies 100-610	<u>5,929.04</u>	<u>-</u>	<u>-</u>	<u>5,929.04</u>
Total Instruction	<u><u>29,356.04</u></u>	<u><u>-</u></u>	<u><u>13,927.00</u></u>	<u><u>15,429.04</u></u>
Support Services:				
Purchased Professional - Educational Services 200-320	41,013.00	-	41,013.00	-
Other Purchased Services (400-500 series) 200-500	<u>2,433.40</u>	<u>-</u>	<u>-</u>	<u>2,433.40</u>
Total Support Services	<u><u>43,446.40</u></u>	<u><u>-</u></u>	<u><u>41,013.00</u></u>	<u><u>2,433.40</u></u>
Total Expenditures	<u><u>\$ 72,802.44</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,940.00</u></u>	<u><u>\$ 17,862.44</u></u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Total</u>	<u>N.C.L.B.</u> <u>Title I</u>	<u>I.D.E.A. Part B</u>	
			<u>Basic</u>	<u>Preschool</u>
REVENUES				
Federal Sources	\$ 54,940.00	\$ 13,927.00	\$ 38,734.00	\$ 2,279.00
Total Federal Revenues	<u>54,940.00</u>	<u>13,927.00</u>	<u>38,734.00</u>	<u>2,279.00</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	100-100 13,927.00	13,927.00		
Total Instruction	<u>13,927.00</u>	<u>13,927.00</u>	-	-
Support Services:				
Purchased Professional - Educational Services	200-320 41,013.00	-	38,734.00	2,279.00
Total Support Services	<u>41,013.00</u>	<u>-</u>	<u>38,734.00</u>	<u>2,279.00</u>
Total Expenditures	<u>\$ 54,940.00</u>	<u>\$ 13,927.00</u>	<u>\$ 38,734.00</u>	<u>\$ 2,279.00</u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

		Slam Dunk Grant	IOBY Grant	Tag Grant	NJSBAIG Security Grant	Sustain NJ Grant	Bayer Science Grant	Garden Grant	Dodge Grant
REVENUES									
Local Sources		\$ 1,048.75	\$ 2,450.00	\$ 275.53	\$ 1,000.00	\$ 365.50	\$ 1,789.26	\$ 1,433.40	\$ 9,500.00
Total Local Revenues		<u>1,048.75</u>	<u>2,450.00</u>	<u>275.53</u>	<u>1,000.00</u>	<u>365.50</u>	<u>1,789.26</u>	<u>1,433.40</u>	<u>9,500.00</u>
EXPENDITURES:									
Instruction:									
Personal Services - Salaries	100-100	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	100-300	9,500.00	-	-	-	-	-	-	9,500.00
General Supplies	100-610	1,048.75	2,450.00	275.53	365.50	1,789.26	-	-	-
Other Objects	100-800	-	-	-	-	-	-	-	-
Total Instruction		<u>1,048.75</u>	<u>2,450.00</u>	<u>275.53</u>	<u>-</u>	<u>1,789.26</u>	<u>-</u>	<u>-</u>	<u>9,500.00</u>
Support Services:									
Other Purchased Services (400-500 series)	200-500	-	-	-	1,000.00	-	-	1,433.40	-
Total Support Services		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000.00</u>	<u>-</u>	<u>-</u>	<u>1,433.40</u>	<u>-</u>
Total Expenditures		<u>\$ 1,048.75</u>	<u>\$ 2,450.00</u>	<u>\$ 275.53</u>	<u>\$ 1,000.00</u>	<u>\$ 365.50</u>	<u>\$ 1,789.26</u>	<u>\$ 1,433.40</u>	<u>\$ 9,500.00</u>

BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

<u>Account</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Student Activity	\$ 555.54	\$ 104,003.45	\$ 96,628.33	\$ 7,930.66
Fund Raising	<u>1,675.62</u>	<u>18,793.00</u>	<u>9,839.45</u>	<u>10,629.17</u>
	<u>\$ 2,231.16</u>	<u>\$ 122,796.45</u>	<u>\$ 106,467.78</u>	<u>\$ 18,559.83</u>

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 760.78	\$ 943,521.33	\$ 944,282.11	\$ -
Net Salaries and Wages	<u>891.21</u>	<u>1,481,919.88</u>	<u>1,481,919.88</u>	<u>891.21</u>
	<u>\$ 1,651.99</u>	<u>\$ 2,425,441.21</u>	<u>\$ 2,426,201.99</u>	<u>\$ 891.21</u>

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

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

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

Debt Capacity Information

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

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
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Performance Framework

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BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Net Assets/Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 157,868.39	\$ 168,990.24	\$ 175,131.63	\$ 119,325.36	\$ 103,261.93	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67
Restricted	45,000.00	40,752.40	46,625.96	40,265.50	-	4,887.00	1,104.00	890.00	852.00	969.00
Unrestricted	(221,386.95)	(216,441.00)	(240,621.00)	(254,234.00)	241,306.38	329,755.37	166,539.22	105,674.00	89,434.54	93,018.39
Total Governmental Activities Net Assets/Position	\$ (18,518.56)	\$ (6,698.36)	\$ (18,663.41)	\$ (94,643.14)	\$ 344,568.31	\$ 423,385.24	\$ 234,445.11	\$ 163,719.01	\$ 153,778.45	\$ 164,236.06
Business-Type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	16,551.09	27,708.03	27,510.41	24,675.93	18,197.98	5,557.48	-	2,324.53	1,222.77	3,349.62
Unrestricted	(16,551.09)	(27,708.03)	(27,510.41)	(24,675.93)	(18,197.98)	(5,557.48)	-	(2,324.53)	(1,222.77)	(3,349.62)
Total Business-Type Activities Net Assets/Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District-Wide										
Net Investment in Capital Assets	\$ 157,868.39	\$ 168,990.24	\$ 175,131.63	\$ 119,325.36	\$ 103,261.93	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67
Restricted	45,000.00	40,752.40	46,625.96	40,265.50	-	4,887.00	1,104.00	890.00	852.00	969.00
Unrestricted	(204,835.86)	(188,732.97)	(213,110.59)	(229,558.07)	259,504.36	335,312.85	166,539.22	107,998.53	90,657.31	96,368.01
Total District Net Assets/Position	\$ (1,967.47)	\$ 21,009.67	\$ 8,647.00	\$ (69,967.21)	\$ 362,766.29	\$ 428,942.72	\$ 234,445.11	\$ 166,043.54	\$ 155,001.22	\$ 167,585.68

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,354,119.70	\$ 1,879,181.61	\$ 2,624,767.32	\$ 1,518,652.49	\$ 1,480,969.50	\$ 1,326,640.68	\$ 975,350.49	\$ 871,765.24	\$ 876,486.32	\$ 878,978.92
Other Instruction	92,606.01									
Support Services:										
Student and Instruction Related Services	660,836.78	433,998.24	567,498.40	361,662.75	388,846.88	299,841.00	234,241.84	287,265.83	297,782.93	204,050.10
General and Business Administrative Services	792,417.86	725,737.16	845,777.34	600,129.01	379,786.39	363,629.46	295,867.93	277,150.98	253,061.98	258,346.76
Plant Operations and Maintenance	546,598.53	537,213.60	528,811.83	437,913.18	454,977.87	402,489.73	359,209.99	167,544.29	158,396.43	148,456.27
Pupil Transportation	17,395.64				7,818.31					
Total Governmental Activities Expenses	4,463,974.52	3,576,130.61	4,566,854.89	2,918,357.43	2,712,398.95	2,392,600.87	1,864,670.25	1,603,726.34	1,585,727.66	1,489,832.05
Business-Type Activities:										
Food Service	91,422.59	38,578.51	25,484.52	22,108.37	31,437.16	14,709.66	51,553.42	50,843.42	47,825.73	55,574.56
After School	64,784.43	63,018.31	57,012.99	35,621.96	33,441.23	34,513.23	34,815.78	22,579.54	30,221.20	28,731.38
Total Business-Type Activities Expense	156,207.02	101,596.82	82,497.51	57,930.33	64,878.39	49,222.79	86,369.20	73,422.96	78,046.93	84,306.94
Total District-Wide Expenses	4,620,181.54	3,677,727.43	4,649,352.40	2,976,287.76	2,777,277.34	2,441,823.66	1,951,039.45	1,677,149.30	1,663,774.59	1,574,137.99
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	1,056,482.62	839,833.10	2,191,474.00	638,299.99	595,322.31	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86
Total Governmental Activities Program Revenues	1,056,482.62	839,833.10	2,191,474.00	638,299.99	595,322.31	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 92,653.93	\$ -	\$ -	\$ -	\$ -	\$ 1,563.47	\$ 21,028.33	\$ 24,417.41	\$ 27,742.11	\$ 26,020.22
After School	52,396.15	101,794.44	85,331.99	64,408.28	77,518.89	53,216.80	33,163.22	23,129.77	27,989.10	29,356.87
Total Business-Type Activities Program Revenues	\$ 145,050.08	\$ 101,794.44	\$ 85,331.99	\$ 64,408.28	\$ 77,518.89	\$ 54,760.27	\$ 54,191.55	\$ 47,547.18	\$ 55,730.21	\$ 55,377.09
Total District-Wide Program Revenues	\$ 1,201,532.70	\$ 941,627.54	\$ 2,276,805.99	\$ 702,708.27	\$ 672,841.20	\$ 611,486.04	\$ 433,713.88	\$ 453,133.10	\$ 603,554.57	\$ 706,912.95
Net (Expense)/Revenue										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	3,370,388.00	2,735,424.00	2,446,840.63	2,283,175.00	2,070,346.00	1,950,276.00	1,554,573.50	1,125,620.55	1,009,657.00	795,838.00
Investment Earnings	1.03	1.53	3.94	2.50	12.66	8.51	13.76	-	1,404.28	4,780.78
Miscellaneous Income	25,304.73	13,037.02	4,316.30	4,869.53	11,256.18	74,560.72	31,119.62	109,399.35	36,574.28	50,325.96
Special Item - Disposal of Assets	-	-	-	-	(43,355.14)	-	-	-	-	-
Transfers	-	-	-	-	-	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)
Total Governmental Activities	3,395,673.76	2,748,462.55	2,451,160.87	2,288,046.03	2,038,259.70	2,024,835.23	1,555,874.22	1,208,080.98	1,027,445.69	820,789.74
Change in Net Assets/Position										
Governmental Activities	(11,818.14)	12,165.04	75,779.98	7,988.59	(78,816.94)	188,940.13	70,726.10	9,940.56	(10,457.61)	(17,506.45)
Business-Type Activities	(11,156.94)	197.62	2,834.48	6,477.95	12,640.50	5,557.48	(2,324.53)	1,101.76	(2,128.65)	1,226.15
Total District-Wide Change in Net Assets/Position	\$ (22,975.08)	\$ 12,362.66	\$ 78,614.46	\$ 14,466.54	\$ (66,176.44)	\$ 194,497.61	\$ 68,401.57	\$ 11,042.32	\$ (12,584.46)	\$ (16,280.30)

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ 45,000.00	\$ 40,752.40	\$ 46,625.96	\$ 40,265.50	\$ -	\$ 4,887.00	\$ 1,104.00	\$ 890.00	\$ 852.00	\$ 969.00
Unreserved	208,310.05	222,468.24	193,772.00	192,965.00	241,306.38	329,755.37	166,539.22	105,674.00	89,434.54	93,018.39
Total General Fund	<u>\$253,310.05</u>	<u>\$263,220.64</u>	<u>\$240,397.96</u>	<u>\$233,230.50</u>	<u>\$241,306.38</u>	<u>\$334,642.37</u>	<u>\$167,643.22</u>	<u>\$106,564.00</u>	<u>\$90,286.54</u>	<u>\$93,987.39</u>
Total Fund Balances	<u>\$253,310.05</u>	<u>\$263,220.64</u>	<u>\$240,397.96</u>	<u>\$233,230.50</u>	<u>\$241,306.38</u>	<u>\$334,642.37</u>	<u>\$167,643.22</u>	<u>\$106,564.00</u>	<u>\$90,286.54</u>	<u>\$93,987.39</u>

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax Levy	\$ 3,370,368.00	\$ 2,735,424.00	\$ 2,446,840.63	\$ 2,283,175.00	\$ 2,070,346.00	\$ 1,950,276.00	\$ 1,554,573.50	\$ 1,125,620.55	\$ 1,009,657.00	\$ 795,838.00
Interest Earnings	1.03	1.53	3.94	2.50	12.66	8.51	13.76	-	1,404.28	4,780.78
Miscellaneous	25,304.73	13,037.02	4,316.30	870.59	11,256.18	74,550.72	31,119.62	109,389.35	36,574.28	50,325.96
State Sources	481,258.62	806,593.00	791,696.00	607,528.00	562,566.31	529,021.77	354,560.01	366,562.04	527,106.36	632,079.86
Federal Sources	54,940.00	37,756.00	34,768.00	30,772.00	32,756.00	27,684.00	24,962.12	39,023.88	20,718.00	19,456.00
Total Revenues	3,931,872.38	3,592,811.55	3,277,624.87	2,922,348.09	2,676,937.15	2,581,541.00	1,965,229.01	1,640,605.82	1,595,459.92	1,502,480.80
Expenditures										
Instruction	1,485,288.78	1,369,635.45	1,223,071.32	1,109,927.72	1,101,725.57	1,056,623.46	784,881.88	689,639.15	716,489.30	704,740.74
Regular Instruction	51,084.07									
Other Instruction	380,728.20	329,980.35	332,301.00	292,710.00	272,156.44	216,758.78	175,636.12	231,227.04	248,553.08	150,438.35
Student and Instruction Related Services	582,336.43	585,765.60	479,359.34	470,425.16	282,266.57	301,317.80	251,913.64	235,121.89	216,139.59	218,137.95
General and Business Administrative Services	546,598.53	513,201.75	485,815.83	431,842.68	454,977.87	402,489.73	359,209.99	167,544.29	158,396.43	148,456.27
Plant Operations and Maintenance	17,395.64			7,818.31						
Pupil Transportation	872,994.66	761,208.09	678,299.00	601,785.75	574,244.33	405,371.38	285,256.50	273,857.07	239,392.50	260,120.14
Employee Benefits	5,357.00	10,198.00	71,611.41	27,729.41	67,082.05	31,980.70	17,419.00			4,215.00
Capital Outlay	3,941,783.33	3,569,989.24	3,270,457.90	2,934,420.72	2,770,273.14	2,414,541.85	1,874,317.13	1,597,389.44	1,578,970.90	1,486,108.45
Total Expenditures	(9,910.95)	22,822.31	7,166.97	(12,072.63)	(93,335.99)	166,999.15	90,911.88	43,216.38	16,489.02	16,372.15
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Other Financing sources (uses)										
Transfers out	-	-	-	-	-	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)
Total other financing sources (uses)							(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)
Net Change in Fund Balances	\$ (9,910.95)	\$ 22,822.31	\$ 7,166.97	\$ (12,072.63)	\$ (93,335.99)	\$ 166,999.15	\$ 61,079.22	\$ 16,277.46	\$ (3,700.85)	\$ (13,782.85)
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

Fiscal Year Ending June 30,	Total	Interest	Prior Year Refunds	Miscellaneous
2008	\$ 9,506.30	\$ 4,780.78	\$ 3,561.27	\$ 1,164.25
2009	5,260.57	1,404.28	1,549.43	2,306.86
2010	170.22		170.22	
2011	46.89	13.76		33.13
2012	2,806.99	8.51	2,798.48	
2013	1,286.74	12.68	1,274.06	
2014	4,000.86	2.86	3,998.00	
2015	18.00	4.00		14.00
2016	5,489.63	1.53	5,033.10	455.00
2017	7,443.32	1.03	7,442.29	

Source: District Records

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

Fiscal Year Ended June 30,	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

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

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

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

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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NOT APPLICABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

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

Function/Program

NOT AVAILABLE

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Operating Statistics
Last Ten Fiscal Years
Unaudited

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

NOT AVAILABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

District Building

NOT APPLICABLE

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

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

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

Gross
Building
Area (SF)

Pending Projects
(w/DOE Project #)

*School Facility

NOT APPLICABLE

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

Source: District records

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

Insurance Schedule

June 30, 2017

(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
PROPERTY SECTION:		
Blanket Building and Contents (fund limit)	\$ 450,000,000	\$ 1,000
Accounts Receivable	250,000	1,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	310,000	1,000
LIABILITY SECTION:		
Comprehensive General Liability	16,000,000	
Automobile Liability	16,000,000	
Employee Benefit Liability	16,000,000	1,000
CRIME:		
Blanket Employee Dishonesty	50,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
SCHOOL BOARD LEGAL LIABILITY - NJSIG	16,000,000	5,000
ENVIRONMENTAL IMPAIRMENT LIABILITY:		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
WORKERS' COMPENSATION (NJSIG):		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - K Slunt	\$131,000	1,000
Treasurer - J Reinhardt	\$131,000	1,000

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Charter School Performance Framework
Financial Performance
Fiscal Ratios

	2015 Audit	2016 Audit	2017 Audit	Source
Cash	344,723.00	320,772.00	150,514.31	Audit: Exhibit A-1
Current Assets	119,366.00	167,209.00	327,450.00	Audit: Exhibit A-1
Total Assets	639,220.00	656,971.00	650,920.70	Audit: Exhibit A-1
Current Liabilities	196,180.00	197,051.00	234,656.17	Audit: Exhibit A-1
Total Liabilities	552,268.00	582,311.00	630,980.17	Audit: Exhibit A-1
Net Position	8,647.00	21,010.00	(1,967.47)	Audit: Exhibit A-1
Total Revenue	4,727,967.00	3,690,090.00	4,597,206.46	Audit: Exhibit A-2
Total Expenses	4,649,352.00	3,677,727.00	4,620,181.55	Audit: Exhibit A-2
Change in Net Position	78,615.00	12,363.00	(22,975.09)	Audit: Exhibit A-2
Depreciation Expense	15,805.00	16,339.00	16,478.19	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	203	219	233	DOE Enrollment Reports
March 30th Budgeted Enrollment	210	220	233	Charter School Budget

Near Term Indicators	2015			2016			2017			3 YR CUM			Source:
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	
1a. Current Ratio	0.61	0.85	1.40										Current Assets/Current Liabilities
1b. Unrestricted Days Cash	27.06	31.84	11.89										Cash/(Total Expenses/365)
1c. Enrollment Variance	97%	100%	100%										Average Daily Enrollment/Budgeted Enrollment
1d.* Default	No	No	No										Audit
Sustainability Indicators													
2a. Total Margin	1.66%	0.34%	-0.50%										Change in Net Assets/Total Revenue
2b. Debt to Asset	0.86	0.89	0.97										Total Liabilities/Total Assets
2c.** Cash Flow	132,096.00	(23,951.00)	(213,673.82)										Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A										(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Unity Charter School, in the County of Morris, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 12, 2017.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unity Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unity Charter Schools's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Unity Charter School in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated December 12, 2017.

Purpose of this Report

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



Vincent M. Montanino
Licensed Public School Accountant
No. 20CS00049500

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

December 12, 2017

BOARD OF EDUCATION
UNITY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Adjustments	Cash Received	Total Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2017	Due to Grantor
U.S. Department of Education Passed -													
Through State Department of Education:													
N.C.L.B. Title I, Part A	84.010A	S010A160030	NCLB-8050-17	7/1/16-6/30/17	\$ 13,927.00	\$ -	\$ -	\$ 4,410.00	\$ (13,927.00)	\$ -	\$ (9,517.00)	\$ -	\$ -
I.D.E.A. Part B, Basic	84.027A	H027A160100	IDEA-8050-17	7/1/16-6/30/17	38,734.00	-	-	18,267.00	(38,734.00)	-	(20,467.00)	-	-
I.D.E.A. Part B, Basic	84.027A	H027A150100	IDEA-8050-16	7/1/15-6/30/16	37,756.00	(37,756.00)	-	37,756.00	-	-	(2,279.00)	-	-
I.D.E.A. Part B, Preschool	84.173A	H173a160100	IDEA-8050-17	7/1/16-6/30/17	2,279.00	-	-	60,433.00	(54,940.00)	-	(32,263.00)	-	-
Total U.S. Department of Education						(37,756.00)		\$ 60,433.00	\$ (54,940.00)		\$ (32,263.00)		
Total Federal Financial Assistance						(37,756.00)		\$ 60,433.00	\$ (54,940.00)		\$ (32,263.00)		\$ -

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**BOARD OF EDUCATION
UNITY CHARTER SCHOOL**

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2017**

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2016</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures Pass Through Funds</u>	<u>Repayment of Prior Years' Balances</u>	<u>Accounts Receivable</u>	<u>Balance June 30, 2017</u>	<u>Deferred Revenue</u>	<u>Due to Grantor</u>
State Department of Education:												
General Funds:												
Equalization Aid	17-495-034-5120-022	7/1/16-6/30/17	\$ 109,902.00	\$ -	\$ -	\$ 109,902.00	\$ (109,902.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	2,326.00	-	-	2,326.00	(2,326.00)	-	-	-	-	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	586.00	-	-	586.00	(586.00)	-	-	-	-	-
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	41,671.00	-	-	-	(41,671.00)	-	(41,671.00)	-	-	-
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	102,430.62	-	-	102,430.62	(102,430.62)	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	101,644.00	(9,672.38)	-	9,672.38	-	-	-	-	-	-
On-Behalf TPAF PRM Contributions	17-495-034-5094-001	7/1/16-6/30/17	710.00	-	-	710.00	(710.00)	-	-	-	-	-
On-Behalf TPAF LTDI Contributions	17-495-034-5094-004	7/1/16-6/30/17	121,989.00	-	-	121,989.00	(121,989.00)	-	-	-	-	-
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	121,989.00	(9,672.38)	-	449,260.00	(481,258.62)	-	(41,671.00)	-	-	-
Total General Funds												
Special Revenue Funds:												
Teacher Quality Mentoring	06-495-034-5120-062	7/1/05-6/30/06	906.00	453.00	-	-	-	-	-	453.00	-	-
Total Special Revenue Funds												
Total All Funds												
				\$ (9,219.38)	\$ -	\$ 449,260.00	\$ (481,258.62)	\$ -	\$ (41,671.00)	\$ 453.00	\$ 453.00	\$ -
LESS: On-Behalf TPAF Contributions:												
On-Behalf TPAF PRM Contributions							(101,644.00)					
On-Behalf TPAF LTDI Contributions							(710.00)					
On-Behalf TPAF Pension Contributions							(121,989.00)					
							(224,343.00)					
Total State Financial Assistance for Major Program Determination							\$ (256,915.62)					

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Unity Charter School. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE 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, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments last state aid payment 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 state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 for the general fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2017 fiscal year was \$224,343.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 0.00	\$481,258.62	\$481,258.62
Special Revenue Fund	<u>54,940.00</u>	<u>0.00</u>	<u>54,940.00</u>
Total Awards and Financial Assistance	<u>\$54,940.00</u>	<u>\$481,258.62</u>	<u>\$536,198.62</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7. INDIRECT COST RATE

The Unity Charter School elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

UNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

N/A

UNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)

State Awards Section

N/A

**UNITY CHARTER SCHOOL
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Schedule of Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**UNITY CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

There were no prior audit findings.