



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**for the Year-Ended June 30, 2013**

**FOR**

**UNITY CHARTER SCHOOL**  
**BOARD OF EDUCATION**  
**Morristown, New Jersey**

**BOARD OF EDUCATION**  
**UNITY CHARTER SCHOOL**

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**UNITY CHARTER SCHOOL**

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Teaching capable, confident kids  
for a healthy planet

Officers

November 18, 2013

President

Robert Ghelli

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

Vice President

Kirstin Sechler

Dear Board Members:

Trustees

Tina Bologna  
Sherry Cicero  
Lilie Donahue  
Jonathan Fitcher  
Robert Ghelli  
Stacy Havens  
Pete Minde  
Louis Rago  
Terri Rich  
Kirstin Sechler  
Annalise Silivanch

The Comprehensive Annual Financial Report of the Unity Charter School for the fiscal year June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests on the management of the Board of Trustees. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

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

Director

Carolyn Mungo

**REPORTING ENTITY AND ITS SERVICES:** Unity Charter School constitutes an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14 and GASB 34. All funds and account groups of the entity are included in the report. The Unity Board of Trustees and its school continue the School's reporting entity. The Unity Charter School was chartered by the New Jersey Department of Education in January 1997 as the only charter school that had included a planning year prior to opening. The school opened its doors to the first 60 students in grades K-7 in September 1998, in accordance with its charter. It maintained that enrollment level throughout the first school year. The Unity Charter School now operates a K-8 program, in which students thrive in a multi-age learning environment that stresses the importance of social and environmental responsibility. While encouraging each child to grow academically, Unity integrates parents and the community to participate in classroom support as well as the governance of the school.

**ENROLLMENT OUTLOOK:** Unity Charter School has completed its fifteenth year of operation as a kindergarten through eighth grade public school of choice. Students are admitted to Unity Charter School using a lottery method, as required by the State of New Jersey. Informational gatherings are held for interested parents in the fall and early winter, prior to the lottery process. After lottery selection, families are notified, and waiting lists are maintained. Enrollment information is maintained and reported as per Department of Education regulations. Unity ended the school year with 183 students, graduating twelve students in June 2013.

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

Throughout the year, in accordance with the school's mission, sustainability was taught through the investigation of the effects of human endeavor on our ecosystem, using learning activities such as field trips, class curriculum and individual research projects. The school lunch program continued its partially organic, whole food and vegetarian program, harvesting from the garden for the school lunches. The curriculum integrated sustainability and diversity themes with a robust curriculum that integrated the State Core Curriculum Standards. Students took the state required ASK-3 through ASK-8 tests, scoring above the state average.

School BA

Katine Slunt  
Board Secretary

## Officers

### President

Robert Ghelli

### Vice President

Kirstin Sechler

### Trustees

Tina Bologna

Sherry Cicero

Lilie Donahue

Jonathan Fitcher

Robert Ghelli

Stacy Havens

Pete Minde

Louis Rago

Terri Rich

Kirstin Sechler

Annalise Silivanch

### Director

Carolyn Mungo

### School BA

Katine Slunt

Board Secretary

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

As a recipient of federal and state financial assistance, the School also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the School management. As part of the School's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the School has complied with applicable laws and regulations.

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

As encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance at June 30, 2013.

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

FINANCIAL INFORMATION AT FISCAL YEAR END: Unity Charter School has continued its positive financial position as compared to last year. Detailed information can be found in the Management Discussion and Analysis. The School has been aggressive in collecting tuition owed from sending districts, and insuring that the sending districts update the enrollment records in the DOE Charter School Enrollment System. However, even with these efforts tuition payments from the sending districts are historically slow. Slow cash flow sometimes impairs the school's ability to pay contractual obligations in a timely manner. Unity ended the 2012-2013 year meeting all of its obligations, even though cash payment was delayed.

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

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

INDEPENDENT AUDIT: The State statues require an annual audit by independent certified public accountants or registered municipal accountants to be completed for all school districts. The accounting firm of *VM Associates Inc.* was selected by the School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related to the single audit are included in the single audit section of this report.

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

Sincerely,

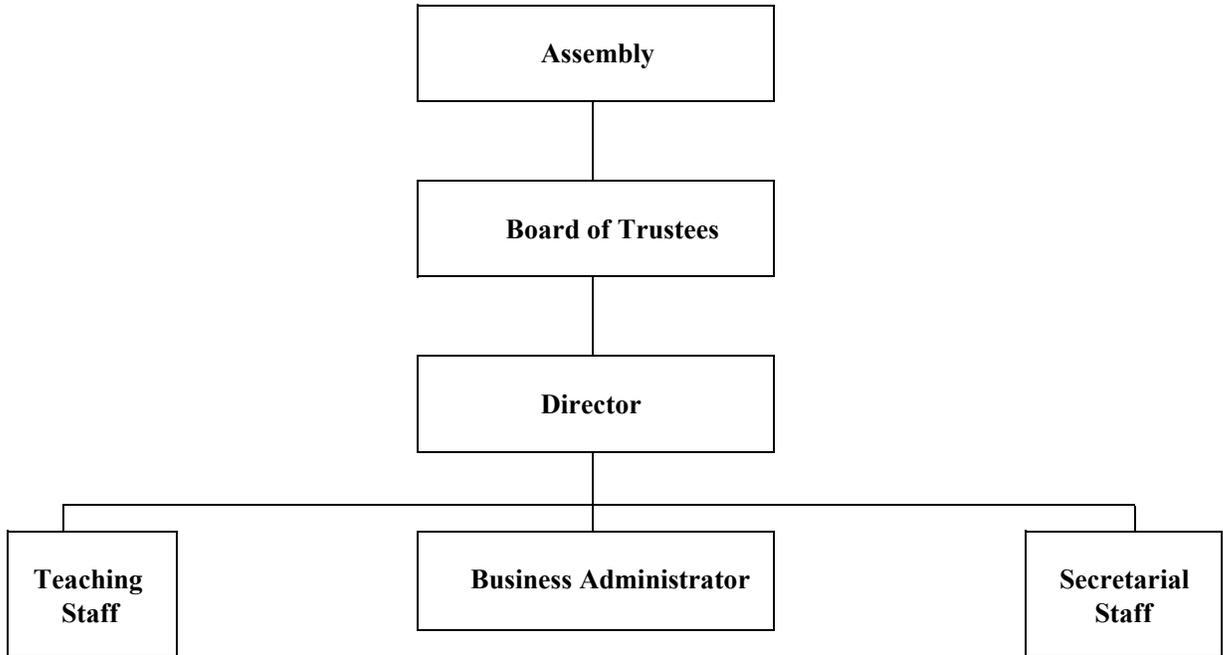
Katine M. Slunt

Business Administrator/ Board Secretary

Unity Charter School

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

**as of June 30, 2013**



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

**as of June 30, 2013**

<b>Members of the Board of Education</b>		<b>Term Expires</b>
Kirstin Sechler	President	June 2014
Tina Bologna	Vice President	June 2013
Ronni Arno Blaisdell	Member	June 2013
Sherry Cicero	Member	June 2014
Robert Ghelli	Member	June 2014
Peter Minde	Member	June 2014
Matthew Onigman	Member	June 2013
Mindy Quirk	Member	June 2013
Louis Rago	Member	June 2014
Tanya Seaward	Member	June 2013
Annalise Silivanch	Member	June 2014

**Other Officials**

Carolyn Mungo	Director
Katine Slunt	Business Administrator/ Board Secretary
Jon Rheinhardt	Treasurer

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

**as of June 30, 2013**

**Audit Firm**

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

**Attorney**

Thomas O. Johnston, Esq.  
PORZIO, BROMBERG & NEWMAN, P.C.  
100 Southgate Parkway  
Morristown, NJ 07962-1997

**Official Depository**

BANK OF AMERICA  
South Street  
Morristown, New Jersey 07960

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unity Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and other information such as the introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

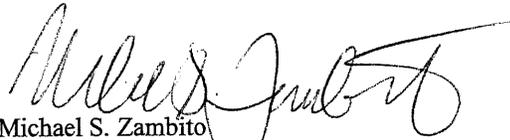
The combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 21, 2013 on our consideration of the Unity Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey in considering Unity Charter School's internal control over financial reporting and analysis.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



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

November 21, 2013

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

The intent of the Management's Discussion and Analysis (M.D. & A.) is to provide an overall explanation of the financial activities and summarize the financial performance of the Unity Charter School for the fiscal year ended June 30, 2013. The financial activity of the school is the numerical representation of the educational, social and recreational programs that occur through out the school year. The Management's Discussion and Analysis explains how these programs, and other financial factors, effect the changes noted in the school's annual financial statements.

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

**Summary of Performance:**

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

The mission of Unity Charter School is to provide an environment for learning which fosters the development of the responsible, the use of freedom, promotes a choice of interests in which to master fundamental concepts, and which encourages ownership and personal power within the context of an ecologically responsible community.

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

As a school of choice, Unity Charter has maintained its enrollment, with healthy waiting lists to fill interim openings. For 2012-2013, the school's enrollment was 182, 119 in the Lower School (Grade K-4) and 61 in the Middle School (Grade 5-8). Unity's low teacher: student ratios provide more opportunities to address the students' individual needs. Unity's support of a multi-age learning environment, that combining similar grades in one classroom, diversifies the educational experience for all students. Unity's implementation of the Positive Discipline Program teaches respect of self and of others, which in turn, fosters a health learning environment. Unity's focus on the importance of sustainability and environmental education is infused into every aspect of the learning experience, from the school garden in science classes to the low-waste food program in the cafeteria. The result is a strong academic program with the strong awareness of environmental and social responsibility.

Financially, Unity completed another successful year. Revenues increased by 4% over those from the previous fiscal year. Most of these revenues, 75%, related to taxes collected from the Unity's 45 school districts, from which the 182 students reside. In 2012-2013, Unity elected to enroll siblings of existing students, even though payment would not be received for the children, because it was in the best interest of the families. This resulted in depressed tax collections from a number of school districts, lowering total revenues for the 2012-2013 school year.

The remaining 25% of the revenues related to Operating Grants and Donations, and Program Fees. The Operating Grants are from the State of New Jersey for the resident districts, through general state aid, additional aid for students with special needs and security aid. The Operating Grants also include funds from the Federal Government for students with special needs. The Donations are from organizations within the community, given for specific purposes; these funds are restricted in accordance with the donor's purpose. The After Care Program provided after-school, child care services to Unity students. These services included a Homework Club, as well as general supervision after school.

Regular Operating Expenditures represent 76 % of the total expenditures and increased by 15% over those from the previous fiscal year. Although strong cost containment efforts were implemented in the 2012-2013 school year, costs increased for contractual salary and benefit obligations. In addition, Unity chose to expend funds from its available balances for facility improvements, a Middle School consultant, a new math series and additional staff development opportunities for its teaching staff. Unity also wrote-off asset improvements in 2012-2013; these building improvements were obsolete, relating to a previous facility that was no longer in use. Because of these additional uses, the net assets position declined by \$66,176, an 18% decline from the previous fiscal year.

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

**Overall Explanation of the Financial Statements:**

The Comprehensive Annual Financial Report presents the school's financial position as of June 30, 2013. The Basic Financial Statements and Notes contain detailed information on this financial activity. These statements are organized in aggregate, or government-wide, in the Statement of Net Position and Statement of Change in Net Position and view the school's financial activities for the entire operating entity. Assets and liabilities are reported using the accrual basis of accounting; revenues are recorded when earned and expenses when incurred, regardless of when cash is received or paid.

The Statement of Net Position and Statement of Change in Net Position report the school's change in net assets, which quantifies whether the school's financial position has improved or diminished during the fiscal year. This provides a longer-term view of the school's financial health. However, factors that effect this change can include non-financial events, such as changes in facility condition, required educational programs and current laws in the state of New Jersey. In the Statement of Net Position and Statement of Change in Net Position the district's financial activity is divided into two kinds of activity, Governmental and Business Type. Governmental activities contain most of the school's basic programs and services for the education of the student body. The Business Type activities provide services for a fee, similar to a for-profit entity.

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

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

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

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

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

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

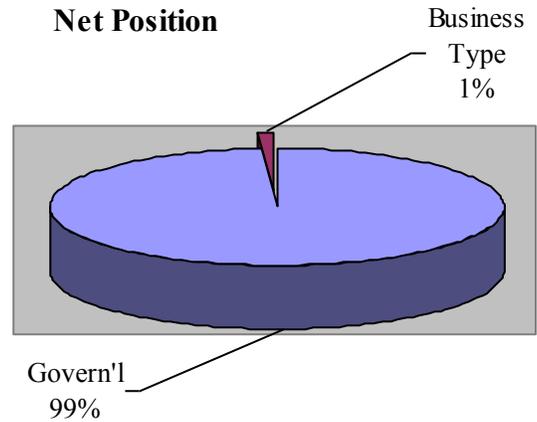
**Viewing the School as a Whole:**

The table below summarizes the Statement of Net Position.

This table presents the Net Position of the whole entity, broken down into its components, Governmental and Business-Type Activities. The Governmental Activities represent most of the Net Position, as seen in the graph to the right.

The net position for Governmental Activities declined by 18% from the previous year, resulting from the use of unrestricted funds for facility improvements, a new mathematic textbook series for grades K-4, the hiring of a Middle School consultant and additional staff development opportunities for its teaching staff. The decline in the restricted funds related to the decrease in encumbered funds to zero at year-end. Equipment purchases increased the investment in Capital Assets by \$ 14,519.

The net position for Business-Type Activities increased by 227%, due to improvements to the after care program during the 2012-2013 school year.



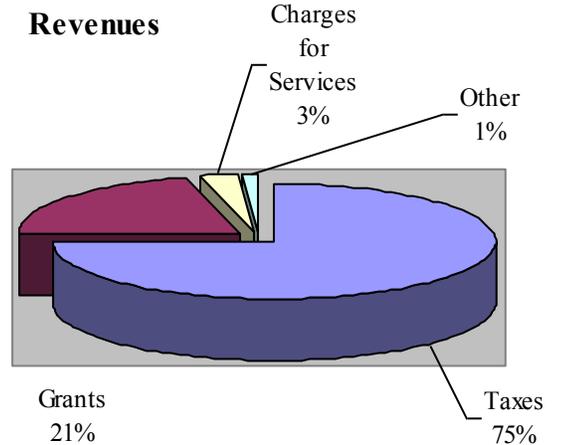
<i>Summary of Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Current & Other Assets	\$ 397,984	\$ 452,028	\$ 29,945	\$ 5,658	\$ 427,929	\$ 457,685
Capital Assets	<u>103,262</u>	<u>88,743</u>	<u>0</u>	<u>0</u>	<u>103,262</u>	<u>88,743</u>
<b>Total Assets</b>	<b><u>\$ 501,246</u></b>	<b><u>\$ 540,771</u></b>	<b><u>\$ 29,945</u></b>	<b><u>\$ 5,658</u></b>	<b><u>\$ 531,191</u></b>	<b><u>\$ 546,428</u></b>
Other Liabilities	\$ 156,678	\$ 117,385	\$ 11,747	\$ 100	\$ 168,425	\$ 117,485
<b>Total Liabilities</b>	<b><u>\$ 156,678</u></b>	<b><u>\$ 117,385</u></b>	<b><u>\$ 11,747</u></b>	<b><u>\$ 100</u></b>	<b><u>\$ 168,425</u></b>	<b><u>\$ 117,485</u></b>
Invested in Capital Assets, Net of Related Debt	\$ 103,262	\$ 88,743	\$ 0	\$ 0	\$ 103,262	\$ 88,743
Restricted	0	4,887	0	0	0	4,887
Unrestricted (deficit)	<u>241,306</u>	<u>329,755</u>	<u>18,198</u>	<u>5,558</u>	<u>259,504</u>	<u>335,313</u>
<b>Total Net Position</b>	<b><u>\$ 344,568</u></b>	<b><u>\$ 423,385</u></b>	<b><u>\$ 18,198</u></b>	<b><u>\$ 5,558</u></b>	<b><u>\$ 362,766</u></b>	<b><u>\$ 428,943</u></b>

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

The table below summarizes the Statement of Changes in Net Position.

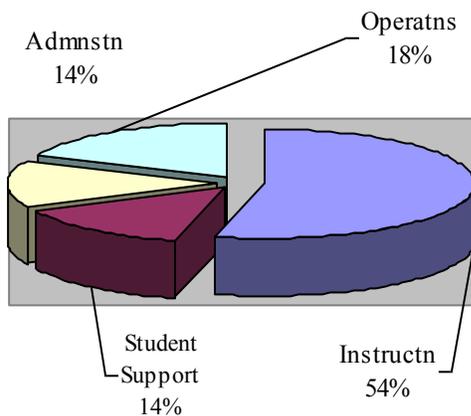
This table presents the Change in Net Position for the whole entity, broken down into its components, Revenues and Expenses. The revenues are shown in the graph to the right. Most of the funds earned relate to taxes (75%) and government aids (21%) collected from the Unity's 45 school districts, from which the 182 students reside.

The revenues for Business-Type Activities increased by 41%, due to improvements to the after care program during the 2012-2013 school year. However, in total, these fees only represent 3% of the total revenues earned.



<i>Summary of Change in Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>REVENUES</b>						
Program Revenues:						
Charges for Service	\$ 0	\$ 0	\$ 77,519	\$ 54,780	\$ 77,519	\$ 55,780
Operating Grants & Donations	595,322	556,706	0	0	595,322	556,706
General Revenues:						
Property Taxes	2,070,346	1,950,276	0	0	2,070,346	1,950,276
Interest & Investment Earnings	13	8	0	0	13	8
Other General Revenues	<u>11,256</u>	<u>77,551</u>	<u>0</u>	<u>0</u>	<u>11,256</u>	<u>74,551</u>
<b>Total Revenues</b>	<b><u>\$ 2,676,937</u></b>	<b><u>\$ 2,581,541</u></b>	<b><u>\$ 77,519</u></b>	<b><u>\$ 54,780</u></b>	<b><u>\$ 2,754,456</u></b>	<b><u>\$ 2,636,321</u></b>

**Expenses**



As mentioned above, this table presents the Change in Net Position for the whole entity, broken down into its components, Revenues and Expenses. The expenses are shown in the graph to the right. Most of the funds expended relate to instruction (54%) and support (14%) of the students, benefiting the 182 students directly. The costs related to administration and overhead on the facility represent the remaining 32%. Included in the overhead costs are those related to the Business-Type Activities of the food service and after care programs, representing 11% of that total.

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

<i>Summary of Change in Net Position</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>EXPENSES</b>						
Instruction:						
Regular	\$ 1,480,970	\$ 1,326,641	\$ 0	\$ 0	\$ 1,480,970	\$ 1,326,641
Support Services:						
Student & Related Services	388,847	299,841	0	0	388,847	299,841
Administration	379,786	363,629	0	0	379,786	363,629
Operations & Maintenance	454,678	402,490	0	0	454,678	402,490
Pupil Transportation	7,818	0	0	0	7,818	0
Disposal of Capital Assets	43,355	0	0	0	43,355	0
Business-Type Activities:						
Food Service	0	0	31,437	14,710	31,437	14,710
After Care Program	<u>0</u>	<u>0</u>	<u>33,441</u>	<u>34,513</u>	<u>33,441</u>	<u>34,513</u>
<b>Total Expenses</b>	<b><u>\$ 2,755,754</u></b>	<b><u>\$ 2,392,601</u></b>	<b><u>\$ 64,878</u></b>	<b><u>\$ 49,223</u></b>	<b><u>\$ 2,820,632</u></b>	<b><u>\$ 2,441,823</u></b>
Increase in Net Position	(78,817)	188,940	12,641	5,557	(66,176)	194,498
Opening Balance- Net Position	<u>423,385</u>	<u>234,445</u>	<u>5,557</u>	<u>0</u>	<u>428,943</u>	<u>234,445</u>
<b>Closing Balance-Net Position</b>	<b><u>\$ 344,568</u></b>	<b><u>\$ 423,385</u></b>	<b><u>\$ 18,198</u></b>	<b><u>\$ 5,557</u></b>	<b><u>\$ 362,766</u></b>	<b><u>\$ 2,636,321</u></b>

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

**Viewing the Governmental and Business Type Activities:**

**Governmental Activities:**

The Governmental Funds provide information on the short-term inflows, outflows and balances of spendable resources. As seen in the below schedule, the Governmental Revenues increased by 3.70% over that of the previous year. Although miscellaneous revenue declined due to fewer local grants, local taxes and the related state aid, as well as federal grants increased, resulting in the overall increase for the 2012-2013 school year.

<i>Revenue Source</i>	<i>2012-2013</i>	<i>2011-2012</i>	<i>Variance (in dollars)</i>	<i>Variance (in percent)</i>
Local Sources:				
Property Tax	\$ 2,070,346	\$ 1,950,276	\$ 120,070	6.16 %
Interest Earned	13	8	5	48.77 %
Miscellaneous	<u>11,256</u>	<u>74,551</u>	<u>(63,295)</u>	<u>(84.90 %)</u>
Local Sources- Total	\$ 2,081,615	\$ 2,024,835	\$ 56,780	2.80%
State Sources	562,566	529,022	33,544	6.34%
Federal Sources	32,756	27,684	5,072	18.32%
<b>TOTAL</b>	<b>\$ 2,676,937</b>	<b>\$ 2,581,541</b>	<b>\$ 95,396</b>	<b>3.70 %</b>

As seen in the below schedule, the Governmental Expenditures increased by 14.73% over that of the previous year. Additional secretarial staff was added, increasing Student Services by 25.56%. Minor renovations and repairs, during the summer, resulted in the hiring of a part-time handyman and additional supplies, which increased Operations costs by 13.04%. The larger summer renovations increased Capital Outlay. Finally, the increase in Employee Benefits related to the increase in medical and dental premiums, and additional pension contributions.

<i>Expenditure by Function</i>	<i>2012-2013</i>	<i>2011-2012</i>	<i>Variance (in dollars)</i>	<i>Variance (in percent)</i>
Current:				
Regular Instruction	\$ 1,101,726	\$ 1,056,623	\$ 45,103	4.27 %
Student Support:				
Student Services	272,156	216,759	55,397	25.56 %
Administration	292,269	301,318	(9,049)	( 3.00 %)
Operations	454,978	402,490	52,488	13.04%
Pupil Transportation	7,818	0	7,818	100.00 %
Employee Benefits	574,244	405,371	168,873	41.66%
Capital Outlay	67,082	31,981	35,101	109.76%
<b>TOTAL</b>	<b>\$ 2,770,273</b>	<b>\$ 2,414,542</b>	<b>\$ 355,731</b>	<b>14.73 %</b>

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

**Business-Type Activities:**

The Business-Type Activities relate to services rendered for a fee, similar to a for-profit entity. Such entities are evaluated based on the return of that invested. As seen in the below schedule, the assets invested in the food service and after care programs provide positive returns, indicating their strong fiscal viability.

<i>Business-Type Entity</i>	<i>Food Service</i>	<i>After Care</i>
Total Assets	\$ 5,880	\$ 24,065
Net Position	377	17,821
Change in Net Position	377	5,558
<b>Return on Ending Total Assets</b>	<b>6.42%</b>	<b>23.09%</b>
<b>Return on Ending Net Position</b>	<b>100.00%</b>	<b>31.19%</b>

**Viewing Capital Assets at Year-End:**

The Capital Assets are building improvements and equipment, greater than \$2,000. In 2012-2013, capital improvements of \$52,445 were made to the building, including the addition of a classroom. Computer and classroom furniture purchases were made and classified as equipment, totaling \$14,519. Additionally, in 2012-2013, a write-off of previous building improvements was made, totaling \$43,355; this write off eliminated building improvements on a facility that was no longer in use.

<i>Capital Assets</i>	<i>Governmental Activities</i>		<i>Totals</i>	
	<i>2012-2013</i>	<i>2011-2012</i>	<i>2012-2013</i>	<i>2011-2012</i>
Buildings	\$ 86,526	\$ 144,983	\$ 86,526	\$ 144,983
Equipment	<u>87,957</u>	<u>73,320</u>	<u>87,957</u>	<u>73,320</u>
<b>Fixed Assets</b>	<b>\$ 174,483</b>	<b>\$ 218,303</b>	<b>\$ 174,483</b>	<b>\$ 218,303</b>
Accumulated Depreciation	(71,221)	(129,560)	(71,221)	(129,560)
<b>Fixed Assets, net</b>	<b>\$ 103,262</b>	<b>\$ 88,743</b>	<b>\$ 103,262</b>	<b>\$ 88,743</b>

**UNITY CHARTER SCHOOL**  
**Management Discussion and Analysis**  
**for the Year Ended June 30, 2013**  
**(UNAUDITED)**

**Debt:**

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

**Budgets:**

The school's budget is prepared about six months prior to the start of the fiscal year in accordance with New Jersey State guidelines. This time delay results in revisions of the annual operating budget several times through out the fiscal year.

Revisions were made to adjust revenue projections and to prevent over-expenditures in specific appropriation accounts. In accordance with N.J.S.A. 18A:22-8.1, transfers to make these adjustments are approved by Board resolution at a public meeting of the Board of Trustees.

No adjustments were made to the original budgeted amounts for Revenues. However, several revisions were made to the original Expenditures, as noted below:

- An increase to the original budget was made for the prior year encumbrances for \$4,887. The Board appropriated, through Board resolution, unrestricted fund balance for capital improvements to the building, totaling \$50,000, and for the hiring of a Middle School consultant, totaling \$8,000.
- The movement of funds occurred to increase Instructional Programs for additional classroom supplies; the funds were available from Administration, due to savings in the telecommunication service contracts.
- The movement of funds occurred to increase Employee Benefits for additional pension contributions; the funds were available from Operations, due to saving in insurance and Capital Outlay, due to lower pricing for the construction projects.

In preparing the 2013-2014 budget, the Board of Trustees focused on meeting its educational priorities, while providing accountability to the taxpaying communities and complying with the stringent restrictions set by the New Jersey Department of Education.

Unity Charter School is in sound financial condition on June 30, 2013. The school is proud of its community support and continues to commit itself to financial excellence. The school's financial planning, budgeting, and internal controls structure provide integrity to its financial system. The school plans to maintain this sound fiscal management and to meet it financial responsibilities into the future.

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

## **BASIC FINANCIAL STATEMENTS**

**Section A**

**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Net Position  
June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,175.32	\$28,045.07	\$ 44,220.39
Receivables, Net	344,030.37	1,522.36	345,552.73
Interfunds Receivable	30,081.50		30,081.50
Prepaid Expenses		377.31	377.31
Restricted Assets:			
Cash and Cash Equivalents	7,697.00		7,697.00
Capital Assets, Net	<u>103,261.93</u>	-	<u>103,261.93</u>
Total Assets	<u>501,246.12</u>	<u>29,944.74</u>	<u>531,190.86</u>
<b>LIABILITIES</b>			
Accounts Payable	38,750.19	165.61	38,915.80
Contracts Payable	5,500.00		5,500.00
Interfunds Payable		11,581.15	11,581.15
Deposits Payable	92,342.00		92,342.00
Deferred Revenue	<u>20,085.62</u>	-	<u>20,085.62</u>
Total Liabilities	<u>156,677.81</u>	<u>11,746.76</u>	<u>168,424.57</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	103,261.93		103,261.93
Unrestricted/Unassigned	<u>241,306.38</u>	<u>18,197.98</u>	<u>259,504.36</u>
Total Net Position	<u>\$344,568.31</u>	<u>\$18,197.98</u>	<u>\$362,766.29</u>

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Activities  
For the Year Ended June 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 1,480,969.49	\$ 386,959.50	\$ -	\$(1,094,009.99)	-	\$(1,094,009.99)
Support Services:						
Student and Instruction Related Services	388,846.88	119,064.46		(269,782.42)		(269,782.42)
General and Business Administrative Services	379,786.39	89,298.35		(290,488.04)		(290,488.04)
Plant Operations and Maintenance	454,977.87			(454,977.87)		(454,977.87)
Pupil Transportation	7,818.31	-		(7,818.31)		(7,818.31)
Total Governmental Activities	<u>2,712,398.95</u>	<u>595,322.31</u>	<u>-</u>	<u>(2,117,076.63)</u>	<u>-</u>	<u>(2,117,076.63)</u>
<b>Business-type Activities:</b>						
Food Service	31,437.16				(31,437.16)	(31,437.16)
After School	33,441.23				44,077.66	44,077.66
Total Business-type Activities	<u>64,878.39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,640.50</u>	<u>12,640.50</u>
Total Primary Government	<u>\$ 2,777,277.34</u>	<u>\$ 595,322.31</u>	<u>\$ -</u>	<u>\$ (2,117,076.63)</u>	<u>\$ 12,640.50</u>	<u>\$ (2,104,436.13)</u>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 2,070,346.00	-	\$ 2,070,346.00
Investment Earnings				12.66		12.66
Miscellaneous Income				11,256.18		11,256.18
Special Item - Disposal of Capital Assets				(43,355.14)		(43,355.14)
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>2,038,259.70</u>	<u>-</u>	<u>2,038,259.70</u>
Change in Net Position				(78,816.93)	12,640.50	(66,176.44)
Net Position—Beginning				423,385.24	5,557.48	428,942.72
Net Position—Ending				<u>\$ 344,568.31</u>	<u>\$ 18,197.98</u>	<u>\$ 362,766.28</u>

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

**Section B**

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Balance Sheet  
Governmental Funds  
June 30, 2013**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,175.32	\$ -	\$ 16,175.32
Interfunds Receivable	44,751.88		44,751.88
Receivables from Other Governments	300,762.37	32,756.00	333,518.37
Loan Receivable	8,512.00	-	8,512.00
Other	-	2,000.00	2,000.00
Interest Receivable on Investments			-
Inventory			-
Restricted Cash and Cash Equivalents	<u>7,697.00</u>	<u>-</u>	<u>7,697.00</u>
<b>Total Assets</b>	<b><u>\$ 377,898.57</u></b>	<b><u>\$ 34,756.00</u></b>	<b><u>\$ 412,654.57</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 38,750.19	\$ -	\$ 38,750.19
Contracts Payable	5,500.00		5,500.00
Interfunds Payable		14,670.38	14,670.38
Payable to Other Local Units	92,342.00		92,342.00
Deferred Revenue	<u>-</u>	<u>20,085.62</u>	<u>20,085.62</u>
<b>Total Liabilities</b>	<b><u>136,592.19</u></b>	<b><u>34,756.00</u></b>	<b><u>171,348.19</u></b>
Fund Balances:			
Unassigned, Reported in:			
General Fund	<u>241,306.38</u>		<u>241,306.38</u>
<b>Total Fund Balances</b>	<b><u>241,306.38</u></b>	<b><u>-</u></b>	<b><u>241,306.38</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 377,898.57</u></b>	<b><u>\$ 34,756.00</u></b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$174,482.43 and the accumulated depreciation is \$71,220.50.

103,261.93

Net position of governmental activities

\$ 344,568.31

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Revenues, Expenditures, And Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Sources:			
Local Tax Levy	\$ 2,070,346.00	\$ -	\$ 2,070,346.00
Interest Earned on Investments	12.66		12.66
Miscellaneous	<u>1,274.06</u>	<u>9,982.12</u>	<u>11,256.18</u>
Total - Local Sources	2,071,632.72	9,982.12	2,081,614.84
State Sources	561,445.31	1,121.00	562,566.31
Federal Sources	<u>-</u>	<u>32,756.00</u>	<u>32,756.00</u>
Total Revenues	<u>2,633,078.03</u>	<u>43,859.12</u>	<u>2,676,937.15</u>
<b>EXPENDITURES</b>			
Current:			
Regular Instruction	1,092,622.45	9,103.12	1,101,725.57
Support Services and Undistributed Costs:			
Student and Instruction Related Services	237,400.44	34,756.00	272,156.44
General and Business Administrative Services	292,268.57		292,268.57
Plant Operations and Maintenance	454,977.87		454,977.87
Pupil Transportation	7,818.31		7,818.31
Unallocated Benefits	574,244.33		574,244.33
Capital Outlay	<u>67,082.05</u>	<u>-</u>	<u>67,082.05</u>
Total Expenditures	<u>2,726,414.02</u>	<u>43,859.12</u>	<u>2,770,273.14</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(93,335.99)</u>	<u>-</u>	<u>(93,335.99)</u>
Net Change in Fund Balances	(93,335.99)	-	(93,335.99)
Fund Balance—July 1	<u>334,642.37</u>	<u>-</u>	<u>334,642.37</u>
Fund Balance—June 30	<u>\$ 241,306.38</u>	<u>\$ -</u>	<u>\$ 241,306.38</u>

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2013**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (93,335.99)**

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

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

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

	Depreciation expense	\$ (9,207.85)	
	Capital outlays	<u>67,082.05</u>	
			57,874.20

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. (-) (43,355.14)

**Change in net position of governmental activities** \$ (78,816.93)

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

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Net Position  
Proprietary Funds  
June 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>After School</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,502.24	\$ 22,542.83	\$ 28,045.07
Accounts Receivable		185.36	185.36
Other Receivables	-	1,337.00	1,337.00
Prepaid Expense	377.31	-	377.31
Total Current Assets	<u>5,879.55</u>	<u>24,065.19</u>	<u>29,944.74</u>
Total Assets	<u>5,879.55</u>	<u>24,065.19</u>	<u>29,944.74</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	165.61	165.61
Interfund Payable	5,502.24	6,078.91	11,581.15
Total Current Liabilities	<u>5,502.24</u>	<u>6,244.52</u>	<u>11,746.76</u>
<b>NET POSITION</b>			
Unrestricted	<u>377.31</u>	<u>17,820.67</u>	<u>18,197.98</u>
Total Net Position	<u>\$ 377.31</u>	<u>\$ 17,820.67</u>	<u>\$ 18,197.98</u>

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	<b>Business-type Activities - Enterprise Funds</b>		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	\$ -	\$ -	\$ -
Program Fees	-	77,518.89	77,518.89
Total Operating Revenues	<u>-</u>	<u>77,518.89</u>	<u>77,518.89</u>
<b>Operating Expenses:</b>			
Cost of Sales	15,766.46		15,766.46
Salaries	9,378.47	30,878.80	40,257.27
Other Purchased Services	6,292.23		6,292.23
General Supplies	-	2,562.43	2,562.43
Total Operating Expenses	<u>31,437.16</u>	<u>33,441.23</u>	<u>64,878.39</u>
Operating Income (Loss)	<u>(31,437.16)</u>	<u>44,077.66</u>	<u>12,640.50</u>
Income (Loss) Before Contributions and Transfers	(31,437.16)	44,077.66	12,640.50
Transfers In (Out)	<u>31,814.47</u>	<u>(31,814.47)</u>	<u>-</u>
Change in Net Position	377.31	12,263.19	12,640.50
Total Net Position—Beginning	-	5,557.48	5,557.48
Total Net Position—Ending	<u>\$ 377.31</u>	<u>\$ 17,820.67</u>	<u>\$ 18,197.98</u>

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>		
	<u>Food Service</u>	<u>After School</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ -	\$ 75,996.53	\$ 75,996.53
Payments to Employees	(9,378.47)	(24,799.89)	(34,178.36)
Payments to Suppliers	<u>(17,033.76)</u>	<u>(2,396.82)</u>	<u>(19,430.58)</u>
Net Cash Provided By (Used for) Operating Activities	<u>(26,412.23)</u>	<u>48,799.82</u>	<u>22,387.59</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidies and Transfers to Other Funds	<u>31,814.47</u>	<u>(31,814.47)</u>	<u>-</u>
Net Cash Provided By (Used for) Non-capital Financing Activities	<u>31,814.47</u>	<u>(31,814.47)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	5,402.24	16,985.35	22,387.59
Balances—Beginning of Year	<u>100.00</u>	<u>5,557.48</u>	<u>5,657.48</u>
Balances—End of Year	<u>\$ 5,502.24</u>	<u>\$ 22,542.83</u>	<u>\$ 28,045.07</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (31,437.16)	\$ 44,077.66	\$ 12,640.50
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities:			
(Increase) Decrease in Other Current Assets	(377.31)	(1,522.36)	(1,899.67)
Increase (Decrease) in Accounts Payable	(100.00)	165.61	65.61
Increase (Decrease) in Interfund Accounts Payable	<u>5,502.24</u>	<u>6,078.91</u>	<u>11,581.15</u>
Total Adjustments	<u>5,024.93</u>	<u>4,722.16</u>	<u>9,747.09</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ (26,412.23)</u>	<u>\$ 48,799.82</u>	<u>\$ 22,387.59</u>

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

**FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 10.00	\$ 25,819.98
Interfund Accounts Receivable	-	<u>1,822.00</u>
Total Assets	<u>\$ 10.00</u>	<u>\$ 27,641.98</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 650.31
Interfund Accounts Payable		20,322.35
Reserve for Fund Raising		2,628.70
Payable to Student Groups		2,813.67
Payroll Deductions and Withholdings	<u>-</u>	<u>1,226.95</u>
Total Liabilities	<u>-</u>	<u>\$ 27,641.98</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 10.00</u>	

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

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013**

	Unemployment Compensation <u>Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 7,653.55
Other	<u>14,619.79</u>
Total Contributions	<u>22,273.34</u>
Investment Earnings:	
Interest	<u>-</u>
Net Investment Earnings	<u>-</u>
Total Additions	<u>22,273.34</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>22,273.34</u>
Total Deductions	<u>22,273.34</u>
Change in Net Position	<u>-</u>
Net Position—Beginning	<u>10.00</u>
Net Position—Ending	<u>\$ 10.00</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Basic Financial Statements- Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements

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

The following fund types are used by the Charter School:

Governmental Fund Types

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Proprietary Fund Type

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Type (Continued)

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

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

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

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

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

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

E. Measurement Focus and Basis of Accounting

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Budgets/Budgetary Control

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

All budget amendments must be approved by Board resolution. Appropriation of prior year encumbrances in the amount of \$4,887.00 and appropriation of fund balance in the amount of \$58,000.00 was made during the year ended June 30, 2013. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. For the year ended June 30, 2013, there were no expenditures that exceeded appropriations in the General Fund.

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

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

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

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities, Net Position and Fund Equity

1. Deposits and Investments

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

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

2. Short – term Interfund Receivables/Payables

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

3. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

GASBS No. 34 requires the Charter School to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and was first effective for fiscal years ending in 2006.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. 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 Charter School 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 Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

5. Deferred Revenue

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

6. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

7. Use of Estimates

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

H. Recent Accounting Pronouncements

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The statement which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The Charter School has adopted this statement for the year ended June 30, 2013.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H Recent Accounting Pronouncements (Continued)

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position." This statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This pronouncement is not applicable to the Charter School.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement which is effective for periods beginning After December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Charter School has adopted this statement for the year ended June 30, 2013.

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

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement will be effective for periods beginning with the year ending June 15, 2014. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", as well as the requirements of Statement No. 50, "Pension Disclosures." This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Charter School is in the process of reviewing its obligations under GASB 67, and its potential impact on the financial statements.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

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

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

At June 30, 2013 the Unity Charter School's cash and cash equivalent's amounted to \$167,814.62 all of which was covered by federal depository insurance (F.D.I.C.).

At June 30, 2013 the Unity Charter School did not participate in the State of New Jersey Cash Management Fund.

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

As of June 30, 2013 none of the Unity Charter School's cash and cash equivalents of 167,814.62 was exposed to custodial credit risk.

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BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

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

A. Deposits and Investments (Continued)

Investments

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

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

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

(2) Government money market mutual funds;

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

(4) Bonds or other obligations of the school 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 School;

(6) Local government investment pools;

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

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

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

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

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

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

The Unity Charter School had no investments as described in Note I:G.1 at June 30, 2013.

B. Interfund Receivables and Payables

As of June 30, 2013, there were interfund receivables in the general fund in the amount of \$44,751.88 due from the following funds:

Special Revenue Fund	\$14,670.38
Enterprise Fund	\$ 9,759.15
Trust and Agency Fund	<u>\$20,322.35</u>
	<u>\$44,751.88</u>

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIS FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Buildings and Improvements	\$ 144,983.02	\$ 52,445.05	\$(110,902.32)	\$ 86,525.75
Machinery and Equipment	<u>73,319.68</u>	<u>14,637.00</u>	<u>-</u>	<u>87,956.68</u>
Totals at Historical Cost	<u>218,302.70</u>	<u>67,082.05</u>	<u>(110,902.32)</u>	<u>174,482.43</u>
Less Accumulated Depreciation For:				
Land Improvements				-
Buildings and Improvements	(69,716.22)	(4,326.28)	67,547.18	(6,495.32)
Machinery and Equipment	<u>(59,843.61)</u>	<u>(4,881.57)</u>	<u>-</u>	<u>(64,725.18)</u>
Total Accumulated Depreciation	<u>(129,559.83)</u>	<u>(9,207.85)</u>	<u>67,547.18</u>	<u>(71,220.50)</u>
Net Capital Assets Being Depreciated	<u>88,742.87</u>	<u>57,874.20</u>	<u>(43,355.14)</u>	<u>103,261.93</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,742.87</u>	<u>\$ 57,874.20</u>	<u>\$ (43,355.14)</u>	<u>\$ 103,261.93</u>

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

Instruction	\$ (5,985.10)
Student and Instruction Related Services	(1,841.57)
General and Business Administrative Services	<u>(1,381.18)</u>
	<u>\$ (9,207.85)</u>

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note V: Pension Plans

Description of Systems

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

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

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

According to the State of New Jersey Management Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports maybe obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Retirement Benefits

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

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BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note V: Pension Plans (Continued)

Significant Legislation

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

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

Chapter 78, P.L. 2011, effective June 28, 2011 implements changes to the PERS. PERS employee pension contribution rates will increase from 5.5% to 6.5% of salary

The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

The increase in the PERS employee contribution rate will also increase the minimum repayment amount for pension loans or the cost for a purchase of service credit if certified after the employee's increased contribution becomes effective.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contribution rates to increase from 6.50 percent of employees' annual compensation to 7.5%, phased in starting in July 2012. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS.

During the year ended June 30, 2012, for TPAF, annual pension cost equals annual required contribution. For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The Unity Charter School's total payroll for the year ended June 30, 2013 was \$1,406,172.67 and covered payroll was \$1,017,629.00 for TPAF and \$109,868.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered <u>Payroll</u>	<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	6/30/11	\$45,187.40	5.61%	\$6,633.56	5.73%
	6/30/12	\$65,500.79	6.92%	\$7,759.60	6.75%
	6/30/13	\$89,577.61	8.80%	\$9,054.90	8.24%
Board of Education	6/30/11			\$11,433.00	9.87%
	6/30/12			\$11,775.00	10.25%
	6/30/13			\$13,977.00	12.72%
State of New Jersey	6/30/11	\$ 44,311.00	5.50%		
	6/30/12	\$ 70,134.00	7.41%		
	6/30/13	\$ 117,102.00	11.51%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$81,495.31 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Note VII: Risk Management

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

Property and Liability Insurance – The Unity Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of the CAFR.

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

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$14,619.79	\$ 7,653.55	\$22,273.34	\$ 10.00
2011-2012	\$13,901.78	\$13,922.26	\$30,505.78	\$ 10.00
2010-2011	\$ 5,353.23	\$ 2,157.66	\$ 5,353.23	\$2,691.74

Note VIII Subsequent Events

The Unity Charter School’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**Section C**

**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2013  
(Concluded)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,155,025.00	\$ -	\$ 2,155,025.00	\$ 2,070,346.00	\$ (84,679.00)
Interest Earned on Investments	-	-	-	12.66	12.66
Miscellaneous	-	-	-	1,274.06	1,274.06
<b>Total - Local Sources</b>	<u>2,155,025.00</u>	<u>-</u>	<u>2,155,025.00</u>	<u>2,071,632.72</u>	<u>(83,392.28)</u>
State Sources:					
Local Tax Levy - State Aid Share	244,682.00	-	244,682.00	255,521.00	10,839.00
Special Education Categorical Aid	90,954.00	-	90,954.00	87,070.00	(3,884.00)
Security Aid	11,935.00	-	11,935.00	9,213.00	(2,722.00)
Non-Public Aid	-	-	-	11,044.00	11,044.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	54,958.00	54,958.00
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	62,144.00	62,144.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	81,495.31	81,495.31
<b>Total State Sources</b>	<u>347,571.00</u>	<u>-</u>	<u>347,571.00</u>	<u>561,445.31</u>	<u>213,874.31</u>
<b>Total Revenues</b>	<u>2,502,596.00</u>	<u>-</u>	<u>2,502,596.00</u>	<u>2,633,078.03</u>	<u>130,482.03</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Grades 6-8 - Salaries of Teachers	130-100-101 966,054.00	(5,565.40)	960,488.60	960,488.60	-
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	190-100-106 66,518.00	191.00	66,709.00	66,709.00	-
Purchased Professional-Educational Services	190-100-320 -	10,261.06	10,261.06	9,109.06	1,152.00
Purchased Technical Services	190-100-340 4,500.00	(1,465.50)	3,034.50	3,034.50	-
General Supplies	190-100-610 33,000.00	5,063.77	38,063.77	35,731.05	2,332.72
Textbooks	190-100-640 20,085.00	(3,084.91)	17,000.09	17,000.09	-
Other Objects	190-100-800 1,500.00	(949.85)	550.15	550.15	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,091,657.00</u>	<u>4,450.17</u>	<u>1,096,107.17</u>	<u>1,092,622.45</u>	<u>3,484.72</u>
<b>Total Instruction</b>	<u>1,091,657.00</u>	<u>4,450.17</u>	<u>1,096,107.17</u>	<u>1,092,622.45</u>	<u>3,484.72</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Reg.</b>					
Salaries of Other Professional Staff	000-218-104 60,334.00	2,036.32	62,370.32	62,370.32	-
Salaries of Secretarial and Clerical Assistants	000-218-105 47,166.00	48,180.87	95,346.87	95,346.87	-
Purchased Professional - Educational Services	000-218-320 80,450.00	(418.25)	80,031.75	79,683.25	348.50
<b>Total Undist. Expend. - Other Supp. Serv. Students-Reg.</b>	<u>187,950.00</u>	<u>49,798.94</u>	<u>237,748.94</u>	<u>237,400.44</u>	<u>348.50</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	000-230-100 249,683.00	(73,357.39)	176,325.61	176,325.61	-
Other Purchased Professional Services	000-230-339 58,885.00	16,412.26	75,297.26	75,297.26	-
Purchased Technical Services	000-230-340 4,300.00	1,060.00	5,360.00	5,360.00	-
Communications/Telephone	000-230-530 8,500.00	(3,250.82)	5,249.18	5,088.25	160.93
Other Purchased Services (400-500 series)	000-230-590 -	3,765.00	3,765.00	3,765.00	-
Supplies and Materials	000-230-600 6,000.00	3,001.30	9,001.30	9,001.30	-
Miscellaneous Expenditures	000-230-890 17,900.00	(468.85)	17,431.15	17,431.15	-
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<u>345,268.00</u>	<u>(52,838.50)</u>	<u>292,429.50</u>	<u>292,268.57</u>	<u>160.93</u>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>					
Rentals Other Than Lease Purchase Agreements	000-262-441 337,334.00	(4,942.99)	332,391.01	332,391.01	-
Other Purchased Property Services	000-262-490 71,066.00	7,658.05	78,724.05	71,905.06	6,818.99
Insurance	000-262-520 20,809.00	(11,495.96)	9,313.04	9,313.04	-
General Supplies	000-262-610 7,000.00	6,572.88	13,572.88	12,755.52	817.36
Energy (Energy and Electricity)	000-262-620 41,301.00	(7,977.34)	33,323.66	28,613.24	4,710.42
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>\$ 477,510.00</u>	<u>\$ (10,185.36)</u>	<u>\$ 467,324.64</u>	<u>\$ 454,977.87</u>	<u>\$ 12,346.77</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Contracted Services (Other than Between Home and School)	000-270-512 -	-	-	-	-
Contracted Services - Aid in Lieu of Payments	000-270-519 10,000.00	80.00	10,080.00	7,818.31	2,261.69
Miscellaneous Purchased Services - Transportation	000-270-593 -	-	-	-	-
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<u>10,000.00</u>	<u>80.00</u>	<u>10,080.00</u>	<u>7,818.31</u>	<u>2,261.69</u>

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2013  
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>						
Group Insurance	000-291-210	\$ 357,405.00	\$ (88,053.29)	\$ 269,351.71	\$ 266,613.42	\$ 2,738.29
Social Security Contributions	000-291-220		23,357.51	23,357.51	23,357.51	-
Other Retirement Contributions - Regular	000-291-241		57,020.01	57,020.01	57,020.01	-
Unemployment Compensation	000-291-250		9,227.34	9,227.34	9,227.34	-
Workmen's Compensation	000-291-260		10,489.24	10,489.24	10,489.24	-
Other Employee Benefits	000-291-290		9,432.06	9,432.06	8,939.50	492.56
<b>TOTAL UNALLOCATED BENEFITS</b>		<u>357,405.00</u>	<u>21,472.87</u>	<u>378,877.87</u>	<u>375,647.02</u>	<u>3,230.85</u>
On-behalf TPAF Pension Contributions (non-budgeted)			-		54,958.00	(54,958.00)
On-behalf TPAF PRM Contributions (non-budgeted)			-		62,144.00	(62,144.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	81,495.31	(81,495.31)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>198,597.31</u>	<u>(198,597.31)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>		<u>357,405.00</u>	<u>21,472.87</u>	<u>378,877.87</u>	<u>574,244.33</u>	<u>(195,366.46)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>		<u>1,378,133.00</u>	<u>8,327.95</u>	<u>1,386,460.95</u>	<u>1,566,709.52</u>	<u>(180,248.57)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>		<u>2,469,790.00</u>	<u>12,778.12</u>	<u>2,482,568.12</u>	<u>2,659,331.97</u>	<u>(176,763.85)</u>
<b>CAPITAL OUTLAY</b>						
<b>Equipment</b>						
Undistributed Expenditures - Instruction	000-100-730	5,000.00	8,784.80	13,784.80	12,170.00	1,614.80
Undistributed Expenditures - General Admin.	000-230-730	6,000.00	(3,533.00)	2,467.00	2,467.00	-
<b>Total Equipment</b>		<u>11,000.00</u>	<u>5,251.80</u>	<u>16,251.80</u>	<u>14,637.00</u>	<u>1,614.80</u>
<b>Facilities Acquisition and Construction Services</b>						
Construction Services	000-400-450	21,806.00	44,857.08	66,663.08	52,445.05	14,218.03
<b>Total Facilities Acquisition and Construction Services</b>		<u>21,806.00</u>	<u>44,857.08</u>	<u>66,663.08</u>	<u>52,445.05</u>	<u>14,218.03</u>
<b>TOTAL CAPITAL OUTLAY</b>		<u>32,806.00</u>	<u>50,108.88</u>	<u>82,914.88</u>	<u>67,082.05</u>	<u>15,832.83</u>
<b>TOTAL EXPENDITURES</b>		<u>2,502,596.00</u>	<u>62,887.00</u>	<u>2,565,483.00</u>	<u>2,726,414.02</u>	<u>(160,931.02)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<u>-</u>	<u>(62,887.00)</u>	<u>(62,887.00)</u>	<u>(93,335.99)</u>	<u>(30,448.99)</u>
<b>Fund Balance, July 1</b>		<u>334,642.37</u>	<u>-</u>	<u>334,642.37</u>	<u>334,642.37</u>	<u>-</u>
<b>Fund Balance, June 30</b>		<u>\$ 334,642.37</u>	<u>\$ (62,887.00)</u>	<u>\$ 271,755.37</u>	<u>\$ 241,306.38</u>	<u>\$ (30,448.99)</u>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>						
Adjustment for Prior Year Encumbrances		\$ -	(4,887.00)	\$ (4,887.00)	\$ (4,887.00)	\$ -
Budgeted Fund Balance		-	(58,000.00)	(58,000.00)	(96,145.99)	(38,145.99)
<b>Total</b>		<u>\$ -</u>	<u>\$ (62,887.00)</u>	<u>\$ (62,887.00)</u>	<u>\$ (101,032.99)</u>	<u>\$ (38,145.99)</u>

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ -	\$ 1,574.00	\$ 1,574.00	\$ 1,121.00	\$ 453.00
Federal Sources	-	32,756.00	32,756.00	32,756.00	-
Local Sources	-	<u>29,614.74</u>	<u>29,614.74</u>	<u>9,982.12</u>	<u>19,632.62</u>
<b>Total Revenues</b>	<u>-</u>	<u>63,944.74</u>	<u>63,944.74</u>	<u>43,859.12</u>	<u>20,085.62</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries		15,520.56	15,520.56	2,575.00	12,945.56
Purchased Professional and Technical Services		1,389.00	1,389.00	1,389.00	-
General Supplies		11,605.43	11,605.43	4,465.37	7,140.06
Other Objects	-	<u>673.75</u>	<u>673.75</u>	<u>673.75</u>	<u>-</u>
<b>Total Instruction</b>	<u>-</u>	<u>29,188.74</u>	<u>29,188.74</u>	<u>9,103.12</u>	<u>20,085.62</u>
<b>Support Services</b>					
Purchased Professional - Educational Services		<u>34,756.00</u>	<u>34,756.00</u>	<u>34,756.00</u>	<u>-</u>
<b>Total Support Services</b>	<u>-</u>	<u>34,756.00</u>	<u>34,756.00</u>	<u>34,756.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>63,944.74</u>	<u>63,944.74</u>	<u>43,859.12</u>	<u>20,085.62</u>
<b>Total Outflows</b>	<u>\$ -</u>	<u>\$ 63,944.74</u>	<u>\$ 63,944.74</u>	<u>\$ 43,859.12</u>	<u>\$ 20,085.62</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

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

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1,C-2]	\$ 2,633,078.03	\$ 43,859.12
Difference - budget to GAAP: The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		-	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,633,078.03</u>	<u>\$ 43,859.12</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1,C-2]	\$ 2,726,414.02	\$ 43,859.12
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -	-	
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,726,414.02</u>	<u>\$ 43,859.12</u>

**OTHER SUPPLEMENTARY INFORMATION**

**Section D**

**SCHOOL LEVEL SCHEDULES**

**Section E**  
**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2013**

	<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>				
State Sources	\$ 1,121.00	\$1,121.00	\$ -	\$ -
Federal Sources	32,756.00	-	32,756.00	-
Local Sources	<u>9,982.12</u>	<u>-</u>	<u>-</u>	<u>9,982.12</u>
<b>Total Revenues</b>	<u>43,859.12</u>	<u>1,121.00</u>	<u>32,756.00</u>	<u>9,982.12</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Personal Services - Salaries	100-100 2,575.00	-	-	2,575.00
Purchased Professional and Technical Services	100-300 1,389.00	1,121.00	-	268.00
General Supplies	100-610 4,465.37	-	-	4,465.37
Other Objects	100-800 <u>673.75</u>	<u>-</u>	<u>-</u>	<u>673.75</u>
<b>Total Instruction</b>	<u>9,103.12</u>	<u>1,121.00</u>	<u>-</u>	<u>7,982.12</u>
<b>Support Services:</b>				
Purchased Professional - Educational Services	200-320 <u>34,756.00</u>	<u>-</u>	<u>32,756.00</u>	<u>2,000.00</u>
<b>Total Support Services</b>	<u>34,756.00</u>	<u>-</u>	<u>32,756.00</u>	<u>2,000.00</u>
<b>Total Expenditures</b>	<u>\$ 43,859.12</u>	<u>\$ 1,121.00</u>	<u>\$ 32,756.00</u>	<u>\$ 9,982.12</u>

**BOARD OF EDUCATION**  
**UNITY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Total</u>	<u>Anti-Bullying Grant</u>
<b>REVENUES</b>		
State Sources	<u>\$ 1,121.00</u>	<u>\$1,121.00</u>
<b>Total State Revenues</b>	<u>1,121.00</u>	<u>1,121.00</u>
 <b>EXPENDITURES:</b>		
<b>Instruction:</b>		
Purchased Professional and Technical Services	100-300 <u>1,121.00</u>	<u>1,121.00</u>
<b>Total Instruction</b>	<u>1,121.00</u>	<u>1,121.00</u>
 <b>Total Expenditures</b>	 <u>\$ 1,121.00</u>	 <u>\$ 1,121.00</u>

BOARD OF EDUCATION  
 UNITY CHARTER SCHOOL  
 Special Revenue Fund

Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

		<u>Total</u>	<u>I.D.E.A. Part B Basic</u>
<b>REVENUES</b>			
Federal Sources		\$ 32,756.00	\$32,756.00
<b>Total Federal Revenues</b>		<u>32,756.00</u>	<u>32,756.00</u>
<b>EXPENDITURES:</b>			
<b>Support Services:</b>			
Purchased Professional - Educational Services	200-320	32,756.00	32,756.00
Supplies and Materials	200-600	<u>-</u>	<u>-</u>
<b>Total Support Services</b>		<u>32,756.00</u>	<u>32,756.00</u>
<b>Total Expenditures</b>		<u>\$ 32,756.00</u>	<u>\$ 32,756.00</u>

BOARD OF EDUCATION  
 UNITY CHARTER SCHOOL  
 Special Revenue Fund

Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

		Qualcom	United	NJSBAIG	Music	Bayer	Garden	Dodge
	Total	Grant	Way	Security	and Art	Science	Grant	Grant
		Grant	Grant	Grant	Grant	Grant	Grant	Grant
<b>REVENUES</b>								
Local Sources	\$ 9,982.12	\$1,000.00	\$268.00	\$2,000.00	\$827.05	\$2,430.01	\$ 208.31	\$2,575.00
<b>Total Local Revenues</b>	<u>9,982.12</u>	<u>1,000.00</u>	<u>268.00</u>	<u>2,000.00</u>	<u>827.05</u>	<u>2,430.01</u>	<u>208.31</u>	<u>2,575.00</u>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Personal Services - Salaries	2,575.00							2,575.00
Purchased Professional and Technical Services	268.00		268.00					
General Supplies	4,465.37	1,000.00			827.05	2,430.01	208.31	-
Other Objects	673.75	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>7,982.12</u>	<u>1,000.00</u>	<u>268.00</u>	<u>-</u>	<u>827.05</u>	<u>2,430.01</u>	<u>208.31</u>	<u>2,575.00</u>
<b>Support Services:</b>								
Purchased Professional - Educational Services	2,000.00	-	-	2,000.00	-	-	-	-
<b>Total Support Services</b>	<u>2,000.00</u>	<u>-</u>	<u>-</u>	<u>2,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 9,982.12</u>	<u>\$ 1,000.00</u>	<u>\$ 268.00</u>	<u>\$ 2,000.00</u>	<u>\$ 827.05</u>	<u>\$ 2,430.01</u>	<u>\$ 208.31</u>	<u>\$ 2,575.00</u>

**Section F**

**CAPITAL PROJECTS FUND**

**Section G**

**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**Section H**  
**FIDUCIARY FUND**

**BOARD OF EDUCATION**  
**UNITY CHARTER SCHOOL**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

<u>Account</u>	<u>Balance June 30, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
Student Activity	\$ 3,136.25	\$ 48,866.79	\$ 50,361.06	\$ 1,641.98
Fund Raising	4,877.86	4,782.54	7,031.70	2,628.70
Interfund Accounts Payable	<u>-</u>	<u>3,437.90</u>	<u>-</u>	<u>3,437.90</u>
	<u>\$ 8,014.11</u>	<u>\$ 57,087.23</u>	<u>\$ 57,392.76</u>	<u>\$ 7,708.58</u>

**BOARD OF EDUCATION**  
**UNITY CHARTER SCHOOL**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Payroll Deductions and Withholdings	\$ 1,072.81	\$ 582,806.27	\$ 583,626.02	\$ 253.06
Net Salaries and Wages	963.89	943,484.45	943,484.45	963.89
Flexible Spending Account		10.00		10.00
Interfund Accounts Payable	<u>-</u>	<u>16,884.45</u>	<u>-</u>	<u>16,884.45</u>
	<u>\$ 2,036.70</u>	<u>\$ 1,543,185.17</u>	<u>\$ 1,527,110.47</u>	<u>\$ 18,111.40</u>

**Section I**

**LONG – TERM DEBT**

## STATISTICAL SECTION (Unaudited)

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

### Charter School Performance Framework Financial Indicators

J-21	Near Term Indicators
J-22	Sustainability Indicators

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Net Investment in Capital Assets	\$ 103,261.93	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67	\$ 73,972.27	\$ 83,553.19	\$ 95,303.41	\$ 106,432.56
Restricted	-	4,887.00	1,104.00	890.00	852.00	969.00	784.00	2,296.35	9,084.61	6,750.00
Unrestricted	241,306.38	329,755.37	166,539.22	105,674.00	89,434.54	93,018.39	106,986.24	82,556.27	71,890.45	65,783.50
Total Governmental Activities Net Assets/Position	\$ 344,568.31	\$ 423,385.24	\$ 234,445.11	\$ 163,719.01	\$ 153,778.45	\$ 164,236.06	\$ 181,742.51	\$ 168,405.81	\$ 176,278.47	\$ 178,966.06
Business-Type Activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	18,197.98	5,557.48	-	2,324.53	1,222.77	3,349.62	2,123.47	1,818.41	12,297.49	15,834.28
Unrestricted	\$ 18,197.98	\$ 5,557.48	\$ -	\$ 2,324.53	\$ 1,222.77	\$ 3,349.62	\$ 2,123.47	\$ 1,818.41	\$ 12,297.49	\$ 15,834.28
Total Business-Type Activities Net Assets/Position										
District-Wide										
Net Investment in Capital Assets	\$ 103,261.93	\$ 88,742.87	\$ 66,801.89	\$ 57,155.01	\$ 63,491.91	\$ 70,248.67	\$ 73,972.27	\$ 83,553.19	\$ 95,303.41	\$ 106,432.56
Restricted	-	4,887.00	1,104.00	890.00	852.00	969.00	784.00	2,296.35	9,084.61	6,750.00
Unrestricted	259,504.36	335,312.85	166,539.22	107,998.53	90,657.31	96,368.01	109,109.71	84,374.68	84,187.94	81,617.78
Total District Net Assets/Position	\$ 362,766.29	\$ 428,942.72	\$ 234,445.11	\$ 166,043.54	\$ 155,001.22	\$ 167,585.68	\$ 183,865.98	\$ 170,224.22	\$ 186,575.96	\$ 194,800.34

Source: District Records

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 1,480,969.50	\$ 1,326,640.68	\$ 975,350.49	\$ 871,765.24	\$ 876,486.32	\$ 878,978.92	\$ 762,080.16	\$ 732,131.56	\$ 746,063.35	\$ 724,239.47
Support Services:										
Student and Instruction Related Services	388,846.88	299,841.00	234,241.84	287,265.83	297,782.93	204,050.10	191,090.41	193,798.50	172,847.26	180,882.40
General and Business Administrative Services	379,786.39	363,629.46	295,867.93	277,150.98	253,061.98	258,346.76	222,263.25	246,234.73	256,785.70	223,543.08
Plant Operations and Maintenance	454,977.87	402,489.73	359,209.99	167,544.29	158,396.43	148,456.27	163,138.66	141,590.08	133,137.86	148,115.98
Pupil Transportation	7,818.31									
Total Governmental Activities Expenses	2,712,398.95	2,392,600.87	1,864,670.25	1,603,726.34	1,585,727.66	1,489,832.05	1,338,572.68	1,313,854.87	1,308,634.17	1,276,780.93
Business-Type Activities:										
Food Service	31,437.16	14,709.56	51,553.42	50,843.42	47,825.73	55,574.56	54,433.84	47,832.29	38,800.11	36,490.34
After School	33,441.23	34,513.23	34,815.76	22,579.54	30,221.20	28,731.38	27,531.53	34,526.23	40,629.71	41,711.12
Total Business-Type Activities Expense	64,878.39	49,222.79	86,369.20	73,422.96	78,046.93	84,305.94	81,965.37	82,358.52	79,429.82	78,201.46
Total District-Wide Expenses	2,777,277.34	2,441,823.66	1,951,039.45	1,677,149.30	1,663,774.59	1,574,137.99	1,420,538.05	1,396,213.39	1,388,263.99	1,354,982.39
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	595,322.31	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86	554,346.64	580,785.00	576,068.36	521,627.78
Total Governmental Activities Program Revenues	595,322.31	556,705.77	379,522.13	405,585.92	547,824.36	651,535.86	554,346.64	580,785.00	576,068.36	521,627.78

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Business-Type Activities:</b>										
Charges for Services		\$ 1,563.47	\$ 21,028.33	\$ 24,417.41	\$ 27,742.11	\$ 26,020.22	\$ 43,460.97	\$ 31,057.84	\$ 38,800.11	\$ 40,596.11
Food Service		53,216.80	33,163.22	23,129.77	27,988.10	29,356.87	27,531.53	23,521.60	37,092.92	37,181.49
After School		77,518.89	54,780.27	54,191.55	47,547.18	55,730.21	70,992.50	54,579.44	75,893.03	77,777.60
Total Business-Type Activities Program Revenues		\$ 77,518.89	\$ 54,780.27	\$ 54,191.55	\$ 47,547.18	\$ 55,730.21	\$ 70,992.50	\$ 54,579.44	\$ 75,893.03	\$ 77,777.60
Total District-Wide Program Revenues		\$ 672,841.20	\$ 611,486.04	\$ 433,713.68	\$ 453,133.10	\$ 603,554.57	\$ 625,339.14	\$ 635,364.44	\$ 651,961.39	\$ 599,405.38
<b>Net (Expense)/Revenue</b>		(2,117,076.64)	(1,835,895.10)	(1,485,148.12)	(1,198,140.42)	(938,296.19)	(784,226.04)	(733,069.87)	(732,765.81)	(755,153.15)
Governmental Activities		12,640.50	5,557.48	(32,177.65)	(25,875.78)	(22,316.72)	(10,972.87)	(27,779.08)	(3,536.79)	(423.86)
Business-Type Activities		(2,104,436.14)	(1,830,337.62)	(1,517,325.77)	(1,224,016.20)	(867,225.04)	(795,198.91)	(760,848.95)	(736,302.60)	(755,577.01)
Total District-Wide Net Expense										
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes		2,070,346.00	1,950,276.00	1,554,573.50	1,125,620.55	1,009,657.00	795,838.00	715,380.56	700,675.32	724,062.48
Investment Earnings		12.66	8.51	13.76	-	1,404.28	4,780.78	4,190.93	1,931.11	349.09
Miscellaneous Income		11,256.18	74,550.72	31,119.62	109,399.35	36,574.28	45,630.22	22,925.72	27,471.79	34,062.24
Special Item - Disposal of Assets		(43,355.14)	-	-	-	-	-	-	-	-
Transfers		2,038,259.70	2,024,835.23	(29,832.66)	(26,938.92)	(20,189.87)	(11,277.93)	(17,300.00)	730,078.22	(4,112.00)
Total Governmental Activities		2,038,259.70	2,024,835.23	1,555,874.22	1,208,080.98	1,027,445.69	820,789.74	725,197.21	730,078.22	754,361.81
Business-Type Activities:										
Investment Earnings		-	-	20.46	-	-	-	-	-	-
Transfers		-	-	29,832.66	26,977.54	20,189.87	11,277.93	17,300.00	-	-
Total Business-Type Activities		-	-	29,853.12	26,977.54	20,189.87	11,277.93	17,300.00	-	-
Total District-Wide General Revenues		2,038,259.70	2,024,835.23	1,585,727.34	1,235,058.52	1,047,635.56	808,840.87	742,497.21	730,078.22	754,361.81
<b>Change in Net Assets/Position</b>		(78,816.94)	188,940.13	70,726.10	9,940.56	(10,457.61)	13,336.70	(7,872.66)	(2,687.59)	(791.34)
Governmental Activities		12,640.50	5,557.48	(2,324.59)	1,101.76	1,226.15	305.06	(10,479.06)	(3,536.79)	(423.86)
Business-Type Activities		(66,176.44)	194,497.61	68,401.57	11,042.32	(12,584.46)	13,841.76	(18,351.74)	(6,224.38)	(1,215.20)
Total District-Wide Change in Net Assets/Position										

Source: District Records

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ 4,887.00	\$ 1,104.00	\$ 890.00	\$ 852.00	\$ 969.00	\$ 784.00	\$ 2,296.35	\$ 9,084.61	\$ 6,750.00
Unreserved	241,306.38	329,756.37	166,539.22	105,674.00	89,434.54	93,018.39	106,986.24	82,556.27	71,890.45	65,783.50
Total General Fund	<u>\$ 241,306.38</u>	<u>\$ 334,642.37</u>	<u>\$ 167,643.22</u>	<u>\$ 106,564.00</u>	<u>\$ 90,286.54</u>	<u>\$ 93,987.39</u>	<u>\$ 107,770.24</u>	<u>\$ 84,852.62</u>	<u>\$ 80,975.06</u>	<u>\$ 72,533.50</u>
Total Fund Balances	<u>\$ 241,306.38</u>	<u>\$ 334,642.37</u>	<u>\$ 167,643.22</u>	<u>\$ 106,564.00</u>	<u>\$ 90,286.54</u>	<u>\$ 93,987.39</u>	<u>\$ 107,770.24</u>	<u>\$ 84,852.62</u>	<u>\$ 80,975.06</u>	<u>\$ 72,533.50</u>

Source: District Records

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Tax Levy	\$ 2,070,346.00	\$ 1,950,276.00	\$ 1,554,573.50	\$ 1,125,620.55	\$ 1,009,657.00	\$ 795,838.00	\$ 756,098.55	\$ 715,380.56	\$ 700,675.32	\$ 724,062.48
Interest Earnings	12.66	8.51	13.76	-	1,404.28	4,780.78	7,111.90	4,190.93	1,931.11	349.09
Miscellaneous	11,256.18	74,550.72	31,119.62	109,399.35	36,574.28	50,325.96	45,630.22	22,925.72	27,471.79	34,062.24
State Sources	562,566.31	529,021.77	354,560.01	366,562.04	527,106.36	632,079.86	535,493.64	554,393.00	550,287.36	502,682.78
Federal Sources	32,756.00	27,684.00	24,962.12	39,023.88	20,718.00	19,456.00	18,853.00	26,392.00	25,781.00	18,945.00
Total Revenues	2,676,937.15	2,581,541.00	1,965,229.01	1,640,605.82	1,595,459.92	1,502,480.80	1,363,187.31	1,323,282.21	1,306,146.58	1,280,101.59
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,101,725.57	1,056,623.46	784,881.88	689,639.15	716,489.30	704,740.74	641,291.43	613,025.98	614,963.97	598,860.36
Support Services:										
Student and Instruction Related Services	272,156.44	216,758.78	175,636.12	231,227.04	248,553.08	150,438.35	153,924.65	157,150.63	132,508.99	142,304.21
General and Business Administrative Services	282,266.57	301,317.80	251,913.64	235,121.89	216,139.59	218,137.95	194,388.82	218,748.82	226,532.00	194,609.44
Plant Operations and Maintenance	454,977.87	402,489.73	359,209.99	167,544.29	158,396.43	148,456.27	163,138.86	141,690.08	133,137.86	148,115.98
Pupil Transportation	7,818.31									
Employee Benefits	574,244.33	405,371.38	285,256.50	273,857.07	239,392.50	260,120.14	176,247.90	171,489.14	190,562.20	177,562.53
Capital Outlay	67,082.05	31,980.70	17,419.00			4,215.00				
Total Expenditures	2,770,273.14	2,414,541.85	1,874,317.13	1,597,389.44	1,578,970.90	1,486,108.45	1,328,991.76	1,302,104.65	1,297,705.02	1,261,452.52
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,335.99)	166,999.15	90,911.88	43,216.38	16,489.02	16,372.15	34,195.55	21,177.56	8,441.56	18,649.07
<b>Other Financing sources (uses)</b>										
Transfers out	-	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)	(11,277.93)	(17,300.00)	-	-
Total other financing sources (uses)	-	-	(29,832.66)	(26,938.92)	(20,189.87)	(30,155.00)	(11,277.93)	(17,300.00)	-	-
Net Change in Fund Balances	\$ (93,335.99)	\$ 166,999.15	\$ 61,079.22	\$ 16,277.46	\$ (3,700.85)	\$ (13,782.85)	\$ 22,917.62	\$ 3,877.56	\$ 8,441.56	\$ 18,649.07
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years  
(modified accrual basis of accounting)

Unaudited

Fiscal Year Ending June 30,	Total	Interest	Prior Year Refunds	Local Projects	Donations	Miscellaneous
2004	\$ 34,411.33	\$ 349.09	\$ 1,344.97	\$ 27,000.00	\$ 5,182.00	\$ 535.27
2005	29,402.90	1,931.11	15,471.79	12,000.00		
2006	27,116.65	4,190.93		18,000.00	4,803.25	122.47
2007	52,742.12	7,111.90	555.11	40,642.01	4,361.60	71.50
2008	55,106.74	4,780.78	3,561.27	35,600.44	10,000.00	1,164.25
2009	37,978.56	1,404.28	1,549.43	32,717.99		2,306.86
2010	109,399.35		170.22	109,229.13		
2011	31,133.38	13.76		31,086.49		33.13
2012	74,559.23	8.51	2,798.48	71,252.24	500.00	
2013	11,268.86	12.68	1,274.06	9,982.12		

Source: District Records

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

BOARD OF EDUCATION  
 UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

Fiscal Year Ended June 30,	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

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

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

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

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

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

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2012  
Unaudited

NOT APPLICABLE

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL**

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

**NOT APPLICABLE**

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

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

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Employer	2013		2004		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment

NOT APPLICABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

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

Function/Program

NOT AVAILABLE

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Pupil/Teacher Ratio

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

NOT AVAILABLE

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL**

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

**District Building**

**NOT APPLICABLE**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL**

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

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

Gross  
Building  
Area (SF)

Pending Projects  
(w/DOE Project #)

\*School Facility

**NOT APPLICABLE**

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

**Source: District records**

**BOARD OF EDUCATION  
UNITY CHARTER SCHOOL**

**Insurance Schedule  
As of June 30, 2013  
Unaudited**

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

**Source: District Records**

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Charter School Performance Framework  
Financial Performance  
Fiscal Ratios

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	163,057.07	364,188.13	51,917.39	Audit: Exhibit A-1
Current Assets	105,560.39	93,497.12	376,011.54	Audit: Exhibit A-1
Total Assets	335,419.35	546,428.12	531,190.86	Audit: Exhibit A-1
Current Liabilities	100,974.24	117,485.40	168,424.57	Audit: Exhibit A-1
Total Liabilities	100,974.24	117,485.40	168,424.57	Audit: Exhibit A-1
Net Position	234,445.11	428,942.72	362,766.29	Audit: Exhibit A-1
Total Revenue	2,019,441.02	2,636,321.27	2,711,100.90	Audit: Exhibit A-2
Total Expenses	1,951,039.45	2,441,823.66	2,777,277.34	Audit: Exhibit A-2
Change in Net Position	68,401.57	194,497.61	(66,176.44)	Audit: Exhibit A-2
Depreciation Expense	7,772.12	10,039.72	9,207.85	Financial Statements/Audit Workpapers
Interest Expense	0	0	0	Financial Statements/Audit Workpapers
Principal Payments	0	0	0	Financial Statements/Audit Workpapers
Interest Payments	0	0	0	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	103	180	183	DOE Enrollment Reports
March 30th Budgeted Enrollment	101	179	177	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			Source:
	2011	2012	2013	
1a. Current Ratio	1.05	0.80	2.23	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	30.50	54.44	6.82	Cash/(Total Expenses/365)
1c. Enrollment Variance	102%	101%	103%	Average Daily Enrollment/Budgeted Enrollment
1d. * Default	No	No	No	Audit
<b>Sustainability Indicators</b>				
2a. Total Margin	3%	7%	-2%	Change in Net Assets/Total Revenue
2b. Debt to Asset	0.30	0.22	0.32	Total Liabilities/Total Assets
2c. ** Cash Flow	44,686.29	201,131.06	(312,270.74)	Net change in cash flow from prior years
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

## **REPORT ON COMPLIANCE**

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

K-1  
Sheet 1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unity Charter School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CS000495



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

November 21, 2013

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2012	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Balance June 30, 2013	
							Disbursements	Accounts Payable	Encumbrances			Accounts Receivable	Deferred Revenue
I.D.E.A. Part B, Basic	84.027A	9/1/12-8/31/13	\$32,756.00	\$ -	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$ -
Total U.S. Department of Education				\$ -	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$ -
Total Federal Financial Assistance				\$ -	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$32,756.00	\$ -	\$ -	\$ -

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2013 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances				
Total													
State Department of Education:													
General Funds:													
Local Tax Levy - State Aid Share	13-495-034-5120-022	7/1/12-6/30/13	\$255,521.00	\$ -	\$ -	\$255,521.00	\$255,521.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	87,070.00			87,070.00	87,070.00						
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	9,213.00			9,213.00	9,213.00						
Non-Public Aid	13-495-034-5120-084	7/1/12-6/30/13	11,044.00			11,044.00	11,044.00						
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	11,092.00	(11,092.00)		11,092.00							
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	81,495.31			81,495.31	81,495.31			(4,037.16)			
On-Behalf TPAF Pension Contributions	13-495-034-5095-001	7/1/12-6/30/13	54,958.00			54,958.00	54,958.00						
On-Behalf TPAF PRM Contributions	13-495-034-5095-001	7/1/12-6/30/13	62,144.00			62,144.00	62,144.00						
Total General Funds				(11,092.00)		568,500.15	561,445.31			(4,037.16)			
Special Revenue Funds:													
Teacher Quality Mentoring	06-495-034-5120-062	7/1/05-6/30/06	906.00	453.00							453.00		
Anti-Bullying Aid		7/1/11-6/30/12	1,121.00	1,121.00									
Total Special Revenue Funds				1,574.00			1,121.00				453.00		
Total All Funds				\$ (9,518.00)	\$ -	\$ 568,500.15	\$ 562,566.31	\$ -	\$ -	\$ (4,037.16)	\$ 453.00	\$ -	\$ -
State Financial Assistance Not Subject To Major Program Determination:													
General Funds:													
On-Behalf TPAF PRM Contributions	13-100-034-5095-001	7/1/12-6/30/13	54,958.00			(54,958.00)	(54,958.00)						
On-Behalf TPAF Pension Contributions	12-100-034-5095-001	7/1/12-6/30/13	62,144.00			(62,144.00)	(62,144.00)						
Total State Financial Assistance Subject to Single Audit				\$ (9,518.00)	\$ -	\$ 451,398.15	\$ 445,464.31	\$ -	\$ -	\$ (4,037.16)	\$ 453.00	\$ -	\$ -

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2013

Note 1: General

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

Note 2: Basis of Accounting

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

Note 3: Relationship to Basic Financial Statements

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

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2013  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0.00 in the general fund and \$0.00 in the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$561,445.31	\$561,445.31
Special Revenue Fund	<u>32,756.00</u>	<u>1,121.00</u>	<u>33,877.00</u>
 Total Awards and Financial Assistance	 <u>\$32,756.00</u>	 <u>\$562,566.31</u>	 <u>\$595,322.31</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

The amounts reported as TPAF Pension and Post Retirement Medical Contributions represents the amounts paid by the state on behalf of the district for the year ended June 30, 2013. 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, 2013.

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

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

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

State Financial Assistance Section

Not Applicable

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

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

Not Applicable

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013  
(CONTINUED)

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

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

Not Applicable

BOARD OF EDUCATION  
UNITY CHARTER SCHOOL

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2013

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

STATUS OF PRIOR YEAR FINDINGS

Not Applicable