

UNITY CHARTER SCHOOL
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

UNITY CHARTER SCHOOL

***Unity Charter School
Board of Trustees
Morris Township, New Jersey***

***Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023***

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023***

Prepared By

***Unity Charter School
Finance Department***

And

Barre & Company LLC, CPA's

STATE BOARD OF EDUCATION

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Angelica Allen-McMillian, Ed.D, **Acting Commissioner**
Secretary, State Board of Education

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INTRODUCTORY SECTION



TEACHING CAPABLE, CONFIDENT KIDS FOR A HEALTH PLANET

ONE EVERGREEN PLACE, MORRIS TOWNSHIP, NEW JERSEY 07960
TEL. (973) 292-1808; FAX (973) 267-9288

February 5, 2024

Honorable President and
Members of the Board of Trustees
Unity Charter School
One Evergreen Place,
Morris Township, New Jersey 07960

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Unity Charter School (Charter School) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). 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 basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected eleven-member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Executive Director of the Charter School is responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the Chief Financial Officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES:

Unity Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14, as amended. All funds of the school are included in this report. Unity Charter School, Board of Trustees, constitutes the Charter 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 Charter 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 Charter School integrates parents and the community to participate in classroom support as well as the governance of the school.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment-ADE</u>	<u>Percent Change-ADE</u>
2022-2023	260.2	0.00%
2021-2022	260.2	9.82%
2020-2021	236.9	0.64%
2019-2020	235.4	-0.51%
2018-2019	236.6	-1.36%

2. ECONOMIC CONDITION AND OUTLOOK:

Unity Charter School has completed its twenty-four 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.

3. 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 and 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 effects of human endeavor on our ecosystem, using learning activities such as field trips, class curriculum and individual and individual research projects. Charter School's 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.

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. The school has submitted its plan for renewal for the next five years.

4. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. 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 Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the Charter 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 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

Unity Charter School has continued its positive financial position as compared to last year. Detailed information can be found in the Management Discussion and Analysis. The Charter School has been aggressive in collecting tuition owed for 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 Charter School ended the 2022-2023 year meeting all of its obligations.

8. CASH MANAGEMENT:

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal*

Grants, State Grants, and State Aid. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Unity Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School 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 staff and other administrators in the school.

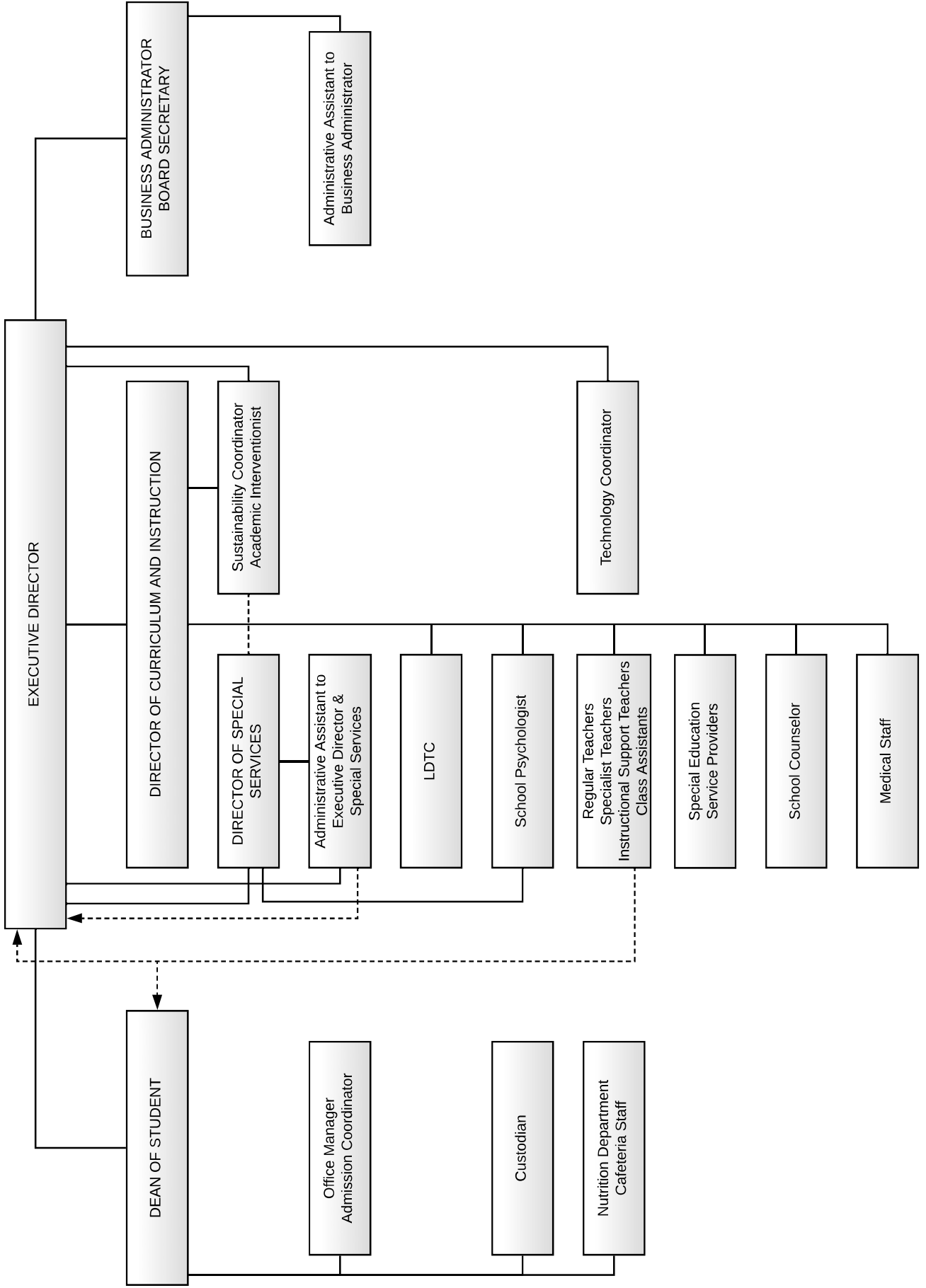
Respectfully submitted,

A handwritten signature in black ink that reads "Donald Goncalves". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Donald Goncalves
Business Administrator / Board Secretary
Unity Charter School

Unity Charter School

ORGANIZATION CHART



**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2023**

MEMBERS OF THE BOARD OF TRUSTEES **TERM EXPIRES**

Brian Stang President	2025
Charlene Burris	2024
Vice President	

Members:

Valay Desai	2024
Brianna Divak.....	2025
Herschel Kenney.....	2026
Deven Lilburn	2024
Annemarie Maina.....	2026
Nicole Pattaluga.....	2024
Kara Parham.....	2026
John Coyle	2025
Eslin Eckert.....	2025

- Connie Sanchez** - Executive Director
- Donald Goncalves** - Business Administrator / Board Secretary
- Christopher Lessard** - Treasurer

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

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

Official Depository

Peapack-Gladstone Bank
South Street
Morristown, New Jersey 07960

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Unity Charter School

Morris Township, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Unity Charter School (Charter School), in the county of Morris, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Unity Charter School, in the, State of New Jersey, as of June 30, 2023, and the respective changes in the financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Unity Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Charter School of Trenton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Unity Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Unity Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedule in Exhibits L-1 through L-3, M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unity Charter School's basic financial statements. The combining and related major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State of New Jersey's Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, are also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements and related major fund supporting statements and schedule and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be

materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated February 5, 2024 on our consideration of the Unity Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Office of School Finance, Department of Education, State of New Jersey and the Office of School Finance, Department of Education, State of New Jersey in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 5, 2024

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of Unity Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- ❖ General revenues accounted for \$5,831,942 or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$333,525 or 5% of total revenues of \$6,165,467.
- ❖ The Charter School had \$6,812,213 in expenses; only \$333,525 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,831,826 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$5,302,777 in revenues and \$5,515,138 in expenditures. The General Fund's fund balance decreased -\$212,361 over 2022. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

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

most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

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

The Charter School as a Whole

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

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

The Charter School's combined Net Position were -\$343,098 for 2023 and \$303,648 for 2022.

Governmental Activities

The Charter School's total revenues were \$5,883,096 for 2023 and \$5,353,260 for 2022, this includes \$133,692 for 2023 and \$143,874 for 2022 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$6,478,688 for 2023 and \$5,588,451 for 2022. Instruction comprises 43% for 2023 and 52% for 2022 of Charter School expenses.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service and After Care) were comprised of charges for services and federal and state reimbursements.

FOOD SERVICE

- ❖ Food service expenses exceeded revenues by (\$91,772) for 2023 while expenses exceeded revenues by \$30,151 for 2022.
- ❖ Charges for services represent \$74,978 for 2023 and \$7,773 for 2022 of revenue. This represents amounts paid by patrons for daily food.

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Business-Type Activities (Continued)

FOOD SERVICE

- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$60,126 for 2023 and \$127,842 for 2022.

AFTER CARE

- ❖ Revenues exceeded expenses by \$15,718 for 2023 and by \$43,087 for 2022.
- ❖ Charges for services represent \$147,150 for 2023 and \$127,920 for 2022 of revenue. This represents amounts paid by patrons for after care.

Governmental Activities

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

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

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,883,096 for 2023 and \$5,353,260 for 2022 and expenditures were \$6,105,547 for 2023 and \$7,104,764 for 2022. The net change in fund balance was most significant in the general fund, a decrease of -\$222,451 in 2023 and an increase of \$133,648 in 2022.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year revenues.

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 3,765,463	64.00%	\$ 228,516	6.46%
Intermediate Sources	16,200	0.28%	16,200	0.00%
State Sources	1,595,129	27.11%	105,675	7.09%
Federal Sources	506,304	8.61%	179,445	54.90%
Total	\$ 5,883,096	100.00%	\$ 529,836	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Instruction	\$ 1,876,063	30.73%	\$ (326,549)	-14.83%
Administration	1,678,352	27.49%	403,153	31.61%
Support Services	2,304,469	37.74%	210,881	10.07%
Capital Outlay	246,663	4.04%	(1,286,702)	-83.91%
Total	\$ 6,105,547	100.00%	\$ (999,217)	

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation) and Debt Administration

The Charter School had \$305,938 for 2023 and \$94,040 for 2022 invested in building improvements and equipment. At the end of fiscal years 2023 and 2022 there is no debt outstanding.

**UNITY CHARTER SCHOOL
MORRIS TOWNSHIP, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

For the Future

The Unity Charter School is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, Unity Charter School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Connie Sanchez, Executive Director at Unity Charter School, One Evergreen Place, Morris Township, New Jersey, 07960.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

UNITY CHARTER SCHOOL
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 32,460	\$ -	\$ 32,460
Internal Balances	82,916	(82,916)	-
Other Receivables	793,262	7,975	801,237
Right of Use Asset, Net of Amortization	1,095,261		1,095,261
Capital Assets, Net	305,938	23,737	329,675
Total Assets	2,309,837	(51,204)	2,258,633
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions Deferred Outflows	165,191		165,191
Total Deferred Outflows of Resources	165,191	-	165,191
LIABILITIES:			
Payable to State Government	7,573		7,573
Accounts Payable	133,007		133,007
Deferred Revenue	36,825		36,825
Noncurrent Liabilities:			
Due Within One Year	250,172		250,172
Due Beyond One Year:			
Other Long Term Liabilities	1,179,832		1,179,832
Net Pension Liability	742,645		742,645
Total Liabilities	2,350,054	-	2,350,054
DEFERRED INFLOWS OF RESOURCES:			
Pensions Deferred Inflows	430,660		430,660
Total Deferred Inflows of Resources	430,660	-	430,660
NET POSITION:			
Net Investment in Capital Assets	305,938		305,938
Restricted for:			
Student Activities	(22,475)		(22,475)
Unrestricted (Deficit)	(589,149)	(51,204)	(640,353)
Total Net Position	\$ (305,686)	\$ (51,204)	\$ (356,890)

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

UNITY CHARTER SCHOOL

Statement of Activities
For The Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	1,811,367	937,505	\$ -	\$ -	\$ -	(2,748,872)	\$ -	(2,748,872)
Administration	811,604	349,926				(1,161,530)		(1,161,530)
Support Services	1,984,493	219,570	51,155			(2,152,908)		(2,152,908)
Interest on Long Term Debt	99,478					(99,478)		(99,478)
Unallocated Amortization and Depreciation	253,817					(253,817)		(253,817)
Total Governmental Activities	4,960,759	1,507,001	51,155	-	-	(6,416,605)	-	(6,416,605)
BUSINESS-TYPE ACTIVITIES:								
Food Service and After Care	358,308		222,128	60,126		(76,054)		(76,054)
Total Business-Type Activities	358,308		222,128	60,126		(76,054)		(76,054)
Total Primary Government	\$ 5,319,067		\$ 273,283	\$ 60,126	\$ -	\$ (6,416,605)	\$ -	\$ (6,492,659)
GENERAL REVENUES								
General Purposes							\$ -	\$ -
Federal and State Aid Not Restricted							2,101,433	2,101,433
Miscellaneous Income							3,730,508	3,730,508
Total General Revenues							5,831,941	5,831,941
Change in Net Position							(584,664)	(660,718)
Net Position - Beginning of Year							278,978	303,828
Net Position - Ending							(305,686)	(356,890)

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UNITY CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 32,460	\$ -	\$ 32,460
Receivables:			
Interfund Receivables	615,108		615,108
Receivables From Other Governments	327,689	465,573	793,262
Total Current Assets	975,257	465,573	1,440,830
Total Assets	<u>\$ 975,257</u>	<u>\$ 465,573</u>	<u>\$ 1,440,830</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ 88,542	\$ 443,650	\$ 532,192
Payable to District		7,573	7,573
Accounts Payable	133,007		133,007
Unearned Revenue		36,825	36,825
Total Current Liabilities	221,549	488,048	709,597
Total Liabilities	221,549	488,048	709,597
Fund Balances:			
Restricted For:			
Student Activities		(22,475)	(22,475)
Unassigned:			
General Fund	753,708		753,708
Total Fund Balances	753,708	(22,475)	731,233
Total Liabilities and Fund Balances	<u>\$ 975,257</u>	<u>\$ 465,573</u>	

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

Right of use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds The cost of the assets is \$2,409,573 and the accumulated depreciation is \$1,314,312.	1,095,261
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds Long-term debt included as net position from lease liabilities	(1,430,004)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$536,042 and the accumulated depreciation is \$230,104.	305,938
Net pension liability of \$742,645, deferred inflows of resources of \$430,660 less deferred outflows of resources of \$165,191 related to pensions are not reported in the governmental funds	<u>(1,008,114)</u>
Net Position of Governmental Activities	<u>\$ (305,686)</u>

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

UNITY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ -	\$ 16,200	\$ 16,200
Transportation Fees	3,663,625		3,663,625
Interest on Investments	116		116
Miscellaneous	50,567	51,155	101,722
Total Local Sources	3,714,308	67,355	3,781,663
Intermediate Sources			
State Sources	1,588,469	6,660	1,595,129
Federal Sources		506,304	506,304
Total Revenues	5,302,777	580,319	5,883,096
EXPENDITURES:			
Current:			
Instruction	1,811,367	64,696	1,876,063
Administration	1,678,352		1,678,352
Support Services	1,925,313	379,156	2,304,469
Capital Outlay	100,106	146,557	246,663
Total Expenditures	5,515,138	590,409	6,105,547
Excess (Deficiency) of Revenues over Expenditures	(212,361)	(10,090)	(222,451)
NET CHANGE IN FUND BALANCES	(212,361)	(10,090)	(222,451)
FUND BALANCES, JULY 1	966,069	(12,385)	953,684
FUND BALANCES, JUNE 30	\$ 753,708	\$ (22,475)	\$ 731,233

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

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 Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental fund (from B-2) \$ (222,451)

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, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense	(34,765)	
Amortization	(219,052)	
Capital Outlay	246,663	(7,154)

Repayment of mortgage principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

New long-term debt issued	-	
Principal payment on long-term debt		234,469
Increase in accrued interest payable		

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

(589,528)

Change in net position of governmental activities \$ (584,664)

PROPRIETARY FUNDS

UNITY CHARTER SCHOOL
Proprietary Fund
Statement of Net Position
June 30, 2023

	Business-Type Activities Enterprise Fund		
	Food Service	After School	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Interfund Accounts Receivable		88,542	88,542
Receivables From Other Governments	7,975	-	7,975
	7,975	-	7,975
Total Current Assets	7,975	88,542	96,517
Noncurrent Assets:			
Machinery and Equipment		29,671	29,671
Less: Accumulated Depreciation		(5,934)	(5,934)
	-	23,737	23,737
Total Noncurrent Assets	-	23,737	23,737
Total Assets	\$ 7,975	\$ 112,279	\$ 120,254
LIABILITIES:			
Current Liabilities:			
Interfund Accounts Payable	\$ 171,458	-	\$ 171,458
	171,458	-	171,458
Total Current Liabilities	171,458	-	171,458
Total Liabilities	171,458	-	171,458
NET POSITION:			
Unrestricted (Deficit)	(163,483)	112,279	(51,204)
	(163,483)	112,279	(51,204)
Total Net Assets	(163,483)	112,279	(51,204)
Total Liabilities and Net Assets	\$ 7,975	\$ 112,279	\$ 120,254

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

UNITY CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund			Totals
	Food Service	Fixed Price Contract	After Care	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Program (Reimbursable Program) Meals	\$ 74,978	\$ -	\$ 147,150	\$ 222,128
Daily Sales - Non-Program (Non-reimbursable Program) Meals	-			-
Total Operating Revenues	74,978	-	147,150	222,128
OPERATING EXPENSES:				
Salaries	138,693	-	47,744	186,437
Supplies and Materials	29,736			29,736
Depreciation Expense	-		5,934	5,934
Cost of Sales - Program (Reimbursable Program) Meals	42,812	-		42,812
Miscellaneous Expenses	15,635		77,754	93,389
Total Operating Expenses	226,876	-	131,432	358,308
OPERATING LOSS	(151,898)	-	15,718	(136,180)
NONOPERATING REVENUES:				
State Lunch Program	27,429	-		27,429
Federal Source:				
Federal Breakfast Program	1,219			1,219
Federal Lunch Program	31,478			31,478
Total Nonoperating Revenues	60,126	-	-	60,126
CHANGE IN NET POSITION	(91,772)	-	15,718	(76,054)
CHANGE IN NET POSITION	(91,772)	-	15,718	(76,054)
TOTAL NET POSITION, JULY 1	(71,710)	-	96,560	24,850
TOTAL NET POSITION, JUNE 30	\$ (163,482)	\$ -	\$ 112,278	\$ (51,204)

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

UNITY CHARTER SCHOOL
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2023

	Business-Type Activities		Total
	Food Service	After Care	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 74,978	\$ 147,151	\$ 222,129
Cash Payments to Suppliers and Employees	<u>(214,793)</u>	<u>(156,002)</u>	<u>(370,795)</u>
Net Cash Used by Operating Activities	<u>(139,815)</u>	<u>(8,851)</u>	<u>(148,666)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	<u>60,126</u>		<u>60,126</u>
Net Cash Provided by Noncapital Financing Activities	<u>60,126</u>	<u>-</u>	<u>60,126</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets		<u>(29,671)</u>	<u>(29,671)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(29,671)</u>	<u>(29,671)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,689)	(38,522)	(118,211)
Cash and Cash Equivalents, July 1	<u>79,689</u>	<u>38,522</u>	<u>118,211</u>
Cash and Cash Equivalents, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss Used for Operating Activities	(151,899)	15,720	(136,179)
Depreciation		5,934	5,934
Changes in Assets and Liabilities:			
Decrease in Interfund Accounts Receivable		(30,505)	(30,505)
Increase in Intergovernmental Accounts Receivable	1,591		1,591
Increase in Interfund Accounts Payable	<u>10,493</u>		<u>10,493</u>
Net Cash Used by Operating Activities	<u>\$ (139,815)</u>	<u>\$ (8,851)</u>	<u>\$ (148,666)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF THE CHARTER SCHOOL 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 Charter School is 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 education 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 financial statements include all funds of the Charter School over which the Board exercises operating control. The operations of the Charter School include an elementary and middle school located in Morristown, 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 Charter School 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 Unity Charter School have been prepared in conformity with generally accepted accounting principles generally (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Charter School are described below.

A. Basis of Presentation

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 good 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 to general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent of 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 statement provide information about the Charter School's funds. Separate statements for each fund category – *government and proprietary* – 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 and proprietary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting 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:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The following fund types are used by the Charter School:

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for 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 Charter School includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, local property 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.

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fiduciary Fund Types - Fiduciary Funds 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 organization, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY2020-2021. The focus of 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 fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

After considering the criteria and guidance, it was determined that Payroll, Payroll Agency, and Unemployment Compensation Insurance (Fund 60), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10). Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund (Fund 21).

B. Measurement Focus

District-wide Financial Statement

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow 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 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.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the 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 be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Non-exchange 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a 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. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets / Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 590,409
Adjustments:	
Less Encumbrances at June 30, 2023	-
Plus Encumbrances at June 30, 2022	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 590,409</u>

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the Charter School cannot recognize these payments on the GAAP financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets / Budgetary Control (Continued)

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

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 assignments of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contract 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 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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 institution, 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 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 cost have been confirmed.

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 expenses 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 expenses when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

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, which are presented as internal balances.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

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 presentation.

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, once incurred, are paid in timely manner and in full, from current 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 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.

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 entries. 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 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 68, Accounting Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as a date (measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

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 non-employer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflow 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 non-employer contributing entity's beginning net position and expense in the initial period of implementation.

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 pension 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 outflows 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.

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 spend 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 constraints 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 borrowing 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 purposed for which both restricted and unrestricted net position are available.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses (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 its reported separately on the Statement of Activities as unallocated depreciation. Interest on a long-term debt is considered an indirect expenses expense and is reported separately on the Statement of Activities.

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 result could differ from those estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Impact of Recently Issued Accounting Principles

The GASB has adopted the following as of June 30, 2023

GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), is effective with the fiscal year ending June 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the entity was exempt from reporting under this pronouncement.

The Charter School will evaluate the impact each of the pronouncements below may have on its financial statements and will implement them as applicable and when material:

- GASB Statement No. 100, Accounting Changes and Error Corrections, effective for the years beginning after June 15, 2023.

- GASB Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023.

NOTE 3: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES

A. Deposits and Investments

Deposits

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

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks of which the deposits are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$32,460 and the bank balance was \$383,405. All bank balances were covered by federal depository insurance (FDIC) and/or by a collateral pool maintained by the banks as required by GUDPA. The Charter School had no investments at June 30, 2023.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Total</u>
Operating Account	\$ 32,460	\$ -	\$ -	\$ 32,460

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

As of June 30, 2023, none of the cash and cash equivalents for Unity Charter School were exposed to custodial credit risk.

NOTE 3: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

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

Investments

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

- a. When authorized by resolution adopted by a majority vote of all its board members, the Charter School may use moneys which may be in hand for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Charter School;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest no dependent on any index or other external factor;
 - (4) Bonds or other obligations of the charter school or bonds or other obligations of local unit or units within which the charter school is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by charter schools;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to
 - b. paragraphs (1) and (3) of this subsection a;
 - c. the custody of collateral is transferred to a third party;
 - d. the maturity of the agreement is not more than 30 days; and
 - e. the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master
 - (9) Repurchase agreement providing for the custody and security of collateral is executed.

NOTE 3: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

Deposits and Investments (Continued)

Credit Risk: The Charter School does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Charter School did not have any investments at June 30, 2023.

Interest Rate Risk: The Charter School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Charter School did not have any investments at June 30, 2023.

Concentration of Credit Risk: The Charter School places no limit on the amount they may invest in any one issuer. The Charter School did not have any investments at June 30, 2023.

Receivables

Receivables at June 30, 2023, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Aid	\$ 298,882	\$ -	\$ 298,882	\$ 400	\$ 400	\$ 299,282
Federal Aid	28,807	465,573	494,380	7,575	7,575	501,955
Other	-	-	-	-	-	-
Gross Receivables	327,689	465,573	793,262	7,975	7,975	801,237
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 327,689	\$ 465,573	\$ 793,262	\$ 7,975	\$ 7,975	\$ 801,237

A. Interfund Receivables and Payables

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

The following interfund balances remained on the fund financial statements at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 615,108	\$ 88,542
Special Revenue Fund		443,650
Proprietary Fund	88,542	171,458
Total	\$ 703,650	\$ 703,650

NOTE 3: DETAILED DISCLOSURE REGARDING ASSETS AND REVENUES (CONTINUED)

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 175,266	\$ 233,305	\$ -	\$ 408,571
Machinery and Equipment	114,113	13,358	-	127,471
Total Capital Assets Being Depreciated	<u>289,379</u>	<u>246,663</u>	<u>-</u>	<u>536,042</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	81,226	32,093	-	113,319
Machinery and Equipment	114,113	2,672	-	116,785
Total Accumulated Depreciation	<u>195,339</u>	<u>34,765</u>	<u>-</u>	<u>230,104</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	94,040	211,898	-	305,938
Government Activity Capital Assets, Net	<u>\$ 94,040</u>	<u>\$ 211,898</u>	<u>\$ -</u>	<u>\$ 305,938</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ -	\$ 29,671	\$ -	\$ 29,671
Less Accumulated Depreciation	-	(5,934)	-	(5,934)
Enterprise Fund Capital Assets, Net	<u>\$ -</u>	<u>\$ 23,737</u>	<u>\$ -</u>	<u>\$ 23,737</u>

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

Depreciation expense was charged to functions as follows:

Unallocated	<u>40,699</u>
Total	<u>\$ 40,699</u>

NOTE 4: LEASES

Right of use Lease Assets

The Charter School has recorded two right of use leased assets. The assets are right of use assets for leased equipment and leased school facility. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases. Right of use asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

Leased Assets	Beginning Balance	Additions	Deductions	Ending Balance
Leased Assets Being Amortized				
Leased - Real Estate Expense	2,409,573	0	0	2,409,573
Total Leased Assets Being Amortized	2,409,573	0	0	2,409,573
Less: Accumulated Amortization				
Leased - Real Estate Expense	(1,095,260)	(219,052)	0	(1,314,312)
Total Accumulated Amortization	(1,095,260)	(219,052)	0	(1,314,312)
Total, Net of Accumulated Amortization	1,314,313	(219,052)	0	1,095,261

NOTE 5: LONG-TERM OBLIGATIONS

The School operates under a Business Lease (“Lease”) agreement to lease classroom and office space. The original Lease Agreement between The Evergreen Cemetery, Landlord, and Unity Charter School, Tenant, for the premises located at One Evergreen Place, Morris Township, New Jersey, was for a two-year term, beginning July 1, 2010, through June 30, 2012. The Lease Agreement provided for two subsequent five-year Renewal Terms. Unity is currently operating under the Third Renewal Term, which expires June 30, 2027.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Maturity Analysis	Principal	Interest	Total
07/01/2023 - 06/30/2024	436,440	130,545	566,984
07/01/2024 - 06/30/2025	465,669	101,315	566,984
07/01/2025 - 06/30/2026	496,855	70,129	566,984
07/01/2026 - 06/30/2027	530,131	36,854	566,984
07/01/2027 - 06/30/2032	324,227	9,720	333,947
Total	2,253,322	348,562	2,601,884

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

Long-Term Deb Rollforward

	Balance			Balance	Due Within
	July 01, 2022	Additions	Reductions	June 30, 2023	One Year
Governmental Activities:					
Lease Liabilities	\$ 1,650,682	-	\$ (220,678)	\$ 1,430,004	184,068
Net Pension Liability	555,325	187,320	-	742,645	-
Governmental Activity long-term liability	\$ 2,206,007	\$ 187,320	\$ (220,678)	\$ 2,172,649	\$ 184,068

NOTE 6: PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 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.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 01, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

NOTE 6: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Allocation Methodology and Reconciliation to Financial Statements (Continued)

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022 measurement date, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$ 62,743 for fiscal year 2023.

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

At June 30, 2023, the Charter School reported a liability of \$742,645 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 which was rolled forward to June 30, 2023. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022 measurement date, the Charter School's proportion was 0.00492099%, which was an

NOTE 6: PENSION PLANS (CONTINUED)

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

increase of 0.00119574% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized pension expense of \$79,356. At June 30, 2023, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,301	\$ 111,203
Difference Between Expected and Actual Experience	5,360	4,727
Changes in Proportion	392,262	66,561
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	<u>30,737</u>	<u>30,737</u>
	<u>\$ 430,660</u>	<u>\$ 213,228</u>

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 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, 6.44, 5.48 years for the 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ 203,906.08
2024	103,883
2025	50,662
2026	(110,525)
2027	<u>243</u>
	<u>\$ 248,169</u>

NOTE 6: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 01, 2021 which was rolled forward to June 30, 2022. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of the June 30, 2022 measurement date are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of the June 30, 2022 measurement date. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of the June 30, 2022 measurement date calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

NOTE 6: PENSION PLANS (CONTINUED)

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

Measurement Date June 30, 2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 962,161	\$ 748,934	\$ 567,469

Measurement Date June 30, 2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 873,520	\$ 641,446	\$ 444,499

Pension Plan Fiduciary Net Position

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

A. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefit Provided

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

NOTE 6: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective Tier. Deferred retirements 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.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 measurement date, the State's pension contribution was less than the actuarial determined amount.

NOTE 6: PENSION PLANS (CONTINUED)

Special Funding Situation

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, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2023, the State of New Jersey contributed \$63,189 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$592,466.

As June 30, 2023, the State's proportionate share of the net pension liability associated with the Charter School was \$7,303,725. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022.

The Charter School's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, Charter School's proportion was 0.0141560%, which was an increase of 0.0140255% from its proportion measured as of June 30, 2021.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>7,303,725</u>
Total	<u>\$ 7,303,725</u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the Charter School in the amount of \$592,466 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

NOTE 6: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 3,013,097,864	\$ 19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Changes in Proportion and differences between employer contributions and proportionate share of contributions	118,969,401	118,969,401
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>1,172,371,073</u>	<u>-</u>
	<u>\$ 5,004,259,312</u>	<u>\$ 19,682,774,794</u>

The \$5,004,259,312 5,004,259,312 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years.

The \$19,682,774,794 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year <u>Ending June 30,</u>	<u>Total</u>
2022	\$ (2,658,825,381)
2023	(3,823,762,872)
2024	(3,351,102,048)
2025	(1,509,375,379)
2026	(1,647,727,819)
Thereafter	(1,687,721,983)
	<u>(14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

NOTE 6: PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	
Price	2.75%
Wages	3.25%
Salary Increases:	
	2.75 - 5.65%
	based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. 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 weighing 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' target asset allocation as of the June 30, 2022 measurement date is summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)**Long Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 2.21% as of June 30, 2022 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 rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 70% 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 investments was applied to projected benefit payment through 2062. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of the June 30, 2022 measurement date calculated using the discount rate as disclosed above, as well as what the State’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date June 30, 2022			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 8,577,412	\$ 7,315,358	\$ 6,252,235

Measurement Date June 30, 2021			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 7,992,887	\$ 6,755,501	\$ 5,716,176

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate.

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2023. There were no employee contributions to DCRP for the fiscal year ended June 30, 2023.

NOTE 7: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a "special funding situation, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Employees covered by benefit terms (Continued)

generational mortality improvement projections from the central year using Scale MP-2023. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2023.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2015- June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013- June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for the June 30, 2022 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

				Total OPEB Liability
Balance at June 30, 2020				\$ 3,267,200
Service cost				499,565
Interest on Total OPEB Liability				70,565
Effect on Changes of Benefit Terms				-
Difference between expected and actual experience				(392,682)
Effect of Changes of Assumptions				(714,293)
Contributions - Employee				2,242
Gross Benefits Paid by the State				(69,896)
			Net Changes	(604,499)
Balance at June 30, 2021				\$ 2,662,701

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Employees covered by benefit terms (Continued)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

	Measurement Date Ended June 30, 2022		
	At 1%	At current	At 1%
	Decrease (2.54%)	discount rate (3.54%)	Increase (4.54%)
Total OPEB Liability	\$ 3,129,725	\$ 2,662,701	\$ 2,288,405

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the total nonemployer OPEB liability measured as of June 30, 2022 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2022		
	At 1%		At 1%
	decrease	Trend Rate	Increase
Total OPEB Liability	\$ 2,200,885	\$ 2,662,701	\$ 4,846,552

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023 the Charter School recognized OPEB revenue and expense of \$ 632,030 in the government-wide financial statements for the State’s proportionate share of the OPEB Plan’s OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan’s June 30, 2022 measurement date.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$2,662,701, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Employees covered by benefit terms (Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 475,398	\$ 811,376
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 460,846	1,839,934
Sub Total	936,244	2,651,310
Contributions Made in Fiscal Year 2021 after June 30, 2020 Measurement Date	N/A	N/A
Total	\$ 936,244	\$ 2,651,310

Amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30	
2023	\$ (135,176)
2024	\$ (135,176)
2025	\$ (135,176)
2026	\$ (114,373)
2027	\$ (65,400)
Total Thereafter	\$ 206,163
	\$ (379,139)

NOTE 8: RISK MANAGEMENT

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

The Charter School is a member of the New Jersey School Boards Association Insurance Group, 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 Charter School 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.

NOTE 8: RISK MANAGEMENT (CONTINUED)

The Charter School continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

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 year.

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -	\$ -	\$ -	\$ -
2021-2022	-	-	-	-
2020-2021	5,164	4,559	13,457	-

NOTE 9: CONTINGENT LIABILITIES

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 10: FUND BALANCE

General Fund

The General Fund surplus in the financial statements at June 30, 2023, was \$753,708.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 5, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

UNITY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid-Local	\$ 3,618,466	\$ -	\$ 3,618,466	\$ 3,663,625	45,159
Total Local Sources	3,618,466	-	3,618,466	3,663,625	45,159
Categorical Aid:					
Equalization Aid-State	478,273		478,273	478,273	-
Special Education	13,367		13,367	228,810	215,443
Security Aid			-	30,379	30,379
Total Categorical Aid	645,863	-	534,509	737,462	91,599
Revenues From Other Sources:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				567,640	567,640
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				149,117	149,117
On-Behalf TPAF Long Term Disability Contributions (Non-Budgeted)				558	558
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				133,692	133,692
Interest Income				116	116
Miscellaneous Revenue	72,000		72,000	50,567	(21,433)
Total Revenues From Other Sources	72,000	-	72,000	901,690	829,690
Total Revenues	4,336,329	-	4,224,975	5,302,777	966,448
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,820,454	(256,548)	1,563,906	1,563,906	-
Other Salaries for Instruction	42,381	91,282	133,663	133,663	-
Purchased Prof/Tech Services	71,000	13,222	84,222	84,222	-
General Supplies	56,980	(36,162)	20,818	20,168	650
Textbooks		6,717	6,717	6,717	-
Miscellaneous	18,300	(15,609)	2,691	2,691	-
Total Instruction	2,009,115	(197,098)	1,812,017	1,811,367	650
Administration:					
Salaries - General Administration	332,090	112,067	444,157	444,157	-
Salaries - Technical	70,367	(70,367)	-	-	-
Salaries of Secretarial/Clerical Assistants	181,219	13,468	194,687	189,395	5,292
Total Benefits Cost	763,684	41,985	805,669	805,669	-
Purchases Prof/Tech Services	67,700	4,004	71,704	67,749	3,955
Other Purchased Services	25,650	4,051	29,701	29,701	-
Communications/Telephone	14,750	46,456	61,206	61,206	-
Insurance	14,050	(4,875)	9,175	9,175	-
Supplies and Materials	22,200	12,073	34,273	26,447	7,826
Miscellaneous Expenses	28,180	20,232	48,412	44,853	3,559
Total Administration	1,519,890	179,094	1,698,984	1,678,352	20,632

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

UNITY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 88,367	\$ 27,015	\$ 115,382	\$ 115,382	-
Salaries - Nurse					
Salaries - Improvement of Instruction	356,929	(74,777)	282,152	282,152	-
Salaries - Custodial					
Purchased Prof/Tech Services	73,100	6,999	80,099	75,819	4,280
Cleaning, Repair, and Maintenance Services	36,715	2,107	38,822	30,604	8,218
Rental of Land and Buildings	408,409	44,904	453,313	119,366	333,947
Debt Service - Principal & Interest				333,947	(333,947)
Transportation-Other Than To/From School	37,000	36,243	73,243	73,243	-
Insurance for Property, Liability and Fidelity	35,546	(12,539)	23,007	23,007	-
Supplies and Materials	21,270	4,372	25,642	13,227	12,415
Energy Costs (Heat and Electricity)	43,700	(33,520)	10,180	7,162	3,018
Miscellaneous Expenses	275	122	397	397	-
Total Support Services	1,101,311	926	1,102,237	1,074,306	27,931
Capital Outlay:					
Non-Instructional Equipment		12,868	12,868	11,658	1,210
Building Purchases Other Than Lease Purchases	75,025	14,188	89,213	88,448	765
Lease Purchase Agreements-Principal					
Total Capital Outlay	75,025	27,056	102,081	100,106	1,975
On-Behalf TPAF Pension Contributions (Non-Budgeted)				567,640	(567,640)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				149,117	(149,117)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				133,692	(133,692)
On Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				558	(558)
Total Expenditures	4,705,341	9,978	4,715,319	5,515,138	(650,144)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,012)	(9,978)	(378,990)	(212,361)	166,629
Other Financing Sources (Uses)					
Lease Liabilities Issued				-	-
Food Service	275		275		275
Total Other Financing Sources (Uses)	275	-	275	-	275
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(368,737)	(9,978)	(378,715)	(212,361)	166,904
FUND BALANCE, JULY 1	966,069	-	966,069	966,069	-
FUND BALANCE, JUNE 30	<u>\$ 597,332</u>	<u>\$ (9,978)</u>	<u>\$ 587,354</u>	<u>\$ 753,708</u>	<u>\$ 166,904</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	<u>\$ 597,332</u>	<u>\$ (9,978)</u>	<u>587,354</u>	<u>\$ 753,708</u>	<u>\$ 166,354</u>
Total	<u>\$ 597,332</u>	<u>\$ (9,978)</u>	<u>\$ 587,354</u>	<u>\$ 753,708</u>	<u>\$ 166,354</u>

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

UNITY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 561,240	\$ -	\$ 561,240	\$ 506,304	\$ (54,936)
State Sources			-	6,660	6,660
Local Sources	2,000		2,000	67,355	65,355
Total Revenues	563,240	-	563,240	580,319	17,079
EXPENDITURES:					
Instruction:					
Salaries of Teachers	37,168		37,168	37,167	1
Other Purchased Services			-		-
General Supplies	10,223		10,223	10,223	-
Total Instruction	64,696	-	64,696	64,695	1
Support Services:					
Salaries of Supervisors of Instruction	174,200		174,200	174,200	-
Personal Services - Employee Benefits			-		-
Other Purchased Professional Services	137,419		137,419	137,419	-
Other Purchased Professional Services	4,292		4,292	4,292	-
Supplies and Materials	2,000		2,000	2,000	-
Miscellaneous Expenditures			-	61,245	(61,245)
Total Support Services	317,911	-	317,911	379,156	(61,245)
Capital Outlay:					
Buildings	146,557		146,557	146,557	-
Total Capital Outlay	146,557	-	146,557	146,557	-
Total Expenditures	529,164	-	529,164	590,408	(61,244)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 34,076	\$ -	\$ 34,076	\$ (10,089)	\$ 44,165

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UNITY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget-To-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2023

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 5,302,777	[C-2]	\$ 580,319
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 5,302,777	[B-2]	\$ 580,319
 Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,515,138	[C-2]	\$ 590,409
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 5,515,138	[B-2]	\$ 590,409

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	2017	2018	2019	2020	2021	2022	2023
Charter School's proportion of the net pension liability	0.006190080%	0.001716230%	0.001178330%	0.001407920%	0.004163180%	0.005357538%	0.004920986%
Charter School's proportionate share of the net pension liability	\$ 1,183,048	\$ 385,260	\$ 274,297	\$ 277,069	\$ 678,681	\$ 634,681	\$ 742,645
Charter School's employees payroll (plan measurement period)	\$ 1,080,422	\$ 106,432	\$ 133,471	\$ 660,006	\$ 366,685	\$ 348,925	\$ 393,138
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	109%	362%	206%	42%	185%	182%	189%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	45.37%	51.55%	51.55%	53.60%	58.32%	62.91%

UNITY CHARTER SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 46,641	\$ 14,755	\$ 10,916	\$ 21,220	\$ 45,528	\$ 54,509	\$ 63,189
Contributions in relation to the contractually required contribution	(48,449)	(14,755)	(10,916)	(21,220)	(45,528)	(54,509)	(63,189)
Contribution deficiency/(excess)	\$ (1,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll (Fiscal Year)	\$ 1,080,422	\$ 106,432	\$ 133,471	\$ 660,006	\$ 366,685	\$ 348,925	\$ 393,138
Contributions as a percentage of covered employee payroll	4.32%	13.86%	8.18%	3.22%	12.42%	15.62%	16.07%

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

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.01130112%	0.01084543%	0.01301906%	0.01364094%	0.01402546%	0.01415604%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,537,215	\$ 7,142,792	\$ 7,312,382	\$ 8,536,151	\$ 8,982,396	\$ 6,742,766	\$ 7,303,725
Charter School's covered employees payroll	\$ 4,209,720	\$ 1,202,738	\$ 1,337,635	\$ 1,351,235	\$ 1,351,235	\$ 1,514,068	\$ 1,827,059
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	155.29%	593.88%	546.66%	631.73%	664.75%	445.34%	399.75%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	25.41%	22.33%	24.48%	35.52%

***SCHEDULE M – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

Unity Charter School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Six Fiscal Years
(Unaudited)

	Measurement Date Ending						
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
OPEB Liability at Beginning of Measurement Period		\$ 2,638,802	\$ 2,555,894	\$ 2,079,992	\$ 2,295,933	\$ 3,564,664	\$ 3,267,200
Service cost		274,182	228,433	210,205	305,485	581,590	499,565
Interest on Total OPEB Liability		82,213	98,726	87,320	90,006	84,755	70,565
Effect on Changes of Benefit Terms		-	-	-	-	(3,478)	-
Difference between expected and actual experience	NOT AVAILABLE	-	(510,676)	(47,428)	282,275	(898,958)	(392,682)
Effect of Changes of Assumptions		(382,283)	(238,689)	34,233	651,142	3,223	(714,293)
Contributions - Employee		2,180	1,922	2,089	1,881	2,167	2,242
Gross Benefits Paid by the State		(59,200)	(55,618)	(70,478)	(62,058)	(66,763)	(69,896)
Net Change in Total OPEB Liability	NOT AVAILABLE	(82,908)	(475,902)	215,941	1,268,731	(297,464)	(604,499)
OPEB Liability at Beginning of Measurement Period		2,638,802	2,555,894	2,079,992	2,295,933	3,564,664	3,267,200
Total OPEB Liability at End of Measurement Period		2,638,802	2,555,894	2,079,992	2,295,933	3,564,664	2,662,701

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Differences Between Expected and Actual Experiences: The \$1,399,200,736 decrease in the liability from June 30, 2021 to June 30, 2022 is due to changes effect of the following:

Update in census information	\$ 1,102,043,610
Premium and Claims Experience	297,157,126
Total	\$ 1,399,200,736

Changes in Assumptions:

The \$13,586,368,097 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the combined effect of the following:

Trend Update	\$ 1,934,312,842
Experience Study Update	\$ (2,690,739,174)
Discount Rate Change	\$ (12,829,941,765)
Total Changes in Assumption	\$ (13,586,368,097)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

UNITY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate remained unchanged from 7.00% as of June 30, 2021 as of June 30, 2022 in accordance with Paragraph 44 of GASB Statement No. 67.

UNITY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2023

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 as of June 30, 2022 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

UNITY
CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Provisional Basis
For the Fiscal Year Ended June 30, 2023

Revenues:	Title I	Title IV	Title II Part A	IDEA Part B	CRRSA Act ESSER II	CRRSA Act Learning Accol Grant	CRRSA Act Mental Health Grant	CRRSA Act Learning Accol Grant	CRRSA Act Mental Health Grant	ARP ESSER Learning Accol Grant	ARP ESSER Compreh Beyond Grant	ARP ESSER NYS Mental Health Grant	ARP ESSER Summer/Learn Grant	ARP IDEA Basic Grant	CARES ACT Grant	Climate Grant	Local Grant	Student Activities	Total	
Salaries of Teachers	\$ 21,168	\$ 10,000	\$ 4,292	\$ 45,824	\$ 33,409	\$ 16,000	\$ 30,000	\$ 16,000	\$ 30,000	\$ 157,957	\$ 40,000	\$ 45,000	\$ 40,000	\$ 10,645	\$ 2,399	\$ 6,660	\$ 16,200	\$ -	\$ 506,304	
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 37,169	
Personnel Services/Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,824	
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,245	
Total Instruction	\$ 21,168	\$ 10,000	\$ 4,292	\$ 45,824	\$ 33,409	\$ 16,000	\$ 30,000	\$ 16,000	\$ 30,000	\$ 157,957	\$ 40,000	\$ 45,000	\$ 40,000	\$ 10,645	\$ 2,399	\$ 6,660	\$ 16,200	\$ 51,155	\$ 560,319	
Expenditures:																				
Instruction:																				
Salaries of Teachers	\$ 21,168	\$ 10,000	\$ 4,292	\$ 45,824	\$ 33,409	\$ 16,000	\$ 30,000	\$ 16,000	\$ 30,000	\$ 157,957	\$ 40,000	\$ 45,000	\$ 40,000	\$ 10,645	\$ 2,399	\$ 6,660	\$ 16,200	\$ -	\$ 506,304	
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,824	
Personnel Services/Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,660	
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,245	
Total Instruction	\$ 21,168	\$ 10,000	\$ 4,292	\$ 45,824	\$ 33,409	\$ 16,000	\$ 30,000	\$ 16,000	\$ 30,000	\$ 157,957	\$ 40,000	\$ 45,000	\$ 40,000	\$ 10,645	\$ 2,399	\$ 6,660	\$ 16,200	\$ 51,155	\$ 560,319	
Support Services:																				
Salaries of Other Professional Staff	-	-	-	-	-	-	30,000	-	30,000	11,010	40,000	-	40,000	-	-	-	-	-	70,000	
Personnel Services/Employee Benefits	-	-	-	-	-	-	-	-	-	50,000	-	-	40,000	-	-	-	2,000	-	11,010	
Travel	-	-	-	-	-	-	-	-	-	-	-	45,000	-	-	-	-	14,200	-	14,200	
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,492	
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,245	
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,245	
Total Support Services	-	-	-	-	-	-	30,000	-	30,000	11,010	40,000	45,000	40,000	-	-	-	16,200	-	379,156	
Facilities Acquisition and Construction Services:																				
Buildings	-	-	-	-	-	-	-	-	-	146,557	-	-	-	-	-	-	-	-	146,557	
Instructional Equipment	-	-	-	-	-	-	-	-	-	146,557	-	-	-	-	-	-	-	-	146,557	
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	146,557	-	-	-	-	-	-	-	-	146,557	
Total Expenditures	\$ 21,168	\$ 10,000	\$ 4,292	\$ 45,824	\$ 33,409	\$ 16,000	\$ 30,000	\$ 16,000	\$ 30,000	\$ 157,957	\$ 40,000	\$ 45,000	\$ 40,000	\$ 10,645	\$ 2,399	\$ 6,660	\$ 16,200	\$ 61,245	\$ 590,409	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,090)

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services in all schools within the charter school.

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

**STATISTICAL SECTION
(UNAUDITED)**

Unity Charter School has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, statistical data for ten (10) years is available and has been presented.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

FINANCIAL TRENDS

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ 305,938	\$ 94,040	\$ 102,803	\$ 108,435	\$ 141,391	\$ 141,391	\$ 157,868	\$ 168,990	\$ 175,132	\$ 119,325
Restricted	(22,475)	-	-	-	-	-	45,000	40,752	46,626	40,266
Unrestricted	(589,149)	184,758	762,972	465,203	242,700	(78,575)	(221,387)	(216,441)	(240,621)	(254,234)
Total Governmental Activities Net Assets/ Position	\$ (305,686)	\$ 278,798	\$ 865,775	\$ 573,638	\$ 384,091	\$ 62,816	\$ (18,519)	\$ (6,699)	\$ (18,863)	\$ (94,643)
Business-Type Activities										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 237	\$ 239	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(51,204)	24,850	(48,388)	(55,626)	(26,701)	(16,380)	16,551	27,708	27,510	24,676
Total Business-Type Activities Net Assets/Position	\$ (51,204)	\$ 24,850	\$ (48,388)	\$ (55,389)	\$ (26,462)	\$ (16,380)	\$ 16,551	\$ 27,708	\$ 27,510	\$ 24,676
Charter School-Wide										
Net Investment in Capital Assets/ Invested in capital assets, net of related debt	\$ 305,938	\$ 94,040	\$ 102,803	\$ 108,672	\$ 141,630	\$ 141,391	\$ 157,868	\$ 168,990	\$ 175,132	\$ 119,325
Restricted	(22,475)	-	-	-	-	-	45,000	40,752	46,626	40,266
Unrestricted	(640,353)	209,608	714,584	409,577	215,999	(94,955)	(204,836)	(188,733)	(213,110)	(229,558)
Total Charter School Net Position	\$ (356,890)	\$ 303,648	\$ 817,387	\$ 518,249	\$ 357,629	\$ 46,436	\$ (1,968)	\$ 21,009	\$ 8,648	\$ (69,967)

Source: Annual Comprehensive Financial Report

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
Instruction	\$ 2,748,872	\$ 2,901,914	\$ 2,344,935	\$ 2,101,786	\$ 2,027,110	\$ 2,161,922	\$ 2,446,726	\$ 1,879,182	\$ 2,624,767	\$ 1,518,652
Administration	1,161,530	454,382	273,960	404,737	413,578	788,327	-	-	-	(1)
Support Services	2,204,063	1,904,863	1,836,544	1,863,888	1,701,681	1,438,763	2,017,249	1,696,949	1,942,088	1,399,705
Capital Outlay	99,478	99,478	-	27,437	30,172	37,058	-	-	-	-
Interest on Long-Term Debt	253,817	227,815	8,763	16,478	16,478	16,478	-	-	-	-
Unallocated Amortization and Depreciation	6,467,760	5,588,452	4,464,202	4,414,326	4,189,019	4,442,548	4,463,975	3,576,131	4,566,855	2,918,356
Total Governmental Activities Expenses	226,876	105,464	-	-	237	93,375	91,423	38,579	25,485	22,108
Business-Type Activities:										
Food Service	131,432	84,834	153,435	94,339	46,954	59,525	64,785	63,018	57,013	35,822
After School	358,308	190,298	153,435	94,339	47,191	152,900	156,208	101,597	82,498	57,930
Total Business-Type Activities Expenses	6,826,068	5,778,750	4,617,637	4,508,665	4,236,210	4,595,448	4,620,183	3,677,728	4,649,353	2,976,286
Total Charter School Expenses	51,155	48,652	13,254	-	-	-	1,056,483	839,833	2,191,474	638,300
Program Revenues										
Governmental Activities:										
Charges for Services	116	-	-	-	-	193	-	-	-	-
Operating Grants and Contributions	51,271	48,652	13,254	-	-	193	1,056,483	839,833	2,191,474	638,300
Total Governmental Activities Expenses	222,128	135,694	2,277	8,329	28,286	40,527	145,050	101,795	85,332	64,408
Business-Type Activities:										
Charges for Services	60,126	127,842	158,396	57,085	68,010	79,442	-	-	-	-
Operating Grants and Contributions	282,254	263,536	160,673	65,414	96,296	119,969	145,050	101,795	85,332	64,408
Total Business-Type Activities Expenses	333,525	312,188	173,927	65,414	96,296	120,162	1,201,533	941,628	2,276,806	702,708
Total Charter School Program Revenue	\$ (6,416,489)	\$ (5,539,800)	\$ (4,450,948)	\$ (4,414,326)	\$ (4,189,019)	\$ (4,442,355)	\$ (3,407,492)	\$ (2,736,298)	\$ (2,375,381)	\$ (2,280,056)
Net (Expense)/Revenue										
Governmental Activities	(76,054)	73,238	7,238	(28,925)	49,105	(32,931)	(11,158)	198	2,834	6,478
Business-Type Activities	(6,492,543)	(5,466,562)	(4,443,710)	(4,443,251)	(4,139,914)	(4,475,286)	(3,418,650)	(2,736,100)	(2,372,547)	(2,273,578)
Total Charter School Net Expense	\$ 2,101,433	\$ 1,816,313	\$ 1,339,378	\$ 1,258,452	\$ 4,392,633	\$ 4,382,217	\$ 3,370,368	\$ 2,735,424	\$ 2,446,841	\$ 2,283,175
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Federal and State Aid Not Restricted	3,730,392	3,488,296	3,403,394	3,361,899	101,183	141,472	25,305	13,037	4,316	4,869
Investment Earnings	5,831,825	5,304,609	4,742,772	4,620,351	4,493,816	4,523,689	3,395,674	2,748,463	2,451,161	2,288,047
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	5,831,825	5,304,609	4,742,772	4,620,351	4,493,816	4,523,689	3,395,674	2,748,463	2,451,161	2,288,047
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	-	-	-	-	-	-	-	-	-	-
Total Charter School Wide	\$ 5,883,096	\$ 5,353,261	\$ 4,742,772	\$ 4,620,351	\$ 4,493,816	\$ 4,523,689	\$ 3,395,674	\$ 2,748,463	\$ 2,451,161	\$ 2,288,047
Change in Net Position										
Governmental Activities	\$ (584,664)	\$ (235,191)	\$ 291,824	\$ 206,025	\$ 304,797	\$ 81,334	\$ (11,818)	\$ 12,165	\$ 75,780	\$ 7,991
Business-Type Activities	(76,054)	73,238	7,238	(28,925)	49,105	(32,931)	(11,158)	198	2,834	6,478
Total Charter School	\$ (660,718)	\$ (161,953)	\$ 299,062	\$ 177,100	\$ 353,902	\$ 48,403	\$ (22,976)	\$ 12,363	\$ 78,614	\$ 14,469

Source: Annual Comprehensive Financial Report

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund	\$ -	\$ -	\$ -	\$ 385	\$ -	\$ -	\$ 45,000	\$ 40,752	\$ 46,626	\$ 40,266
Restricted	753,708	966,069	1,168,015	814,019	605,715	319,439	208,310	222,468	193,772	192,965
Unassigned	\$ 753,708	\$ 966,069	\$ 1,168,015	\$ 814,404	\$ 605,715	\$ 319,439	\$ 253,310	\$ 263,220	\$ 240,398	\$ 233,231
Total General Fund	\$ 753,708	\$ 966,069	\$ 1,168,015	\$ 814,404	\$ 605,715	\$ 319,439	\$ 253,310	\$ 263,220	\$ 240,398	\$ 233,231

Source: Annual Comprehensive Financial Report

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Local Sources:	\$ 3,765,463	\$ 3,536,947	3,416,648	3,356,021	3,282,740	526,869	3,370,368	2,735,424	2,446,841	2,283,175
Interest Earnings							1	2	4	3
Miscellaneous	16,200	-	-	5,878	2,376	-	25,305	13,037	4,316	871
Intermediate Sources	1,595,129	1,489,454	1,227,812	1,183,794	1,132,798	3,590,594	481,259	806,593	791,696	607,528
State Sources	506,304	326,859	111,566	74,658	75,902	75,082	54,940	37,756	34,768	30,772
Federal Sources	5,883,096	5,353,260	4,756,026	4,620,351	4,493,816	4,192,545	3,931,873	3,592,812	3,277,625	2,922,349
Total Revenues										
	1,876,063	2,202,612	1,750,235	1,620,877	237	1,529,344	1,536,373	1,369,635	1,223,071	1,109,928
Expenditures:										
Instruction	1,678,352	1,275,199	949,373	1,051,733	1,137,061	1,266,523	-	-	-	-
Administration	2,304,469	2,093,588	1,699,313	1,711,615	1,546,751	1,294,254	2,400,053	2,190,156	1,975,775	1,796,764
Support Services	246,663	1,533,365	-	27,437	30,172	37,058	5,357	10,198	71,611	27,729
Capital Outlay	6,105,547	7,104,764	4,398,921	4,411,662	4,207,540	4,127,179	3,941,783	3,569,989	3,270,457	2,934,421
Total Expenditures										
	(222,451)	(1,751,504)	357,105	208,689	286,276	65,366	(9,910)	22,823	7,168	(12,072)
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Other Financing Source (Uses):										
Transfers In	-	1,885,151	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Uses										
	-	1,885,151	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ (222,451)	\$ 133,647	\$ 357,105	\$ 208,689	\$ 286,276	\$ 65,366	\$ (9,910)	\$ 22,823	\$ 7,168	\$ (12,072)

Source: Annual Comprehensive Financial Report

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,	Interest	Prior Year Refunds	Miscellaneous Revenue	Total
2023	\$ 116	\$ -	\$ 50,567	\$ 50,683
2022	-	-	32,891	32,891
2021	-	-	199,367	199,367
2020	-	-	264,434	264,434
2019	-	-	98,807	98,807
2018	193	-	15	208
2017	1	7,442	-	7,443
2016	2	5,033	455	5,490
2015	4	-	14	18
2014	3	3,998	-	4,001

Source: Charter School records

OPERATING INFORMATION

UNITY CHARTER SCHOOL
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2023	249	\$ 5,858,884	\$ 23,530	12.96%	23.00	10.8:1	255	242.56	-1.99%	95.12%
2022	263	5,478,321	20,830	16.27%	19.00	13.8:1	260.17	254.32	9.82%	97.75%
2021	245	4,389,161	17,915	-2.75%	-	N/A	236.9	231.3	0.64%	97.64%
2020	238	4,384,225	18,421	4.51%	-	N/A	235.4	227.9	-0.51%	96.81%
2019	237	4,177,368	17,626	2.99%	-	N/A	236.6	231.0	-1.36%	97.64%
2018	239	4,090,121	17,113	-10.68%	-	N/A	239.9	231.0	2.94%	96.31%
2017	233	4,463,975	19,159	17.33%	-	N/A	233.0	N/A	6.39%	0.00%
2016	219	3,576,131	16,329	-27.41%	-	N/A	219.0	N/A	7.88%	0.00%
2015	203	4,566,855	22,497	0.00%	-	N/A	203.0	N/A	0.00%	0.00%
2014	N/A	2,918,356	-	0.00%	-	N/A	N/A	N/A	0.00%	0.00%

UNITY CHARTER SCHOOL
 School Building Information
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charter School Building										
<u>Primary/Intermediate/Middle</u>										
Square Feet	16,000	16,000	16,000	27,349	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	255	255	240	240	N/A	N/A	N/A	N/A	N/A	N/A
Total Enrollment	255	255	245	238	237	239	233	N/A	N/A	N/A

Number of Schools at June 30, 2023
 Primary/Intermediate/Middle = 1
 High = 1

Source: Charter School Facilities Office

UNITY CHARTER SCHOOL
Insurance Schedule
June 30, 2023

	Coverage	Deductible
COMMERCIAL PACKAGE POLICY - NJ SCHOOLS INSURANCE GROUP (NJSIAIG)		
<i>Property Section</i>		
Blanket Building and Contents (fund limit)	\$ 500,000	\$ 1,000
Accounts Receivable	250,000	1,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	310,000	1,000
<i>Liability Section</i>		
Comprehensive General Liability	\$ 16,000,000	
Automobile Liability	16,000,000	
Employee Benefit Liability	16,000,000	1,000
<i>Crime</i>		
Blanket Employee Dishonesty	\$ 50,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
<i>School Board Legal Liability - NJSIG</i>	16,000,000	5,000
<i>Environmental Impairment Liability</i>		
Limit of Liability		
Incident	2,000,000	10,000
Fund Annual Aggregate	25,000,000	
<i>WORKERS COMPENSATION (NJSIG)</i>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	3,000,000	
Supplemental Coverage (optional)	Included	
<i>PUBLIC EMPLOYEE'S FAITHFUL PERFORMANCE BLANKET POSITION BOND</i>		
Board Secretary - Rhonda Curry	\$ 146,750	1,000
Treasurer - Chris Lessard	\$ 146,750	1,000

UNITY CHARTER SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	678,382	716,369	32,460	Audit: Exhibit A-1
Current Assets (include cash)	1,192,879	1,121,361	922,239	Audit: Exhibit A-1
Current Liabilities	69,445	142,827	265,947	Audit: Exhibit A-1
Total Expenses	4,617,637	5,778,749	6,820,134	Audit: Exhibit A-2
Change in Net Position	299,062	(161,953)	(654,784)	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	237.00	254.00	255.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	237	260	255	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	8,763	8,763	34,765	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	3 YR CUM			Target****
	2021	2022	2023	
Performance Indicators				
Near Term Indicators				
1a.	17.18	7.85	3.47	Current Assets/Current Liabilities > 1.1 or between 1.0-1.1 with positive trend
1b.	54	45	2	Cash/(Total Expenses/365) 60 days or 30-60 days with positive trend
1c.	100%	98%	100%	Average Daily Enrollment/Budgeted Enrollment >95% or >95% for 3 yr cum
1d.**	NO	NO	NO	Auditor not in default
Sustainability Indicators				
2a***	510,215	37,987	(683,909)	Net change in cash flow from prior years 3 yr cum positive with most recent year positive
2b	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments) >1.10

* For renaissance schools: use Oct 15 count; if no final count, use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2023 =2023 Cash -2022 Cash; 2022 =2022 Cash -2021 Cash; 2021 =2021 Cash -2020 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Unity Charter School

Morris Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund Unity Charter School (Charter School), State of New Jersey, as of and for the fiscal year ended June 30, 2023, 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 February 5, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as #2023-001 and #2023-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 5, 2024

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY CIRCULAR
15-08 OMB**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Unity Charter School's compliance with the types of compliance requirements described in the New Jersey Circular 15-08- OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023. The Unity Charter School's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

In our opinion, the Unity Charter School, in the County of Morris, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Unity Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Unity Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Unity Charter School's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unity Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Unity Charter School's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unity Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Unity Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid but not for the purpose of expressing an opinion on the effectiveness of Unity Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance


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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
February 5, 2024

UNITY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grant/Pass-through Grant/ Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAN Number	Grant or State Project Number	Program or Award Amount	Grant Dates From To	Balance at June 30, 2022	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Pass-Through To Subrecipients	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2023	
														Accounts Receivable	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education															
State															
Non-Child Left Behind															
Title Part A	84.010A	N/A	S910A230030	NCLB - 23	\$ 21,168	7/1/22	630/23	\$ -	\$ -	\$ (21,168)	\$ -	\$ -	\$ -	\$ (21,168)	\$ -
Title Part A Carryover	84.010A			NCLB - 22	4,232	7/1/21	630/22			(4,232)				(4,232)	
Title Part A Carryover	84.387		S367A230029	NCLB - 22	10,000	7/1/21	630/22			(10,000)				(10,000)	
Title IV Site & Drug Fee	84.185A	84.185A	S42A230031	NCLB - 23	-	7/1/22	630/23	-	-	-	-	-	-	-	-
Title IV Site & Drug Fee Carryover	84.185A			NCLB - 22	-	7/1/21	630/22	-	-	(35,460)	-	-	-	(35,460)	-
Total Non-Child Left Behind					45,824	7/1/22	630/23	45,824	45,824	(45,253)	-	-	-	(10,645)	-
Other Special Revenue Funds	84.027	84.027A	H027A230100	IDEA - 22	10,645	9/1/20	3/31/21	-	45,824	(35,460)	-	-	-	(10,645)	-
IDEA - Part B Basic	84.027			IDEA-6810-23	-			-	45,824	(35,460)	-	-	-	(10,645)	-
Total Individuals with Disabilities Cluster					2,399	3/13/22	831/24	2,399	2,399	(2,399)	-	-	-	-	-
Other Special Revenue Funds	84.425	COVID-19, 84.425D	S45D200027	N/A	157,567	3/13/22	831/24		157,567	(157,567)				(157,567)	
ARR-ESSER	84.425	COVID-19, 84.425D	S425D200027	N/A	33,409	3/13/22	831/24		33,409	(33,409)				(33,409)	
ARR-ESSER II	84.425	COVID-19, 84.425D	S425D200027	N/A	30,000	3/13/22	831/24		30,000	(30,000)				(30,000)	
ARR-ESSER III	84.425	COVID-19, 84.425D	S425D200027	N/A	30,000	3/13/22	831/24		30,000	(30,000)				(30,000)	
ARR-ESSER IV	84.425	COVID-19, 84.425D	S425D200027	N/A	40,000	9/1/21	831/22		40,000	(40,000)				(40,000)	
ARR-ESSER Evidence Based Comprehensive Beyond the School Day	84.425	COVID-19, 84.425D	S425D200027	N/A	450,000	9/1/21	831/22		450,000	(450,000)				(450,000)	
ARR-ESSER NJTS Mental Health Supporting Staffing	84.425	COVID-19, 84.425D	S425D200027	N/A	40,000	9/1/21	831/22		40,000	(40,000)				(40,000)	
ARR-ESSER NJTS Mental Health Supporting Staffing	84.425	COVID-19, 84.425D	S425D200027	N/A	40,000	9/1/21	831/22		40,000	(40,000)				(40,000)	
ARR-ESSER Summer Learning	84.425	COVID-19, 84.425D	S425D200027	N/A	40,000	9/1/21	831/22		40,000	(40,000)				(40,000)	
Total Other Special Revenue Funds					2,399	9/1/21	831/22	2,399	(414,273)	(40,000)	-	-	-	(411,976)	-
Total Special Revenue Fund					48,223			48,223	(508,304)	(458,081)	-	-	-	(458,081)	-
U.S. Department of Agriculture															
Passed-through State Department of Agriculture															
Child Nutrition Cluster	10.555	COVID-19	211N304N1009	N/A	31,478	7/1/22	630/23	(6,709)	24,210	(31,478)				(7,269)	
Child Nutrition Cluster	10.555	COVID-19	211N304N1009	N/A	1,219	7/1/22	630/23		913	(1,219)				(308)	
Total Child Nutrition Cluster					31,852			(6,709)	31,852	(32,697)				(7,575)	
Total Enterprise Fund					80,055			(6,709)	80,055	(539,020)				(7,269)	
Total Federal Financial Awards					128,102			(13,418)	128,102	(128,102)				(141,418)	

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

UNITY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover/(W/allow) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reapportionment of Prior Year's Balance	Balance at June 30, 2023		Cumulative Total Expenditures
			From	To	Unexpended Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Revenue/ Interfund Payable	
State Department of Education													
General Fund													
State Aid-Public													
Equalization Aid- State Share	23-495-034-5120-078	\$ 478,273	7/1/22	6/30/23	\$ -	\$ -	\$ 478,273	\$ (478,273)	\$ -	\$ -	\$ -	\$ -	\$ 478,273
Special Education Categorical Aid	23-495-034-5120-089	228,810	7/1/22	6/30/23			228,810	(228,810)					228,810
Security Aid	23-495-034-5120-084	30,379	7/1/22	6/30/23			30,379	(30,379)					30,379
Total State Aid-Public							737,462	(737,462)					737,462
TPAF Post-Retirement Medical Contributions	23-495-034-5095-001	148,117	7/1/22	6/30/23			148,117	(148,117)					148,117
On-Behalf TPAF Pension Contributions	23-495-034-5095-006	567,640	7/1/22	6/30/23			567,640	(567,640)					567,640
TPAF Long Term Disability Insurance Premium	23-495-034-5095-003	133,898	7/1/22	6/30/23			104,898	(133,898)					133,898
Reimbursed TPAF - Social Security	22-495-034-5095-002	138,076	7/1/21	6/30/22	(7,310)	(7,310)	7,310	(133,692)	(28,807)				133,692
Total Reimbursed TPAF-Social Security							12,195	(133,692)	(28,807)				133,692
Total General Fund							1,566,872	(1,598,469)					1,598,469
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)	23-100-010-3350-023	27,429	7/1/22	6/30/23			27,029	(27,429)	(400)				27,429
National School Lunch Program (State Share)	22-100-010-3350-023	2,621	7/1/21	6/30/22	(478)	(478)	478						
Total Enterprise Fund							27,507	(27,429)	(400)				27,429
Total State Financial Assistance Subject to Major Program Determination or State Single Audit							\$ 1,594,479	\$ (1,615,898)	\$ (29,207)	\$ -	\$ -	\$ -	\$ 1,615,898
State Financial Assistance Not Subject to Major Program Determination or State Single Audit													
Cash Assistance:													
TPAF Post-Retirement Medical Contributions	23-495-034-5095-001	148,117	7/1/22	6/30/23			(148,117)						148,117
On-Behalf TPAF Pension Contributions	23-495-034-5095-006	567,640	7/1/22	6/30/23			(567,640)						567,640
TPAF Long Term Disability Insurance Premium	23-495-034-5095-004	58	7/1/22	6/30/23			(658)						58
Total General Funds (Non-Cash Assistance)							(717,315)						717,315
Total State Financial Assistance							\$ 877,164	\$ (898,583)	\$ -	\$ -	\$ -	\$ -	\$ 58,014
													\$ 2,333,213

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

UNITY CHARTER SCHOOL

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

UNITY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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

	Federal	State	Total
General Fund	\$ -	\$ 1,588,469	\$ 1,588,469
Special Revenue Fund	506,304	6,660	512,964
Food Service Fund	32,697	27,429	60,126
Total Awards & Financial Assistance	<u>\$ 539,001</u>	<u>\$ 1,622,558</u>	<u>\$ 2,161,559</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Unity Charter School has no loan balances outstanding at June 30, 2023.

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2023. 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, 2023.

UNITY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

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

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 21,168
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	4,292
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>	<hr/>
Total	<u>\$ 25,460</u>

NOTE 9. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of the Schedules of Findings and Questioned Costs.

UNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

N/A

State Awards

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID – PUBLIC
<u>23-495-034-5120-071</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-084</u>	<u>Non Public Aid</u>

UNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses and fraud, non-compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires..

Item #2023-001 – Proper record keeping of expenditures was not maintained

Criteria: The entity selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. To accomplish this in part, the school keeps track of all expenditures associated Proprietary fund that were paid by General fund and reclassifies them accordingly.

Context:

Condition: Proper recording keeping for expenditures covered by other funds were not being maintained.

Cause: Transfers from Proprietary fund to General fund were made for covering related expenses, however such expenses were not reclassified. Audit adjustments were required to record those expenses to their appropriate designated funds.

Effect: These misclassifications could impact the accuracy and transparency of the financial reporting process and may result in inconsistencies in fund balances and financial statement disclosures.

Recommendations: Strengthen internal controls over the recording and monitoring of expenses to prevent future misclassifications. This may involve implementing segregation of duties, enhancing review procedures, and providing training to staff responsible for fund accounting.

Views of the responsible official and planned corrective actions: Management agrees with the finding and will implement better internal controls in this area as described in the recommendation.

UNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Schedule of Financial Statement Findings (Continued)

Item #2023-002 – Charter School does not maintain an accurate capital asset listing

Criteria: The State Department of Education requires districts to maintain a capital asset ledger that accounts for all assets whose historical value exceeds \$2,000.

Context:

Condition: The Charter School has not maintained an accurate capital asset listing.

Cause: A capital asset record was not available for the June 30, 2023 school year.

Effect: Potential financial statement misstatement

Recommendations: That the Charter School maintains an accurate capital asset listing for all assets.

Views of the responsible official and planned corrective actions: Management agrees with the finding and will implement better internal controls in this area as described in the recommendation.

UNITY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

***Section III – Schedule of Federal and State Award
Findings and Questioned Costs As Prepared by Management***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

UNITY CHARTER SCHOOL
Summary Schedule Prior Year Audit Findings and Questioned Costs as prepared by
Management
For the Fiscal Year Ended June 30, 2023

STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

Findings

Item #2022-001 Separate accounting was not maintained for each grant

Status: Addressed and Corrected by Management