

**ACADEMY FOR URBAN LEADERSHIP
CHARTER SCHOOL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**PREPARED BY
Academy for Urban Leadership Charter School**

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

TABLE OF CONTENTS

PAGE NO.

INTRODUCTORY SECTION

Letter of Transmittal 1-4
Organizational Chart 5
Roster of Officials 6
Consultants and Advisors 7

FINANCIAL SECTION

Independent Auditor’s Report 8-10

**Required Supplementary Information – Part I
Management’s Discussion and Analysis** 11-17

Basic Financial Statements

A. Charter School-Wide Financial Statements:

A-1 Statement of Net Position 18
A-2 Statement of Activities 19

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet 20
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances 21
B-3 Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities 22

Proprietary Funds:

B-4 Statement of Net Position 23
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position 24
B-6 Statement of Cash Flows 25

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position 26
B-8 Statement of Changes in Fiduciary Net Position 27

Notes to the Basic Financial Statements 28-65

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

TABLE OF CONTENTS

PAGE NO.

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule–General Fund.....	66-67
C-2 Budgetary Comparison Schedule-Special Revenue Fund	68

Notes to the Required Supplementary Information – Part II

C-3 Budget-to-GAAP Reconciliation	69
---	----

Required Supplementary Information – Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1 Schedule of the Charter School Proportionate Share of the Net Pension Liability - PERS.....	70
L-2 Schedule of Charter School Contributions - PERS.....	71
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability - TPAF	72

M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)

M-1 Schedule of the Charter School’s Share of the Net OPEB Liability and Related Ratios.....	73
---	----

Notes to the Required Supplementary Information – Part III..... 74

Other Supplementary Information

D. School Based Budget Schedules.....	N/A
---------------------------------------	-----

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis.....	75
--	----

F. Capital Projects Fund.....	N/A
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**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position.....	76
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	77
G-3 Combining Schedule of Cash Flows	78
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position.....	79
H-2 Combining Statement of Changes in Fiduciary Net Position.....	80
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	82
I. Long-Term Debt.....	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	83
J-2 Changes in Net Position.....	84
J-3 Fund Balances – Governmental Funds.....	85
J-4 Changes in Fund Balances – Governmental Funds	86
J-5 General Fund – Other Local Revenue by Source	N/A

Revenue Capacity

J-6 – J-9	N/A
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Debt Capacity

J-10 – J-13	N/A
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Demographic and Economic Information

J-14 Demographic and Economic Statistics.....	87
J-15 Principal Employers	88

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program	89
J-17 Operating Statistics	90

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
J-18 School Building Information	91
J-19 Schedule of Allowable Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	92-93
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	94
 SINGLE AUDIT SECTION	
K-1 Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95-96
K-2 Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with New Jersey OMB Letter Circular 15-08	97-99
K-3 Schedule of Expenditures of Federal Awards, Schedule A.....	100
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....	101
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	102-103
K-6 Schedule of Findings and Questioned Costs – Summary of Auditor’s Results	104-105
K-7 Schedule of Findings and Questioned Costs – Schedule of Financial Statement Findings and Schedule of State Award Findings and Questioned Costs	106-109
K- 8 Summary Schedule of Prior Year Audit Findings	110
Corrective Action Plan	111-113

DR. MARIO C. BARBIERE
Interim Lead Person

GAIL LONG
*School Business Administrator/
Board Secretary*



Academy for Urban Leadership Charter School
Office of the School Business Administrator
612 Amboy Ave. Perth Amboy, NJ 08861
Tel. 848.203.3742
Fax 848.203.3948
www.aulcs.org

January 27, 2021

Ms. Angelica Allen-McMillan, Ed. D.
Acting Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Ms. Allen-McMillan:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Academy for Urban Leadership Charter School (Charter School) for the fiscal year ended June 30, 2020. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Academy for Urban Leadership with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

The Board is comprised of eleven voting members who are elected to oversee that the Charter School operates in compliance with statute and administrative code. Voting members of the Board serve as the official governing body of the Charter School charged with policy making, fiscal oversight, and accountability for student academic achievement results of the Charter School. Voting members adopt the annual budget and directly approve all expenditures which serve as the basis for control for the authorization of all expenditures of Charter School tax money which in turn support the school's business to promote academic achievement. Non-voting members include the Charter School's Lead Person, School Business Administrator/Board Secretary, and Board Attorney.

The Lead Person of the Charter School is responsible to the Board for the implementation and administration of all educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the Charter School and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey Law.

- 1. REPORTING ENTITY AND ITS SERVICES:** The Academy for Urban Leadership Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School's Board of Trustees, constitutes the Charter School's reporting entity.

The Academy for Urban Leadership Charter School provides a full range of educational services appropriate to Grades 7, 8, 9, 10, 11 and 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2019-2020 school year with an enrollment of 549 students. By every indicator, AULCHS is a successful young Charter School with great promise for the future. With a focus on leadership, civics, community service and academics, the Charter School is armed with a strong Board, experienced staff, significant seed funding, a well-developed mission and accompanying core values.

2. **MAJOR INITIATIVES:** Major initiatives for the 2019-2020 school year centered on activities associated with the continued implementation of the Charter School's program and the challenges of the school's growth expansion for year one of operation after renewal. Specifically, the following were areas of focus for operational activity:
- Continue fiscal controls/compliance and financial stability
 - Continue increasing student enrollment to capacity and increase waiting lists
 - Continue expanding staff to accommodate program growth and student needs
 - Continue building competency in staff to perform required deliverables
 - Continue providing systemic professional development for staff for the New Jersey Student Learning Standards
 - Continue facility and infrastructure enhancements
 - Continue the school's academic culture and social emotional programs
 - Continue promoting student achievement outcomes/improving program design
 - Increase dual enrollment with Middlesex County College to better prepare students for college and career readiness
3. **INTERNAL ACCOUNTING CONTROLS:** The Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management. As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.
4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the NJ DOE. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

5. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statement” Notes 1 and 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”).

GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

7. **OTHER INFORMATION:**

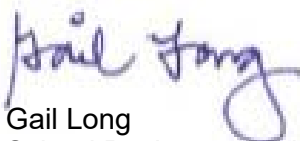
Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Galleros Robinson CPAs, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the New Jersey OMB Circular Letter 15-08.

The auditor’s report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

8. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Academy for Urban Leadership Charter School’s Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

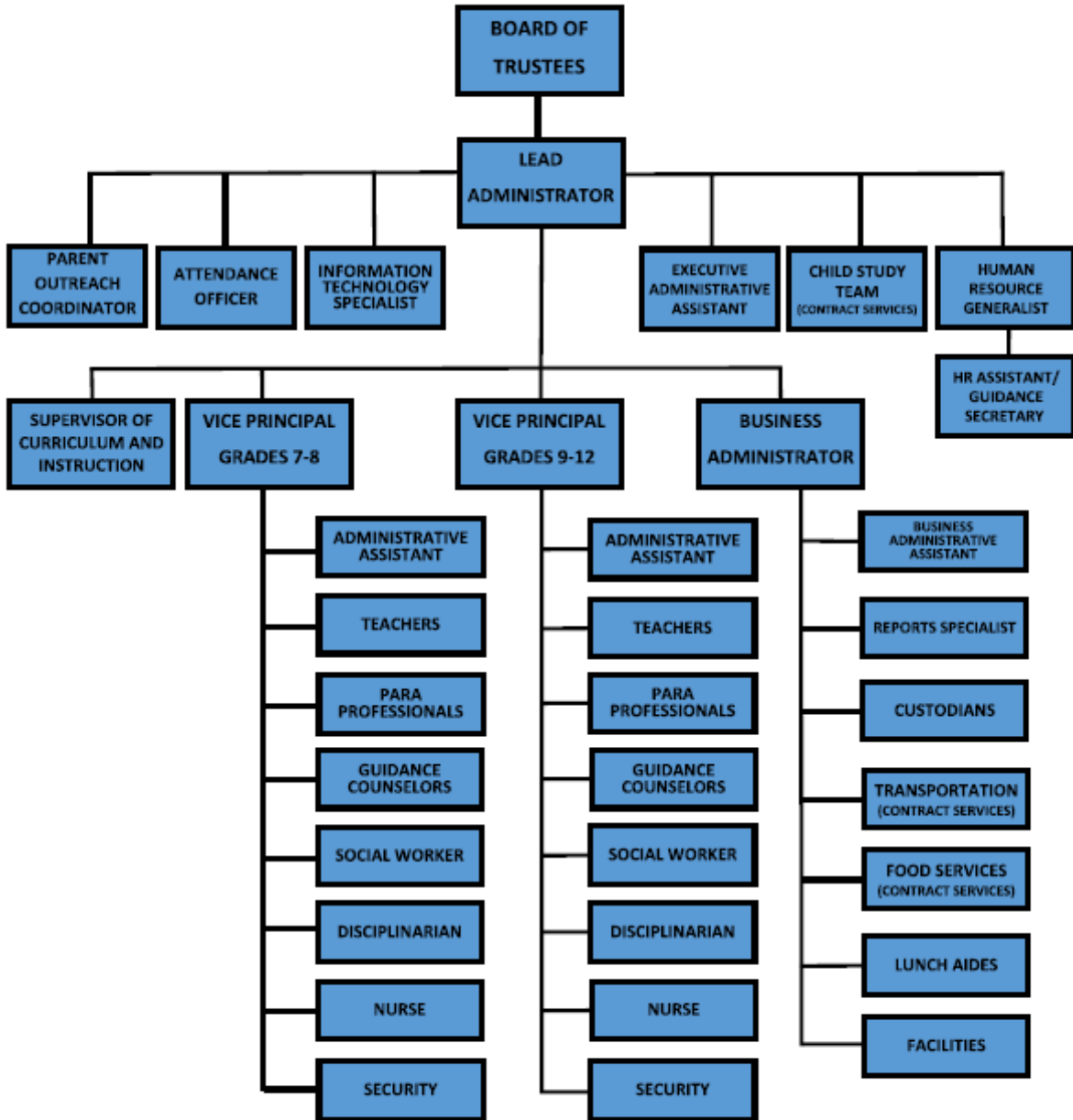
Respectfully submitted,



Gail Long
School Business Administrator

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

ORGANIZATIONAL CHART



**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

ROSTER OF OFFICIALS

JUNE 30, 2020

MEMBERS OF THE BOARD OF TRUSTEES

Edgardo Galleno, President until 6/9/2020
Lisette Vilanova, President beginning 6/10/2020
Joshua Bishop-Mbachu, Vice President
Jesenia Vargas, Corporate Secretary until 6/9/2020
Jorge Cruz, Corporate Secretary beginning 6/10/2020
Claudine Bishop, Member
Hector Bonilla, Member
Stephanie Valdiviezo, Member
Michelle Roman, Member
Elba Ceballo, Member
Angelo Abreu, Member beginning 6/10/2020
Reyes Ortega, Member
Eloisa Hernandez, Member beginning 6/10/2020

OTHER OFFICIALS

Margaret Morales, Lead Person

Johnny Rosa, Business Administrator from 7/1/2019 to 12/18/19
Joanette Femia, Interim Business Administrator from 12/19/19 to 2/6/2020
Mark Kramer, Interim Business Administrator from 2/7/2020 to 6/12/2020
Gail Long, Business Administrator/Interim Board Secretary beginning 6/15/2020 to 6/30/2020

Patricia Bombelyn, Esq., Board Attorney

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

CONSULTANTS AND ADVISORS

Independent Auditors

Galleros Robinson CPAs, LLP
115 Davis Station Rd
Cream Ridge, NJ 08514

Attorneys

Perez & Bombelyn, P.C.
Attorneys at Law
402 Livingston Avenue
New Brunswick, New Jersey 08901

Official Depositories

Investors Bank
101 JFK Parkway
Short Hills, New Jersey 07078

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter School
County of Middlesex
Perth Amboy, 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 Academy for Urban Leadership Charter School (the Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Academy for Urban Leadership Charter School, in the County of Middlesex, State of New Jersey as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 17, Budgetary Comparison Information on pages 66 through 69, and Schedules Related to Accounting and Reporting for Pensions (GASB 68) and OPEB (GASB 75) on pages 70 through 73 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.

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

The accompanying combining and individual fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) , and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 the Schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 on our consideration of the 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP
Certified Public Accountants

January 27, 2021
Cream Ridge, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL (COUNTY OF MIDDLESEX, NEW JERSEY)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

Introduction

This section of the Academy for Urban Leadership Charter School's (the "Charter School") annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model in conformance with the requirements of the Governmental Accounting Standards Board (GASB).

Financial Highlights

Key Financial highlights for the fiscal year 2020 are as follows:

- General revenues accounted for \$8.29 million or 74.5% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2.84 million or 25.5% of total revenues of \$11.13 million.
- The Charter School had \$11.77 million in expenses; only \$2.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8.29 million were not adequate to provide for these programs.
- Among governmental funds, the General Fund had \$9.60 million in revenues and \$10.22 million in expenditures. The General Fund's fund balance decreased by \$0.60 million over 2019.
- On the Charter School-wide financial statements, the assets and deferred outflows of resources of the Charter School exceeded liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$2.83 million. The Charter School's total net position decreased by \$0.60 million for the year ended June 30, 2020.

Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the statement of activities, are governmental - wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements

The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School’s operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School’s most significant funds with all other non-major funds presented in total in a single column. For the Academy for Urban Leadership Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities; the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of other, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Statement of Net Position and Statement of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, “how did we do financially during fiscal year 2019?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter School’s assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting takes into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School’s net assets and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2020. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the Charter School where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two distinct kinds of activities:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Activities – Most of the Charter School's programs and services are reported here including instructional, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds, not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are sufficient financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School’s net assets at June 30, 2020.

	Governmental Activities	Business Type Activities	Total
Assets			
Current Assets	\$ 2,471,447	\$ 36,932	\$ 2,508,379
Capital Assets, net	<u>1,773,897</u>	<u>-</u>	<u>1,773,897</u>
Total Assets	<u>4,245,344</u>	<u>36,932</u>	<u>4,282,276</u>
Deferred Outflow of Resources			
	<u>1,484,721</u>	<u>-</u>	<u>1,484,721</u>
Liabilities			
Current Liabilities	349,334	14,520	363,854
Noncurrent Liabilities	<u>2,062,194</u>	<u>-</u>	<u>2,062,194</u>
Total Liabilities	<u>2,411,528</u>	<u>14,520</u>	<u>2,426,048</u>
Deferred Inflow of Resources			
	<u>803,243</u>	<u>-</u>	<u>803,243</u>
Net Position			
Invested in Capital Assets (net of related debt)	1,773,897	-	1,773,897
Unrestricted	<u>741,397</u>	<u>22,412</u>	<u>763,809</u>
Total Net Position	<u>\$ 2,515,294</u>	<u>\$ 22,412</u>	<u>\$ 2,537,706</u>

The total net position of the Charter School decreased by \$639,827 during the current fiscal year. The decrease is due to increase in state revenues and capitalization of school improvements.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

The table that follows reflects the change in net position for fiscal year 2020.

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ 3,065	\$ 15,166	\$ 3,065	\$ 15,166
Operating grants and Contributions	<u>2,786,200</u>	<u>2,214,339</u>	<u>275,798</u>	<u>167,425</u>	<u>3,061,998</u>	<u>2,381,764</u>
Total Program Revenues	<u>2,786,200</u>	<u>2,214,339</u>	<u>278,863</u>	<u>182,591</u>	<u>3,065,063</u>	<u>2,396,930</u>
General Revenues:						
Local Aid	1,163,604	1,123,626	-	-	1,163,604	1,123,626
Federal and State Aid	6,980,494	7,188,775	-	-	6,980,494	7,188,775
Miscellaneous	<u>148,789</u>	<u>134,343</u>	-	-	<u>148,789</u>	<u>134,343</u>
Total General Revenues	<u>8,292,887</u>	<u>8,446,744</u>	-	-	<u>8,292,887</u>	<u>8,446,744</u>
Total Revenues	<u>11,079,087</u>	<u>10,661,083</u>	<u>278,863</u>	<u>182,591</u>	<u>11,357,950</u>	<u>10,843,674</u>
Expenses:						
Instructions	6,357,483	5,869,317	-	-	6,357,483	5,869,317
Administrative	1,270,852	1,625,568	-	-	1,270,852	1,625,568
Support services	3,690,066	2,997,050	-	-	3,690,066	2,997,050
Unallocated						
Capital outlay	-	116,444	-	-	-	116,444
Depreciation	668,068	620,169	-	-	668,068	620,169
Food Service	-	-	<u>298,918</u>	<u>239,360</u>	<u>298,918</u>	<u>239,360</u>
Total Expenses	<u>11,986,469</u>	<u>11,228,548</u>	<u>298,918</u>	<u>239,360</u>	<u>12,285,387</u>	<u>11,467,908</u>
Change in Net Position	<u>\$ (907,382)</u>	<u>\$ (567,465)</u>	<u>\$ (20,055)</u>	<u>\$ (56,769)</u>	<u>\$ (927,437)</u>	<u>\$ (624,234)</u>

In 2020, total revenues increased by \$0.51 million about 4.74% compared to total revenues in 2019. Total expenses for the year ended June 30, 2020 increased by \$0.82 million or about 7.13% from the prior year.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2020.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

	<u>Total Cost of Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 6,357,483	\$ 1,741,495	\$ (4,615,988)
Adminstrative	1,270,852	219,391	(1,051,461)
Support services	3,690,066	825,314	(2,864,752)
Unallocated:			
Capital outlay	-	-	-
Depreciation	668,068	-	(668,068)
Total Expenses	<u>\$ 11,986,469</u>	<u>\$ 2,786,200</u>	<u>\$ (9,200,269)</u>

Business-Type Activity

The business-type activities of the Charter School are the food service operations. These programs had revenues of \$278,863 and operating expenses of \$298,918 for fiscal year 2020.

The Charter School’s Funds

The Charter School’s governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$10.34 million and expenditures of \$10.88 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2020, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues were \$8.14 million which included a local tax levy of \$1.16 million. Expenditures were budgeted at \$9.32 million. The Charter School anticipated a decrease in fund balance of \$1.18 million. In fiscal year 2019-2020, actual revenues were \$9.60 million and expenditures were \$10.14 million.

The State of New Jersey reimbursed the Charter School \$0.3 million during the year ended June 30, 2020 for the employer’s share of social security contributions for TPAF members while on-behalf TPAF payments for post-retirement medical benefits and long-term disability insurance were \$1.01 million. These unbudgeted amounts are included in both revenues and expenditures.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Assets

At the end of fiscal year 2020, the Charter School had \$1.77 million invested in capital assets.

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to Charter Schools. This reality was taken into account when adopting the general fund budget for 2019-2020. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to: Academy for Urban Leadership Charter School, Business Office, 612 Amboy Avenue, Perth Amboy, New Jersey 08861.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expense and program revenues for each program or function of the Charter School's governmental and business-type activities.

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,097,470	\$ 17,941	\$ 1,115,411
Restricted cash	75,000	-	75,000
Accounts receivable	1,262,863	18,991	1,281,854
Interfund receivables (internal)	-	-	-
Security deposits	36,114	-	36,114
Total current assets	<u>2,471,447</u>	<u>36,932</u>	<u>2,508,379</u>
Capital assets:			
Equipment	516,975	3,540	520,515
Leasehold improvements	2,937,286	-	2,937,286
Construction in-progress	670,294	-	670,294
	4,124,555	3,540	4,128,095
Less: Accumulated depreciation	<u>(2,350,658)</u>	<u>(3,540)</u>	<u>(2,354,198)</u>
Net capital assets	<u>1,773,897</u>	<u>-</u>	<u>1,773,897</u>
Total assets	<u>4,245,344</u>	<u>36,932</u>	<u>4,282,276</u>
Deferred Outflows of Resources	<u>1,484,721</u>	<u>-</u>	<u>1,484,721</u>
Liabilities			
Current Liabilities:			
Accounts payable	307,100	14,520	321,620
Intergovernmental payable:			
State	21,226	-	21,226
Interfund payables	6,642	-	6,642
Deferred revenues	14,366	-	14,366
Total current liabilities	<u>349,334</u>	<u>14,520</u>	<u>363,854</u>
Noncurrent liabilities			
Due within one year	121,012	-	121,012
Due in more than one year	1,941,182	-	1,941,182
	<u>2,062,194</u>	<u>-</u>	<u>2,062,194</u>
Total liabilities	<u>2,411,528</u>	<u>14,520</u>	<u>2,426,048</u>
Deferred Inflows of Resources	<u>803,243</u>	<u>-</u>	<u>803,243</u>
Net Position			
Invested in capital assets, net of related debt	1,773,897	-	1,773,897
Unrestricted	741,397	22,412	763,809
Total Net Position	<u>\$ 2,515,294</u>	<u>\$ 22,412</u>	<u>\$ 2,537,706</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 6,357,483	\$ -	\$ 1,741,495	\$ (4,615,988)	\$ -	\$ (4,615,988)
Administrative cost	1,270,852	-	219,391	(1,051,461)	-	(1,051,461)
Support services	3,690,066	-	825,314	(2,864,752)	-	(2,864,752)
Unallocated:						
Capital outlay	-	-	-	-	-	-
Depreciation	<u>668,068</u>	<u>-</u>	<u>-</u>	<u>(668,068)</u>	<u>-</u>	<u>(668,068)</u>
Total governmental activities	11,986,469	-	2,786,200	(9,200,269)	-	(9,200,269)
Business-type activities:						
Food Service	<u>298,918</u>	<u>3,065</u>	<u>275,798</u>	<u>-</u>	<u>(20,055)</u>	<u>(20,055)</u>
Total primary government	\$ <u>12,285,387</u>	\$ <u>3,065</u>	\$ <u>3,061,998</u>	<u>(9,200,269)</u>	<u>(20,055)</u>	<u>(9,220,324)</u>
General revenues, transfers and special items:						
Local sources				\$ 1,163,604	-	\$ 1,163,604
State sources				6,980,494	-	6,980,494
Miscellaneous				<u>148,789</u>	<u>-</u>	<u>148,789</u>
Total general revenues, transfers and special items				<u>8,292,887</u>	<u>-</u>	<u>8,292,887</u>
Changes in net position				<u>(907,382)</u>	<u>(20,055)</u>	<u>(927,437)</u>
Net position - beginning				<u>3,422,676</u>	<u>42,467</u>	<u>3,465,143</u>
Net position - ending (A-1)				\$ <u>2,515,294</u>	\$ <u>22,412</u>	\$ <u>2,537,706</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,097,470	\$ -	\$ 1,097,470
Restricted cash	75,000	-	75,000
Accounts receivable:			
Local	58,931	-	58,931
State	788,206	15,654	803,860
Federal	-	400,072	400,072
Interfund receivables	295,387	-	295,387
Security deposits	<u>36,114</u>	<u>-</u>	<u>36,114</u>
 Total assets	 <u>\$ 2,351,108</u>	 <u>\$ 415,726</u>	 <u>\$ 2,766,834</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	207,769	\$ 99,331	\$ 307,100
Intergovernmental payables:			
State	21,226	-	21,226
Federal	-	-	-
Interfund payables	-	302,029	302,029
Deferred revenue	<u>-</u>	<u>14,366</u>	<u>14,366</u>
Total liabilities	<u>228,995</u>	<u>415,726</u>	<u>644,721</u>
Fund balances:			
Assigned	268,294	-	268,294
Unassigned	<u>1,853,819</u>	<u>-</u>	<u>1,853,819</u>
Total fund balances	<u>2,122,113</u>	<u>-</u>	<u>2,122,113</u>
Total liabilities and fund balances	<u>\$ 2,351,108</u>	<u>\$ 415,726</u>	

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.

Cost of capital assets	\$ 4,124,555
Accumulated depreciation	<u>(2,350,658)</u>
	<u>1,773,897</u>

Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.

Deferred amounts on net pension liability	<u>681,478</u>
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Long-term liabilities, including capital leases and compensated absences,

net pension payable that are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Net pension liability	<u>(2,062,194)</u>
Compensated absences payable	<u>-</u>

Net position of governmental activities - A-1

\$ 2,515,294

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues			
Local Sources:			
Local tax levy	\$ 1,163,604	\$ -	\$ 1,163,604
Grant and contributions	148,789	10,777	159,566
Total revenues -local sources	<u>1,312,393</u>	<u>10,777</u>	<u>1,323,170</u>
State sources	6,980,494	32,375	7,012,869
Federal sources	-	696,720	696,720
Reimbursed TPAF - Social Security (non-budgeted)	300,608	-	300,608
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	735,191	-	735,191
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	272,743	-	272,743
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	<u>1,867</u>	<u>-</u>	<u>1,867</u>
Total revenues	<u>9,603,296</u>	<u>739,872</u>	<u>10,343,168</u>
Expenditures			
Current expense:			
Instruction	3,647,562	507,909	4,155,471
Administrative cost	2,108,716	-	2,108,716
Support services	2,398,943	231,963	2,630,906
Capital outlay:	675,056	-	675,056
Instructional equipment			-
Non-instructional equipment			-
Purchased land/improvements			-
Facilities and acquisition			-
Reimbursed and on-behalf payments:			
Reimbursed TPAF - Social Security (non-budgeted)	300,608	-	300,608
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	735,191	-	735,191
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	272,743	-	272,743
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	<u>1,867</u>	<u>-</u>	<u>1,867</u>
Total expenditures	<u>10,140,686</u>	<u>739,872</u>	<u>10,880,558</u>
Excess (deficiency) of revenues over expenditures	(537,390)	-	(537,390)
Fund balances at beginning of the year	<u>2,659,503</u>	<u>-</u>	<u>2,659,503</u>
Fund balances at end of year	<u>\$ 2,122,113</u>	<u>\$ -</u>	<u>\$ 2,122,113</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (B-2) \$ (537,390)

**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 depreciation expense exceeded capital outlays in the period.

Capital outlay	675,056
Depreciation expense	(668,068)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension costs	<u>(376,980)</u>
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Change in net position of governmental activities (A-2) \$ (907,382)

PROPRIETARY FUNDS

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$	17,941
Accounts receivable:		
Federal		18,810
State		181
		<u>18,991</u>

Capital assets

Machinery and equipment		3,540
Less: Accumulated depreciation		<u>(3,540)</u>
Net capital assets		<u>-</u>

Total assets	\$	<u><u>36,932</u></u>
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Liabilities

Current liabilities:

Accounts payable	\$	14,520
Interfund payable - General Fund		<u>-</u>
		14,520

Net position

Unrestricted		<u>22,412</u>
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Total liabilities and net position	\$	<u><u>36,932</u></u>
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**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2020

Operating revenues:		
Charges for services:		
Daily sales - nonreimbursable programs	\$	963
Miscellaneous revenue		<u>2,102</u>
Total operating revenues		<u>3,065</u>
Operating expenses:		
Professional/technical service		298,918
Depreciation		<u>-</u>
Total operating expenses		<u>298,918</u>
Operating loss		<u>(295,853)</u>
Nonoperating revenues:		
State sources:		
State School Lunch Program		3,202
Federal sources:		
National School Lunch Program		153,602
National School Breakfast Program		70,600
Food commodities		<u>48,394</u>
Total nonoperating revenues		<u>275,798</u>
Change in net position		(20,055)
Total net position at beginning of year		<u>42,467</u>
Total net position at end of year	\$	<u>22,412</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities

Operating loss	\$ (295,853)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	47,801
Accounts payable	14,520
Intergovernmental payable	<u>(36,988)</u>
Net cash from operating activities	<u>(270,520)</u>

Cash flows from noncapital financing activities

Cash received from state and federal reimbursements	275,798
Net increase in cash and cash equivalents	5,278
Cash and cash equivalents at beginning of the year	<u>12,663</u>
Cash and cash equivalents at end of year	<u>\$ 17,941</u>

FIDUCIARY FUNDS

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

Assets

Cash and cash equivalents	\$ 155,277
Interfund receivables	<u>6,642</u>
Total assets	<u><u>\$ 161,919</u></u>

Liabilities and Net Position

Liabilities:

Payroll withholdings payable	\$ 117,942
Due to student groups	43,977
Interfund payables	<u>-</u>
Total liabilities	161,919

Net Assets

Restricted	
Unemployment compensation	<u>-</u>
Total net assets	<u>-</u>
Total liabilities and net position	<u><u>\$ 161,919</u></u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

Revenues:		
General fund appropriation	\$	31,427
Employees' contributions		<u>3,143</u>
Total revenues		<u>34,570</u>
Expenditures:		
Payments to NJ Unemployment Compensation Fund		<u>34,570</u>
Total expenditures		<u>34,570</u>
Excess of revenues over expenditures		-
Net position at beginning of the year		<u>-</u>
Net position at end of year	\$	<u><u>-</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Academy for Urban Leadership Charter School (the "Charter School" or "AULCS") is presented to assist in understanding the Charter School's financial statements and notes are representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and have been consistently applied in the preparation of these financial statements.

A. Reporting Entity:

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

B. Component Units

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Government Accounting Standard Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School. Based on the aforementioned criteria, the Charter School has no component units.

C. Basis of Presentation

The financial statements of the Charter School have been prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the financial statements include the following:

The financial statements include:

- i) A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Charter School’s overall financial position and results of operations.
- ii) Financial statements prepared using full accrual accounting for all of the Charter School’s activities.
- iii) A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

D. Basic Financial Statements

The Charter School’s basic financial statements consist of Charter School or government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School’s governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School.

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

E. Governmental Funds

General Fund - The General Fund is the primary operating fund of the Charter School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

- 1) As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.
- 2) Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2020, there was no Capital Projects Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2020, there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds:

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Proprietary Funds - Continued

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Internal Service (Self-Insurance) Fund:

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. Charter School does not use self-insurance fund.

G. Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal.

Agency Funds - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations. Agency funds include payroll and student activities funds.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting

Measurement Focus - Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spend able financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

Basis of Accounting - In the government-wide statement of net position and statements of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available.

“Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is 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 the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

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

The accounting records of 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 recognized encumbrances as expenditures and also recognized the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial report. As presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenue Fund and Debt Service Funds to the GAAP basis of accounting as presented in the Statements of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

J. Deposits, Investments and Risk Disclosure

Cash and cash equivalents include amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Deposits, Investments and Risk Disclosure - Continued

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Deposits, Investments and Risk Disclosure - Continued

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Charter School.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2020, the Charter School did not hold any investments.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. Although GASB Statement No. 40 eliminated Categories 1 and 2 as previously established by GASB Statement No. 3, it maintained, with modification, the level-of-disclosure requirements of GASB Statement No. 3.

As of June 30, 2020, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board’s name, both at year-end and throughout the year.

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Prepaid Expenses

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

L. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term Interfund loans are classified as Interfund Receivable/Payable. Interfund balanced within governmental activities and within business-type activities are eliminated on the Charter School-wide Statements of Net Position.

M. Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets.

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building if owned	50 years
Building Improvement	20 years
Electrical/Plumbing	30 years
Office and Computer Equipment	5-10 years
Leasehold Improvements	remaining term of the lease or remaining Charter School term, whichever is shorter

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

O. Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB Statement No. 16, “*Accounting for Compensated Absences*.” A liability for compensated absences that are attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted sick and vacation leave in varying amounts under the Charter School’s personnel policies and according to negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave. Vacation days not used during the year may only be carried forward with approval from the Head of School.

In the Charter School-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, there are no liabilities for compensated absence.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Net Pension Liability (Asset)

The net pension liability (asset) represents the Charter School's proportionate share of the net pension liability (asset) of the New Jersey State Pension Employees' Retirement System and the New Jersey State Teachers' Pension and Annuity Fund System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Q. Deferred Revenue

Deferred revenue in special revenue fund represent cash that has been received but not yet earned.

R. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long-term obligations payable from the enterprises fund are reported and the enterprises fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

S. Fund Balance and Equity

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Fund Balance and Equity - Continued

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School's policy to use fund balance in the following order: committed, assigned, and unassigned.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

T. Net Position

Net Position on the *Statement of Net Position* include the following:

Investments in Capital Assets, net of Related Debt - the component of net asset there reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction or improvement of those assets.

Restricted for Specific Purposes – the component of net position that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation.

Restricted for Debt Service – the component of net position that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - the difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, net of Related Debt, Net Position Restricted for Specific Purposes or Net Position Restricted for Debt Services.

U. Contributed Capital

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

V. Interfund Transactions

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as “Due from/to Other Funds” on the accompanying financial statements. All other interfund transfers are reported as operating transfers.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

X. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2017.

Y. On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the State of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund, and for post-retirement medical benefits of members. The amounts are not required to be included in the Charter School's annual budget.

Z. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 21, 2021.

In March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, is and will continue to be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements because of this uncertainty.

NOTE 2 ACCOUNTING PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

During the fiscal year ended June 30, 2020, the Charter School adopted GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASBS 95), which addresses the impact of the COVID-19 pandemic and provides relief to governments by postponing implementation and application of certain GASB Statements by a year, and by up to 18 months for other statements.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**NOTE 2 ACCOUNTING PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED -
CONTINUED**

In accordance with this Standard, the Charter School postponed the implementation of any previously applicable standards until their new required implementation dates as follow

- a. Pronouncements postponed by one year and new effective dates:
Statement No. 84, Fiduciary Activities and Implementation Guide No. 2019-2, periods beginning after December 15, 2019

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, reporting periods beginning after December 15, 2020

Statement No. 90, Majority Equity Interests, reporting periods beginning after December 15, 2019

Statement No. 91, Conduit Debt Obligations, reporting periods beginning after December 15, 2021

Statement No. 92, Omnibus 2020, paragraphs 6 and 7, fiscal years beginning after June 15, 2021

Statement No. 92, Omnibus 2020, paragraphs 8, 9, and 12, fiscal years beginning after June 15, 2021

Statement No. 93, Replacement of Interbank Offered Rates, fiscal years beginning after June 15, 2021

Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019

Implementation Guide No. 2018-1, Implementation Guidance Update—2018, reporting periods beginning after June 15, 2019

Implementation Guide No. 2019-1, Implementation Guidance Update—2019, Fiduciary Activities, reporting periods beginning after June 15, 2020

- b. Effective dates of pronouncements postponed 18 months:
Statement No. 87 and Implementation Guide No. 2019-3, Leases, reporting periods beginning after June 15, 2021, and all reporting periods thereafter.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk.

As of June 30, 2020, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Enterprise Fund	Trust and Agency Funds	Total
Operating Account	\$ 1,097,470	\$ 17,941	\$ 155,277	\$ 1,270,688
Restricted Cash	75,000	-	-	75,000
Total	<u>\$ 1,172,470</u>	<u>\$ 17,941</u>	<u>\$ 155,277</u>	<u>\$ 1,345,688</u>

Operating cash accounts are held in the Charter School's name by Investors Bank. At June 30, 2020, the Charter School's carrying amount of deposits was \$1,345,688 and the bank balance was \$1,848,152. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2020 were secured by federal deposit insurance and \$1,598,152 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

Restricted Cash

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required minimum is \$75,000, which is fully funded at June 30, 2020. The agreement stipulates that the intended use of the escrow amount is "to pay for legal and audit expenses and any other outstanding pension benefits that would be associated with a dissolution should it occur.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 476,258	\$ 40,717	\$ 516,975
Leasehold improvements	2,885,965	51,322	2,937,287
Construction in-progress	<u>87,276</u>	<u>583,018</u>	<u>670,294</u>
Total	3,449,499	675,057	4,124,556
Less: accumulated depreciation	<u>(1,682,591)</u>	<u>(668,068)</u>	<u>(2,350,659)</u>
Capital assets, net	<u>\$ 1,766,908</u>	<u>\$ 6,989</u>	<u>\$ 1,773,897</u>
<u>Business-Type Activities</u>			
Machinery and equipment	\$ 3,540	\$ -	\$ 3,540
Less: accumulated depreciation	<u>(3,540)</u>	<u>-</u>	<u>(3,540)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 NONCURRENT LIABILITIES

During the fiscal year ended June 30, 2020, long term liabilities are reported in the *Statement of Net Position*, which include:

Noncurrent Liabilities	Balance Balance June 30, 2019	Additions	Maturities/ Payments	Balance June 30, 2020	Due within One Year
Net Pension Liability	<u>\$ 1,561,103</u>	<u>\$ 612,416</u>	<u>\$ 111,325</u>	<u>\$ 2,062,194</u>	<u>\$ 121,012</u>

The net pension liability classified as due within one year amounting to \$121,012 represents pension contributions for fiscal year 2020 due and payable on April 1, 2021.

NOTE 6 NET POSITION

As of June 30, 2020, business-type activities net position did not have any capital assets or restrictions, while governmental activities net position consisted of the following components:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 NET POSITION - CONTINUED

**INVESTMENT IN CAPITAL ASSETS,
NET OF RELATED DEBT**

Capital assets, net	\$ 1,773,897
Less: Long-term obligations	<u>-</u>
	1,773,897

UNRESTRICTED

Net position not restricted above	<u>741,397</u>
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NET POSITION	<u>\$ 2,515,294</u>
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NOTE 7 PENSION PLANS

A. Description of Plans

All eligible employees of the Charter School are covered by either the Public Employee's Retirement System (PERS) or the Teacher's Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

i. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

A. Description of Plans - Continued

ii. Public Employees' Retirement System (PERS)

The Public Employees' Retirement Systems (PERS) was established as of January 1, 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, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

B. Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

B. Vesting and Benefit Provisions - continued

The TPAF and PERS provide for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

C. Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation. Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

D. Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS and 7.06% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Charter School.

The Charter School's contribution to PERS for the year ended June 30, 2020 was \$111,325. In addition, for fiscal year 2020, the Charter School contributed \$1,656 for PERS Long-term Disability Insurance Premiums (LTDI).

The State of New Jersey was required to contribute for TPAF on behalf of the Charter School, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) and post-retirement medical contribution amounting to \$1,007,934. In addition, for fiscal year 2020, the State of New Jersey contributed \$1,867 for LTDI.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$308,366 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contribution and social contribution for TPAF members are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

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

At June 30, 2020, the Charter School reported in the Charter School-wide statement of net position a liability of \$2,062,194 for its proportionate share of the PERS net pension liability. The total pension liability was measured as of June 30, 2019 as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Charter School's proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS as of June 30, 2019 measurement date. At June 30, 2020, the Charter School's proportionate share was 0.0114448831% which is an increase from the proportionate share of 0.0079286046% at June 30, 2019.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$376,981. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,014	\$ 9,110
Changes of assumptions	205,918	715,781
Net difference between projected and actual earnings on pension plan investments		32,553
Change in proportion and differences between Charter School contributions and proportionate share contributions	1,241,789	45,799
	<u>\$ 1,484,721</u>	<u>\$ 803,243</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

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

	Year Ended June 30,
2021	\$ 266,174
2022	226,536
2023	118,809
2024	52,656
2025	17,303

Actuarial assumptions. The collective total pension liability for the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	2.00% – 6.00% based on years of service
Thereafter	3.00% – 7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the based year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial valuation study for the period July 1, 2014 to June 30, 2018.

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Global diversified credit	6.00%	7.92%
Credit oriented hedge funds	2.50%	9.31%
Debt related private equity	7.50%	8.33%
Debt related real estate	28.00%	8.26%
Private real asset	12.50%	9.00%
Equity related real estate	6.50%	11.37%
U.S. equity	12.00%	10.85%
Total	100.00%	

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) - continued

Discount rate. The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019 measurement date. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
Charter School's proportionate share of the net pension liability	<u>\$ 2,623,008</u>	<u>\$ 2,062,194</u>	<u>\$ 1,616,064</u>

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF)

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

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

in accordance with N.J.S.A. 18:66-33, the employer contributions for the Charter School is legally required to be funded by the State. This is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. As such, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School.

For the year ended June 30, 2020, the Charter School recognized pension expense and related revenue of \$903,452 in the Charter School-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members.

The State's proportionate share of the net pension liability attributable to the Charter School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF for the June 30, 2019 and 2018 measurement dates, respectively. At June 30, 2020 and 2019, the State's proportion of the net pension liability attributable to Charter School was 0.0249584703% and 0.0230974867%, respectively.

Actuarial Assumptions. The total pension liability for the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) - continued

Inflation	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55% – 4.45% based on years of service
Thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality were based on Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date, are summarized in the following table:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) – continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 5.60% June 30, 2019 measurement date. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contribution from employers will be made based on 70% of actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 PENSIONS PLANS - CONTINUED

F. GASB 68 Disclosures - Continued

ii. Teachers Pension and Annuity Fund (TPAF) – continued

The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability. The following presents the Charter School’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's proportionate share of the net pension liability attributable to the Charter School	<u>\$ 18,854,789</u>	<u>\$ 15,317,249</u>	<u>\$ 13,071,100</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued TPAF financial report.

NOTE 8 POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS - CONTINUED

this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST-RETIREMENT BENEFITS - CONTINUED

Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary increases:			
Through 2026	1.55% - 3.05% based on years of service	2.00% - 6.00% based on years of service	3.25% - 15.25% based on years of service
Thereafter	1.55% - 3.05% based on years of service	3.00% - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale mP-2019. Postretirement mortality rate were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST- RETIREMENT BENEFITS - CONTINUED

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially is 5.7% and decreases to a 4.5% long-term rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

(b) Discount rate

The discount rate for used for June 30, 2019 and 2018 measurement dates were 3.50% and 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees:

Balance at 6/30/18 measurement date	<u>\$ 1,948,054</u>
Changes for the year	
Service cost	410,382
Interest	89,512
Differences between expected and actual experience	680,258
Changes in assumptions and other inputs	45,958
Benefit payments	(94,619)
Contributions from the member	<u>2,805</u>
Net Change	<u>1,134,296</u>
Balance at 6/30/19 measurement date	<u><u>\$ 3,082,350</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for the Charter School retirees, as well as what the State's total OPEB liability for the Charter School retirees would be if it were calculated using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST- RETIREMENT BENEFITS - CONTINUED

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 3,641,473	\$ 3,082,350	\$ 2,638,213

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State for the Charter School retirees, as well as what the State's total OPEB liability for the Charter School retirees would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Cost Trend Rate</u>	<u>1% Increase</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 2,539,719	\$ 3,082,350	\$ 3,800,682

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

For the year ended June 30, 2020, the Charter School recognize OPEB revenue and expense of \$567,658 as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB from the following sources:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 8 POST- RETIREMENT BENEFITS - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes of assumptions	\$ 1,882,008	\$ (626,495)
Difference between expected and actual experience		\$ (774,480)
Changes in proportion	-	(14,409)
	<u>\$ 1,882,008</u>	<u>\$ (1,415,384)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB of retired Charter School employees will be recognized in OPEB expense as follows:

	Year Ended June 30
	<u> </u>
2021	\$ 50,415
2022	50,415
2023	50,415
2024	50,416
2025	50,416

NOTE 9 DEFERRED COMPENSATION

The Charter School offered its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Service 403(b). The Plan is administered by AXA Equity, Inc. permits participants to defer apportion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, death or unforeseeable emergency.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 RISK MANAGEMENT

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

A. Property and Liability Insurance

The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Unaudited) of this Comprehensive Annual Financial Report (Schedule J-20).

B. New Jersey Unemployment Compensation

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

The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits employees and charged to its account with the State.

Fiscal Year	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2019-20	\$ 31,427	\$ 3,143	\$ 34,570	\$ -
2018-19	31,427	18,385	49,812	-
2017-18	52,154	17,672	69,826	-
2016-17	86,127	13,779	99,906	-

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Asset.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

At June 30, 2020, the interfund balances consisted of the following components:

	RECEIVABLE (PAYABLE)			
	General Fund	Special Revenue Fund	Enterprise Fund	Fiduciary Fund
General fund	#VALUE!	#VALUE!	#VALUE!	#VALUE!
GASB No 34 mandated eliminations within governmental activities	#VALUE!	#VALUE!	-	-
Net interfund balances reported as follows: Entity-wide (eliminated in total column)	<u>#VALUE!</u>	<u>#VALUE!</u>	<u>#VALUE!</u>	
External (Due from Trust and Agency Funds)				<u>#VALUE!</u>

NOTE 12 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2020, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2020.

NOTE 13 LINE OF CREDIT

The Charter School has an approved Line of Credit amounting to \$750,000 with Investors Bank which can be used to support the Charter School's leasehold improvements. The line of credit has an interest rate of 3% above the current Investors Bank Money Market rate or CD rate at closing with a floor of 3.25% per annum. The Charter School did not use the line of credit for the fiscal year ended June 30, 2020.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 14 LEASES

The Charter School is currently leasing its facilities at 612 Amboy Avenue, Perth Amboy, New Jersey for a period of four (4) years from St. Michael's Byzantine Catholic Church commencing July 1, 2010 and expired on June 30, 2015. The lease was extended for five (5) periods of five (5) years each beginning July 1, 2015. Annual rent for the year ended June 30, 2020 amounted to \$213,156.

On August 10, 2016, the school rented additional space from the Hispanic Christian Center Inc. at 404 Division Street, Perth Amboy for the period September 1, 2016 to August 31, 2019 with a two 3-year renewal options. Lease for the location ended January 30, 2020. Rent expense for the year ended June 30, 2020 amounted to \$35,000.

On August 9, 2017, the school rented additional space from the St. John the Baptist Orthodox Church at 293 (parking lot) 295 and 299 Barclay Street, Perth Amboy for the period August 1, 2017 to June 31, 2019 with a two 5-year renewal options. Rent expense for the year ended June 30, 2020 amounted to \$86,580.

During fiscal year 2018, the Charter School entered into a facility use agreement with Fairleigh Dickenson University for 5 classrooms after regular school hours at 612 Amboy Avenue at a rate of \$800 a week. Total revenue recognized as miscellaneous revenue in the General Fund for the year ended June 30, 2020 amounted to \$24,423.

NOTE 15 LITIGATION

There is an asserted claim by a former Charter School employee during the fiscal year. The Charter School management is contesting the claim and will continue to vigorously defend its position. In the opinion of the Charter School's management and legal counsel, the Charter School will prevail on the claim.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 1,180,472	\$ (16,868)	\$ 1,163,604	\$ 1,163,604	\$ -
Contributions and miscellaneous	-	-	-	148,789	148,789
Total revenues - local sources	1,180,472	(16,868)	1,163,604	1,312,393	148,789
State sources					
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	300,608	300,608
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	-	-	-	735,191	735,191
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	-	-	-	272,743	272,743
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	-	-	-	1,867	1,867
Total revenues	9,068,333	(924,235)	8,144,098	9,603,296	1,459,198
Expenditures					
Current expense:					
Instruction					
Salaries	2,927,308	(71,280)	2,856,028	2,852,874	3,154
Other salaries for instruction	115,895	(11,305)	104,590	103,260	1,330
Professional/technical service	367,892	(51,217)	316,675	316,675	-
Other purchased services	75,039	39,519	114,558	114,558	-
General supplies	252,632	(22,107)	230,525	230,525	-
Textbooks	80,000	(64,613)	15,387	15,387	-
Miscellaneous	30,652	(16,369)	14,283	14,283	-
Total instruction	3,849,418	(197,372)	3,652,046	3,647,562	4,484
Administrative cost					
Salaries	608,424	30,973	639,397	593,253	46,144
Total benefit costs	1,009,146	278,555	1,287,701	1,229,488	58,213
Professional/technical service	274,920	(34,711)	240,209	234,342	5,867
Other purchased services	30,203	(13,453)	16,750	16,725	25
Communications and telephones	6,600	4,448	11,048	9,721	1,327
Supplies and materials	26,682	(9,900)	16,782	16,766	16
Miscellaneous	1,850	6,572	8,422	8,421	1
Total administrative cost	1,957,825	262,484	2,220,309	2,108,716	111,593
Support services					
Salaries	1,641,180	(16,514)	1,624,666	1,518,660	106,006
Purchased professional/technical service	65,600	(39,136)	26,464	26,339	125
Other purchased services	239,340	(39,638)	199,702	196,377	3,325
Rent on land and buildings	301,913	31,923	333,836	333,836	-
Insurance-fidelity, liability, property	163,867	(23,602)	140,265	140,265	-
Supplies and materials	29,982	45,792	75,774	75,774	-
Transportation-other than to/from school	75,000	(54,688)	20,312	19,233	1,079
Utilities	134,398	(45,768)	88,630	88,459	171
Miscellaneous	800	(800)	-	-	-
Total support services	2,652,080	(142,431)	2,509,649	2,398,943	110,706
Capital outlay					
Instructional equipment	35,200	(6,502)	28,698	28,698	-
Non-instructional equipment	19,000	(6,981)	12,019	12,019	-
Construction services	810,260	90,802	901,062	634,339	266,723
Total capital outlay	864,460	77,319	941,779	675,056	266,723
Reimbursed TPAF - Social Security (non-budgeted)	-	-	-	300,608	(300,608)

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	-	-	-	735,191	(735,191)
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	-	-	-	272,743	(272,743)
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	-	-	-	1,867	(1,867)
Total expenditures before other financing uses	<u>9,323,783</u>	<u>-</u>	<u>9,323,783</u>	<u>10,140,686</u>	<u>(816,903)</u>
Excess revenues over expenditures and other financing uses	(255,450)	(924,235)	(1,179,685)	(537,390)	642,295
Fund balances at beginning of the year	<u>2,659,503</u>	<u>-</u>	<u>2,659,503</u>	<u>2,659,503</u>	<u>-</u>
Fund balances at ending of the year	<u>\$ 2,404,053</u>	<u>\$ (924,235)</u>	<u>\$ 1,479,818</u>	<u>\$ 2,122,113</u>	<u>\$ 642,295</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	-	-	-	735,191	(735,191)
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	-	-	-	272,743	(272,743)
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	-	-	-	1,867	(1,867)
Total expenditures before other financing uses	<u>9,323,783</u>	<u>45,768</u>	<u>9,323,783</u>	<u>10,140,686</u>	<u>(816,903)</u>
Excess revenues over expenditures and other financing uses	(255,450)	(970,003)	(1,179,685)	(537,390)	642,295
Fund balances at beginning of the year	<u>2,659,503</u>	-	<u>2,659,503</u>	<u>2,659,503</u>	-
Fund balances at ending of the year	<u>\$ 2,404,053</u>	<u>\$ (970,003)</u>	<u>\$ 1,479,818</u>	<u>\$ 2,122,113</u>	<u>\$ 642,295</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Revenues					
Local	\$ 15,241	\$ -	\$ 15,241	\$ 10,777	\$ 4,464
State	71,097	-	71,097	32,375	38,722
Federal	1,126,894	48,380	1,175,274	696,720	478,554
Total revenues - all sources	<u>1,213,232</u>	<u>48,380</u>	<u>1,261,612</u>	<u>739,872</u>	<u>521,740</u>
Expenditures					
Current Expenditures:					
Instruction					
Salaries of teachers	400,378	32,638	433,016	379,602	53,414
Employee benefits	78,476	10,531	89,007	89,007	-
Other salaries for instruction	-	-	-	-	-
Purchased professional and technical services	51,875	-	51,875	-	51,875
Other purchased services	15,500	-	15,500	2,370	13,130
Supplies and materials	46,845	3,527	50,372	35,811	14,561
Miscellaneous	14,125	-	14,125	1,119	13,006
Total instruction	<u>607,199</u>	<u>46,696</u>	<u>653,895</u>	<u>507,909</u>	<u>145,986</u>
Support services					
Personal services salaries	120,560	-	120,560	85,820	\$ 34,740
Salaries of secretarial/clerical asst.	18,000	-	18,000	9,000	9,000
Employee benefits	36,409	-	36,409	16,208	20,201
Purchased professional educational services	110,711	-	110,711	55,777	54,934
Travel	3,249	-	3,249	283	2,966
Other purchase services	107,620	-	107,620	26,843	80,777
Supplies	60,137	-	60,137	26,188	33,949
Miscellaneous	23,262	-	23,262	11,844	11,418
Total support services	<u>479,948</u>	<u>-</u>	<u>479,948</u>	<u>231,963</u>	<u>247,985</u>
Capital Outlay					
Instructional equipment	64,054	1,684	65,738	-	65,738
Non instructional equipment	62,031	-	62,031	-	62,031
Total facilities acquisition and construction services	<u>126,085</u>	<u>1,684</u>	<u>127,769</u>	<u>-</u>	<u>127,769</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART II

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 9,603,296	[C-2]	739,872
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		-
Last State aid payment recognized for budgetary purposes only.	-		-
General Fund contribution to Early Childhood Program Aid.	-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>9,603,296</u>	[B-2]	<u>739,872</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 10,140,686	[C-2]	739,872
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfer (outflows) to general fund	-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 10,140,686</u>	[B-2]	<u>\$ 739,872</u>

Note A -The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - PERS**

LAST TEN FISCAL YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School's proportion of the net pension liability (asset)	0.0114448831%	0.0070152717%	0.0070152717%	0.0028157814%	0.0035734400%	0.0014681237%
Charter School's proportionate share of the net pension liability (asset)	\$ 2,062,194	\$ 1,633,043	\$ 1,633,043	\$ 833,954	\$ 802,166	\$ 274,873
Charter School's covered-employee payroll	\$ 4,219,562	\$ 1,083,817	\$ 1,083,817	\$ 793,855	\$ 333,428	\$ 194,890
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.87%	150.68%	150.68%	105.05%	240.58%	141.04%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	48.10%	40.14%	38.21%	40.71%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

LAST TEN FISCAL YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 111,325	\$ 78,864	\$ 64,989	\$ 25,015	\$ 30,722	\$ 12,103
Contributions in relation to the contractually required contribution	<u>(111,325)</u>	<u>(78,864)</u>	<u>(64,989)</u>	<u>(25,015)</u>	<u>(30,722)</u>	<u>(12,103)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ 4,219,562	\$ 1,169,826	\$ 1,083,817	\$ 793,855	\$ 333,428	\$ 194,890
Contributions as a percentage of covered-employee payroll	2.64%	6.74%	6.00%	3.15%	9.21%	6.21%

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHARTER SCHOOL'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - TPAF**

LAST TEN FISCAL YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
State's proportionate share of the net pension liability (asset) attributable to Charter School	0.0114448831%	0.0230974867%	0.0180243825%	0.0222152124%	0.0117350545%	0.0108171438%
State's proportionate share of the net pension liability (asset) attributable to Charter School	\$ 2,062,194	\$ 14,694,125	\$ 12,152,689	\$ 17,475,901	\$ 7,417,056	\$ 5,781,411
Charter School's covered-employee payroll	\$ 4,219,562	\$ 4,374,464	\$ 3,947,450	\$ 3,157,382	\$ 1,757,843	\$ 1,980,905
State's proportionate share of the net pension liability (asset) attributable to Charter School as a percentage of its covered-employee payroll	49%	336%	308%	553.49%	421.94%	291.86%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	26.49%	25.41%	22.33%	28.71%	33.64%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 68, *Accounting and Financial Reporting for Pension* in fiscal year 2015. No data is available prior to fiscal year 2015.

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR OPEB (GASB 75)**

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CHARTER SCHOOL'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

LAST TEN FISCAL YEARS (1)

	<u>2020</u>	<u>2019</u>
State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees		
Service cost	\$ 357,407	\$ 425,904
Interest	93,615	73,871
Difference between expected and actual experience	(511,579)	-
Changes in assumptions and other inputs	(233,549)	(357,753)
Member contributions	1,800	1,947
Benefit payments	<u>(52,090)</u>	<u>(52,866)</u>
Net Change in State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	(344,396)	91,103
State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees		
At beginning of year	<u>\$ 2,282,450</u>	<u>\$ 2,191,347</u>
At end of year	<u>\$ 1,938,054</u>	<u>\$ 2,282,450</u>
Charter School's proportionate share of the Total OPEB Liability	0%	0%
Charter School Covered-employee payroll ⁽²⁾	\$ 8,439,123	\$ 5,031,267
Total State OPEB liability as a percentage of Charter School covered-employee payroll	22.97%	45.37%

Note - The amounts presented for the fiscal year was determined as of June 30 measurement date of the prior fiscal year.

(1) The Charter School implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018. No data is available prior to fiscal year 2018.

(2) Covered payroll was based on the Charter School's payroll for the year ended June 30.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART III

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III
YEAR ENDED JUNE 30, 2020**

Public Employees Retirement System (PERS)

Change in benefit terms. There was no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

The single blended discount rate of 6.28% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.00% in prior measurement date) and a municipal bond rate of 3.50% (3.87% in prior measurement date) based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Teachers Pension and Annuity Fund (TPAF)

Change in benefit terms. There is no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 4.25% to 5.60% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

The single blended discount rate of 5.60% in the current measurement date was based on the long-term expected rate of return on pension plan investments of 7.00% (7.00% in prior measurement date) and a municipal bond rate of 3.50% (3.87% in prior measurement date) based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Other Post-employment Benefits (OPEB)

Change in benefit terms. There is no change in the benefit terms.

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 3.87% to 3.50% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. The source is the Bond Buyer Go 20-Bond Municipal Bon Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2020

	Title I	Title III	Title IV	IDEA	CARES Educ Stabilization Fund	21st Century Grant	PAPERS Grant	Advanced Computer Science Grant	Local Grants	Total
Revenues										
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,777	\$ 10,777
State	-	-	-	-	-	-	-	32,375	-	32,375
Federal	235,152	7,817	5,307	117,337	20,176	279,706	31,225	-	-	696,720
Total revenues - all sources	<u>235,152</u>	<u>7,817</u>	<u>5,307</u>	<u>117,337</u>	<u>20,176</u>	<u>279,706</u>	<u>31,225</u>	<u>32,375</u>	<u>10,777</u>	<u>739,872</u>
Expenditures										
Current Expenditures:										
Instruction										
Salaries of teachers	173,902	-	-	89,580	-	110,060	4,500	1,560	-	379,602
Employee benefits	61,250	-	-	27,757	-	-	-	-	-	89,007
Other salaries for instruction	-	-	-	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	500	-	1,870	-	2,370
Supplies and materials	-	6,000	4,807	-	-	10,614	-	9,290	5,100	35,811
Miscellaneous	-	-	-	-	-	1,119	-	-	-	1,119
Total instruction	<u>235,152</u>	<u>6,000</u>	<u>4,807</u>	<u>117,337</u>	<u>-</u>	<u>122,293</u>	<u>4,500</u>	<u>12,720</u>	<u>5,100</u>	<u>507,909</u>
Support services										
Personal services salaries	-	-	-	-	-	85,820	-	-	-	85,820
Salaries of secretarial/clerical asst.	-	-	-	-	-	-	9,000	-	-	9,000
Employee benefits	-	-	-	-	-	16,208	-	-	-	16,208
Purchased professional educational services	-	-	-	-	-	29,600	17,500	3,000	5,677	55,777
Travel	-	-	-	-	-	283	-	-	-	283
Rent	-	-	-	-	-	-	-	-	-	-
Other purchase services	-	-	-	-	-	13,658	225	12,960	-	26,843
Supplies	-	1,817	500	-	20,176	-	-	3,695	-	26,188
Miscellaneous	-	-	-	-	-	11,844	-	-	-	11,844
Total support services	<u>-</u>	<u>1,817</u>	<u>500</u>	<u>-</u>	<u>20,176</u>	<u>157,413</u>	<u>26,725</u>	<u>19,655</u>	<u>5,677</u>	<u>231,963</u>
Capital Outlay										
Facilities acquisition and construction services:										
Instructional equipment	-	-	-	-	-	-	-	-	-	-
Noninstructional	-	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 235,152</u>	<u>\$ 7,817</u>	<u>\$ 5,307</u>	<u>\$ 117,337</u>	<u>\$ 20,176</u>	<u>\$ 279,706</u>	<u>\$ 31,225</u>	<u>\$ 32,375</u>	<u>\$ 10,777</u>	<u>\$ 739,872</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2020, there was no capital project fund.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. The Charter School has the Food Service and After Care in its Enterprise Fund to account for the operation of food services and after care.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2020

	FOOD SERVICE
	<u> </u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 17,941
Accounts receivable:	
Federal	18,810
State	<u>181</u>
	<u>18,991</u>
Capital assets	
Machinery and equipment	3,540
Less: Accumulated depreciation	<u>(3,540)</u>
Net capital assets	<u>-</u>
Total assets	<u>\$ 36,932</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 14,520
Interfund payable - General Fund	<u>-</u>
Total current liabilities	<u>14,520</u>
Net assets	
Unrestricted	<u>22,412</u>
Total liabilities and net position	<u>\$ 36,932</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

ENTERPRISE FUND

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION**

YEAR ENDED JUNE 30, 2020

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 963
Miscellaneous revenue	<u>2,102</u>
Total operating revenues	<u>3,065</u>
Operating expenses:	
Purchased services	<u>298,918</u>
Operating loss	<u>(295,853)</u>
Nonoperating revenues:	
State sources:	3,202
Federal sources:	
National School Lunch	153,602
National School Breakfast	70,600
Food Commodities	<u>48,394</u>
Total nonoperating revenues	<u>275,798</u>
Changes in net position	(20,055)
Total net position at beginning of year	<u>42,467</u>
Total net position at end of year	<u>\$ 22,412</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

ENTERPRISE FUND

COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	FOOD SERVICE
	<u> </u>
Cash flows from operating activities	
Operating loss	\$ (295,853)
Adjustment to reconcile operating loss to net cash from operating activities	
Depreciation expense	-
Changes in assets and liabilities:	
Accounts receivable	47,801
Accounts payable	14,520
Intergovernmental payable	<u>(36,988)</u>
Net cash from operating activities	(270,520)
 Cash flows from noncapital financing activities	
Cash received from state and federal reimbursements	<u>275,798</u>
Net increase in cash and cash equivalents	5,278
Cash and cash equivalents at beginning of the year	<u>12,663</u>
Cash and cash equivalents at end of year	<u><u>\$ 17,941</u></u>

FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At June 30, 2020 there was no non-expandable trust fund utilized by the Charter School.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, governmental and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter School.

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

FIDUCIARY FUNDS

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2020

	New Jersey Unemployment Benefits	Student Activities	Agency Net Payroll	Payroll Agency	Total
Assets					
Cash and cash equivalents	\$ -	\$ 43,977	\$ -	\$ 111,300	\$ 155,277
Interfund receivable	-	-	-	6,642	6,642
Total assets	<u>\$ -</u>	<u>\$ 43,977</u>	<u>\$ -</u>	<u>\$ 117,942</u>	<u>\$ 161,919</u>
Liabilities and fund balances					
Liabilities:					
Payroll and withholdings payable	\$ -	\$ -	\$ -	\$ 117,942	\$ 117,942
Due to student groups	-	43,977	-	-	43,977
Total liabilities	<u>-</u>	<u>43,977</u>	<u>-</u>	<u>117,942</u>	<u>161,919</u>
Net Position					
Restricted					
Unemployment compensation	-	-	-	-	-
Total liabilities and net position	<u>\$ -</u>	<u>\$ 43,977</u>	<u>\$ -</u>	<u>\$ 117,942</u>	<u>\$ 161,919</u>

See accompanying notes to financial statements.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

FIDUCIARY FUNDS

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
(TRUST FUND)**

YEAR ENDED JUNE 30, 2020

	New Jersey Unemployment Benefits
	<u> </u>
Revenues:	
General fund appropriation	\$ 31,427
Employees' contributions	<u>3,143</u>
Total revenues	<u>34,570</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>34,570</u>
Total expenditures	<u>34,570</u>
Excess of revenue over expenditures	-
Net position at beginning of the year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2020

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Assets				
Cash and cash equivalents	\$ 27,546	\$ 54,571	\$ 38,140	\$ 43,977
Liabilities				
Due to Student Groups	\$ 27,546	\$ 54,571	\$ 38,140	\$ 43,977

See accompanying notes to financial statements.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2020

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Assets				
Cash and cash equivalents	\$ 410,247	\$ 2,738,958	\$ 3,037,905	\$ 111,300
Interfund receivable	<u>-</u>	<u>6,642</u>	<u>-</u>	<u>6,642</u>
Total Assets	<u>\$ 410,247</u>	<u>\$ 2,745,600</u>	<u>\$ 3,037,905</u>	<u>\$ 117,942</u>
Liabilities				
Payroll deductions and withholdings	\$ -	\$ 117,942		\$ 117,942
Intergovernmental Accounts Payable - State	55,009		55,009	-
Interfund payable	<u>355,238</u>	<u>-</u>	<u>355,238</u>	<u>-</u>
Total Liabilities	<u>\$ 410,247</u>	<u>\$ 117,942</u>	<u>\$ 410,247</u>	<u>\$ 117,942</u>

See accompanying notes to financial statements.

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long-term liabilities of the Charter School. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding or mortgage note payable. The Charter School has no long-term debts.

STATISTICAL SECTION (UNAUDITED)

Unless otherwise noted, the information in these Schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	83
Revenue Capacity	These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity	These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	87
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	89

(1) GASB requires presentation of certain statistical information for the last ten fiscal years. However, fiscal year ended June 30, 2014 is the first operating year of the Charter School. Therefore, schedules presenting charterwide information include information beginning in that year.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**NET POSITION BY COMPONENT
Last Ten Fiscal Years (1)**

(Accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2020	2019	2018	2017	2016	2016	2014	2013	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 1,773,897	\$ 1,766,908	\$ 1,611,493	\$ 2,006,119	\$ 2,312,643	\$ 1,424,047	\$ 542,238	\$ 366,212	\$ 36,737
Restricted	-	-	-	-	-	-	-	-	300,000
Unrestricted	741,397	1,655,768	2,378,648	1,977,101	1,444,330	2,105,508	2,387,155	1,088,631	382,435
Total governmental activities net position	<u>\$ 2,515,294</u>	<u>\$ 3,422,676</u>	<u>\$ 3,990,141</u>	<u>\$ 3,983,220</u>	<u>\$ 3,756,973</u>	<u>\$ 3,529,555</u>	<u>\$ 2,929,393</u>	<u>\$ 1,454,843</u>	<u>\$ 419,172</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	22,412	42,467	5,572	61,633	34,033	43,750	13,164	11,461	6,130
Total business-type activities net position	<u>\$ 22,412</u>	<u>\$ 42,467</u>	<u>\$ 5,572</u>	<u>\$ 61,633</u>	<u>\$ 34,033</u>	<u>\$ 43,750</u>	<u>\$ 13,164</u>	<u>\$ 11,461</u>	<u>\$ 6,130</u>
School-wide									
Invested in capital assets, net of related debt	\$ 1,773,897	\$ 1,766,908	\$ 1,611,493	\$ 2,006,119	\$ 2,312,643	\$ 1,424,047	\$ 542,238	\$ 366,212	\$ 36,737
Restricted	-	-	-	-	-	-	-	-	300,000
Unrestricted	763,809	1,698,235	2,384,889	2,038,734	1,478,363	2,149,258	2,400,319	1,100,092	388,565
Total Charter School net position	<u>\$ 2,537,706</u>	<u>\$ 3,465,143</u>	<u>\$ 3,996,382</u>	<u>\$ 4,044,853</u>	<u>\$ 3,791,006</u>	<u>\$ 3,573,305</u>	<u>\$ 2,942,557</u>	<u>\$ 1,466,304</u>	<u>\$ 725,302</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

CHANGES IN NET POSITION

Last Ten Fiscal Years (1)

(Accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses									
Governmental activities									
Instruction	\$ 6,357,483	\$ 5,869,317	\$ 5,470,176	\$ 4,853,474	\$ 3,561,031	\$ 3,149,476	\$ 2,659,103	\$ 2,203,746	\$ 1,167,939
Administrative	1,270,852	1,625,568	1,607,864	1,810,924	1,272,532	904,298	881,210	1,133,563	721,742
Support Services	3,690,066	2,997,050	3,310,705	2,240,211	1,923,959	1,403,253	1,269,078	256,707	392,143
Unallocated									
Capital outlay	-	116,444	135,212	93,507	206,045	-	59,474	36,826	338,820
Depreciation	668,068	620,169	483,559	498,176	28,039	21,046	13,760	-	-
Total governmental activities expenses	<u>11,986,469</u>	<u>11,228,548</u>	<u>11,007,516</u>	<u>9,496,292</u>	<u>6,991,606</u>	<u>5,478,073</u>	<u>4,882,625</u>	<u>3,630,842</u>	<u>2,620,644</u>
Business-type activities:									
Food service	298,918	263,837	239,360	168,605	164,617	125,685	134,258	101,921	71,130
Total business-type activities expense	<u>298,918</u>	<u>263,837</u>	<u>239,360</u>	<u>168,605</u>	<u>164,617</u>	<u>125,685</u>	<u>134,258</u>	<u>101,921</u>	<u>71,130</u>
Total district expenses	<u>12,285,387</u>	<u>11,492,385</u>	<u>11,246,876</u>	<u>9,664,897</u>	<u>7,156,223</u>	<u>5,603,758</u>	<u>5,016,883</u>	<u>3,732,763</u>	<u>2,691,774</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Operating grants and contributions	2,786,200	2,214,339	2,431,773	2,247,435	1,355,982	676,208	498,171	26,675	29,884
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>2,786,200</u>	<u>2,214,339</u>	<u>2,431,773</u>	<u>2,247,435</u>	<u>1,355,982</u>	<u>676,208</u>	<u>498,171</u>	<u>26,675</u>	<u>29,884</u>
Business-type activities:									
Charges for services									
Food service	3,065	1,923	15,166	18,816	14,224	23,115	26,220	29,610	27,319
Operating grants and contributions	275,798	298,140	167,425	176,682	139,968	132,448	113,187	74,089	49,932
Total business-type activities program revenues	<u>278,863</u>	<u>300,063</u>	<u>182,591</u>	<u>195,498</u>	<u>154,192</u>	<u>155,563</u>	<u>139,407</u>	<u>103,699</u>	<u>77,251</u>
Total district program revenues	<u>3,065,063</u>	<u>2,514,402</u>	<u>2,614,364</u>	<u>2,442,933</u>	<u>1,510,174</u>	<u>831,771</u>	<u>637,578</u>	<u>130,374</u>	<u>107,135</u>
Net (Expense)/Revenue									
Governmental activities	(9,200,269)	(9,014,209)	(8,575,743)	(7,248,857)	(5,635,624)	(4,801,865)	(4,384,454)	(3,604,167)	(2,590,760)
Business-type activities	(20,055)	36,226	(56,769)	26,893	(10,425)	29,878	5,149	1,778	6,121
Total district-wide net expense	<u>(9,220,324)</u>	<u>(8,977,983)</u>	<u>(8,632,512)</u>	<u>(7,221,964)</u>	<u>(5,646,049)</u>	<u>(4,771,987)</u>	<u>(4,379,305)</u>	<u>(3,602,389)</u>	<u>(2,584,639)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	1,163,604	1,123,626	1,034,449	874,554	752,864	733,532	767,001	535,045	356,492
Grants and contributions	6,980,494	7,188,775	7,493,461	6,559,742	5,110,178	4,998,493	5,092,003	3,784,925	2,803,515
Miscellaneous income	148,789	134,343	54,754	40,808	-	-	-	19,868	21,332
Total governmental activities	<u>8,292,887</u>	<u>8,446,744</u>	<u>8,582,664</u>	<u>7,475,104</u>	<u>5,863,042</u>	<u>5,732,025</u>	<u>5,859,004</u>	<u>4,339,838</u>	<u>3,181,339</u>
Business-type activities:									
Investment earnings	-	-	-	-	-	-	-	13	9
Miscellaneous Income	-	-	-	-	-	-	-	3,540	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553</u>	<u>9</u>
Total district-wide	<u>8,292,887</u>	<u>8,446,744</u>	<u>8,582,664</u>	<u>7,475,104</u>	<u>5,863,042</u>	<u>5,732,025</u>	<u>5,859,004</u>	<u>4,343,391</u>	<u>3,181,348</u>
Changes in Net Position									
Governmental activities	(907,382)	(567,465)	6,921	226,247	227,418	930,160	1,474,550	735,671	590,579
Business-type activities	(20,055)	36,226	(56,769)	26,893	(10,425)	29,878	5,149	5,331	6,130
Total district	<u>\$ (927,437)</u>	<u>\$ (531,239)</u>	<u>\$ (49,848)</u>	<u>\$ 253,140</u>	<u>\$ 216,993</u>	<u>\$ 960,038</u>	<u>\$ 1,479,699</u>	<u>\$ 741,002</u>	<u>\$ 596,709</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(Modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund									
Assigned	\$ 268,294	\$ 897,033	\$ 577,555	\$ 133,755	\$ 111,115	\$ 767,064	\$ 1,579,040	\$ -	\$ 300,000
Unassigned	1,853,819	1,762,470	2,557,325	2,343,542	1,767,657	1,681,412	808,115	1,088,631	382,435
Total general fund	<u>2,122,113</u>	<u>2,659,503</u>	<u>3,134,880</u>	<u>2,477,297</u>	<u>1,878,772</u>	<u>2,448,476</u>	<u>2,387,155</u>	<u>1,088,631</u>	<u>682,435</u>
All Other Governmental Funds									
Assigned	-	-	-	-	-	-	-	-	-
Unassigned, reported in:									
Special revenue fund	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,122,113</u>	<u>\$ 2,659,503</u>	<u>\$ 3,134,880</u>	<u>\$ 2,477,297</u>	<u>\$ 1,878,772</u>	<u>\$ 2,448,476</u>	<u>\$ 2,387,155</u>	<u>\$ 1,088,631</u>	<u>\$ 682,435</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years (1)

Function	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Revenues										
Local Sources:										
Local tax levy	\$ 1,163,604	\$ 1,123,626	\$ 1,034,449	\$ 874,554	\$ 752,864	\$ 733,532	\$ 767,001	\$ 535,045	\$ 356,492	
Miscellaneous	159,566	146,593	77,004	40,808	18,712	-	78,645	19,868	21,332	
State sources	7,313,477	7,525,011	7,765,613	6,777,305	5,275,858	5,144,792	5,254,561	3,675,532	2,561,510	
Federal sources	696,720	393,625	332,757	546,184	506,926	118,098	133,207	136,068	271,889	
Total Revenues	<u>9,333,367</u>	<u>9,188,855</u>	<u>9,209,823</u>	<u>8,238,851</u>	<u>6,554,360</u>	<u>5,996,422</u>	<u>6,233,414</u>	<u>4,366,513</u>	<u>3,211,223</u>	
Current expense										
Instruction	4,155,471	4,147,475	3,742,167	3,464,642	2,738,280	2,441,822	2,251,172	1,870,764	1,053,199	
Administrative cost	2,108,716	1,983,115	1,794,583	1,891,028	1,430,653	1,195,216	1,090,293	1,454,469	833,242	
Support services	2,630,906	2,333,248	2,519,193	1,839,967	1,666,771	1,312,854	1,181,607	255,023	391,301	
Capital outlay	675,056	892,028	224,145	227,124	1,122,680	838,910	249,260	380,061	-	
TPAF - FICA Reimbursement	300,608	308,366	272,152	217,563	165,680	146,299	162,558	-	-	
TPAF - On-behalf payments	1,867	1,744	1,780	1,689	389,650	164,161	123,761	-	-	
Total Expenditures	<u>9,872,624</u>	<u>9,665,976</u>	<u>8,554,020</u>	<u>7,642,013</u>	<u>7,513,714</u>	<u>6,099,262</u>	<u>5,058,651</u>	<u>3,960,317</u>	<u>2,277,742</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(539,257)</u>	<u>(477,121)</u>	<u>655,803</u>	<u>596,838</u>	<u>(959,354)</u>	<u>(102,840)</u>	<u>1,174,763</u>	<u>406,196</u>	<u>933,481</u>	
Net change in fund balances	<u>\$ (539,257)</u>	<u>\$ (477,121)</u>	<u>\$ 655,803</u>	<u>\$ 596,838</u>	<u>\$ (959,354)</u>	<u>\$ (102,840)</u>	<u>\$ 1,174,763</u>	<u>\$ 406,196</u>	<u>\$ 933,481</u>	
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (1)**

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2020	**	**	**	**
2019	51,390	**	**	3.10%
2018	51,928	\$ 3,170,983,320	\$ 61,065	6.40%
2017	51,871	2,987,665,858	57,598	7.20%
2016	51,802	2,877,083,080	55,540	7.80%
2015	51,734	2,802,896,386	54,179	9.30%
2014	51,853	2,759,149,983	53,211	10.60%
2013	51,737	2,687,426,728	51,944	15.50%
2012	51,563	2,737,170,292	53,084	15.50%

** Data not available

Source:

^a U.S. Census Bureau, Population Division

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 6, 2019

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

PRINCIPAL EMPLOYERS
Current Year and Eight Years Ago

Employer	2020		2012	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

Information not available

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years (1)

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction	57	59	49	46	35	36	33	32	17
Administrative	5	6	5	5	4	2	4	3	4
Support Services	<u>32</u>	<u>32</u>	<u>34</u>	<u>19</u>	<u>17</u>	<u>15</u>	<u>10</u>	<u>6</u>	<u>5</u>
Total	<u>94</u>	<u>97</u>	<u>88</u>	<u>70</u>	<u>56</u>	<u>53</u>	<u>47</u>	<u>41</u>	<u>26</u>

Source: Charter School's personnel records

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

OPERATING STATISTICS

Last Ten Fiscal Years (1)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Grade 7 - 8	Grade 9 - 12				
2020	552	\$ 10,880,558	19,711	1.26%	52.00	9:1	10:1	549.0	526.00	-5.19%	95.81%
2019	552	10,394,444	18,831	-3.26%	59.00	10:1	11:1	554.0	542.92	-2.14%	98.00%
2018	564	9,127,443	16,183	1.09%	49.00	10:1	11:1	566.1	554.78	14.71%	98.00%
2017	493	8,013,680	16,255	25.96%	46.00	10:1	11:1	493.5	483.63	26.63%	98.00%
2016	386	7,513,714	19,466	21.59%	35.00	N/A	11:1	389.7	381.91	-0.59%	98.00%
2015	381	6,099,262	16,009	24.05%	36.00	N/A	11:1	392.0	384.16	0.00%	98.00%
2014	392	5,058,651	12,905	7.05%	33.00	N/A	11:1	392.0	384.16	49.48%	98.00%
2013	297	3,580,256	12,055	5.32%	32.00	N/A	9:1	297.0	257.00	51.18%	86.53%
2012	199	2,277,742	11,446	N/A	17.00	N/A	11:1	199.0	170.00	N/A	85.43%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Charter School Building</u>									
612 Amboy Avenue									
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	60,000
Capacity (students)	600	600	600	600	600	600	600	600	600
Enrollment	384	388	286	278	277	278	289	386	199
High Street									
Square Feet	N/A	3,000	3,000	3,000	3,000	3,000	3,000	N/A	N/A
Capacity (students)	N/A	115	115	115	115	115	115	N/A	N/A
Enrollment	N/A	108 ¹	108	108	109	108	97	N/A	N/A
404 Division St									
Square Feet	N/A	4,000	4,000	4,000	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	200	200	200	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	99 ²	99	99	N/A	N/A	N/A	N/A	N/A
Barclay Street									
Square Feet	23,000	23000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	200	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	173	173 ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School's Records

⁽¹⁾ Lease ended February 2019. Students moved to Barclay Street.

⁽²⁾ Lease ended March 2019. Students moved to Barclay Street.

⁽³⁾ Occupied beginning March 2019.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

INSURANCE SCHEDULE

June 30, 2020

	<u>Coverage</u>	<u>Deductible</u>
Commercial property and general liability:		
Package Policy Locations		
Blanket Limit	\$ 7,586,424	
EDP Equipment	400,000	
Portable Computers	100,000	
All Covered Property per Occ.	500,000	
Personal Portable Computers	2,500 per item	1,000
Commercial General Liability		
General Aggregate	3,000,000	
Each Occurrence	1,000,000	
Products/Completed Operations Aggregate	3,000,000	
Personal and Advertising Injury	1,000,000	
Damage to Property of Others	100,000	
Medical Payments	10,000	
Employee Benefits Liability		
Limit each Employee	1,000,000	1,000 each employee
Aggregate limit	2,000,000	
Sexual Misconduct and Innocent Denfense Only		
Sexual Misconduct Limit	1,000,000 each person	
Sexual Misconduct Aggregate	3,000,000	
Innocent Insured Defense Only	300,000 each suit	
Innocent Insured Defense Agg.	300,000	
Educators Legal Liability		
Each Claim	1,000,000	5,000 each claim
Aggregate	2,000,000	
Non-owned Auto		
Limit per Occurrence	1,000,000	
Hired Auto		
Limit per Occurrence	1,000,000	
Commercial Crime		
Employee Theft	250,000	
Forgery or Alteration	50,000	
Computer and Funds Transfer Fraud	250,000	
Student Accident		
Maximum Benefit	1,000,000	
Volunteers maximum	25,000	
Workers' Compensation		
Part A - WC	Statutory	

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

INSURANCE SCHEDULE

June 30, 2020

	<u>Coverage</u>	<u>Deductible</u>
Part B - Employers Liability		
Bodily Injury by Accident	3,000,000 each accident	
Bodily Injury by Disease	3,000,000 each employee	
Bodily Injury by Disease	3,000,000 aggregate limit	
Umbrella Liability		
General Aggregate	10,000,000	
Products - Completed Opss Agg	10,000,000	
Each Occurrence	10,000,000	
Each Person - Personal & Adj Inj	10,000,000	
Self-insurance retention	10,000	
Public Official Bond		
School Business Administrator	180,000	
Treasurer	180,000	
Interim School Business Administrator	180,000	

Source: Charter School's Records

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information

	2018 Audit	2019 Audit	2020 Audit	Source
Cash	\$ 1,402,440	\$ 2,387,972	\$ 1,115,411	Audit: Exhibit A-1
Current Assets	3,427,108	3,112,997	2,508,379	Audit: Exhibit A-1
Total Assets	5,039,270	4,879,905	4,282,276	Audit: Exhibit A-1
Current Liabilities	286,656	411,027	363,854	Audit: Exhibit A-1
Total Liabilities	1,919,699	1,972,130	2,426,048	Audit: Exhibit A-1
Net Assets	3,996,382	3,465,143	2,537,706	Audit: Exhibit A-1
Total Revenue	11,197,028	10,961,146	11,357,950	Audit: Exhibit A-2
Total Expenses	11,246,876	11,492,385	12,285,387	Audit: Exhibit A-2
Change in Net Assets	(49,848)	(531,239)	(927,437)	Audit: Exhibit A-2
Depreciation Expense	483,559	620,169	668,068	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	564	554	549	DOE Enrollment Reports
March 30th Budgeted Enrollment	600	600	600	Charter School Budget

RATIOS ANALYSIS							
Near Term Indicators		2018	2019	2020	3 YR CUM	Source:	Target
1a.	Current Ratio	11.96	7.57	6.89	8.52	Current Assets/Current Liabilities	> 1.1
1b.	Unrestricted Days Cash	45.51	75.84	33.14	51.12	Cash/(Total Expenses/365)	30-60
1c.	Enrollment Variance	94%	92%	92%	93%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d.	Default	N/A	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators							
2a.	Total Margin	0%	-5%	-8%	-5%	Change in Net Assets/Total Revenue	positive
2b.	Debt to Asset	38%	40%	57%	44%	Total Liabilities/Total Assets	<.9
2c.	Cash Flow	(604,341)	985,532	(1,272,561)	(891,370)	Net change in cash flow from prior years	3 yr cum positive
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

SINGLE AUDIT SECTION



EXHIBIT K-1

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

The Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter School
Middlesex County, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy for Urban Leadership Charter School (the Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated January 27, 2021.

Internal Control Over Financial Reporting

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

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

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

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

However, we did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as Finding 2020 – 001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free 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.

However, we noted certain matters that we have reported to the Board of Trustees of the Academy for Urban Leadership Charter School in the County of Middlesex, New Jersey in a separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated January 27, 2021.

Charter School's Response to Findings

The Charter School's response to the finding identified in our audit as described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP
Certified Public Accountants

January 27, 2021
Cream Ridge, New Jersey



EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY
OMB CIRCULAR LETTER 15-08**

The Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter School
Middlesex County, New Jersey

Report on Compliance for Each Major Federal and State Programs

We have audited the Academy for Urban Leadership Charter School's (the Charter School) in the County of Middlesex, State of New Jersey compliance with the types of compliance requirements described in the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2020. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular Letter 15-08, require that we plan and perform the audit to obtain

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on for each major federal and state programs. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinions on Each Major Federal and State Programs

In our opinion, the Academy for Urban Leadership Charter School, in the County of Middlesex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular Letter 15-08, and which are described in the accompanying schedule of findings and questioned costs as items 2020-002. Our opinion on each major federal and state financial assistance is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Charter School's internal control over compliance.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Leonora Galleros

Leonora Galleros, CPA
Public School Accountant
PSA No. 20CS00239400

Galleros Robinson CPAs, LLP

Galleros Robinson CPAs, LLP
Certified Public Accountants

January 27, 2021
Cream Ridge, New Jersey

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

EXHIBIT K-3
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education:														
Passed-through New Jersey State Department Education														
Special Revenue Fund:														
Title I Part A Grants to Local Educational Agencies	84.010	S010A190030	ESSA-6032-20	\$ 235,152	7/1/2019	6/30/2020	\$ -	\$ -	\$ 135,192	\$ (235,152)	\$ -	\$ (99,960)	\$ -	\$ -
Title I Part A Grants to Local Educational Agencies	84.010	S010A180030	ESSA-6032-19	234,760	7/1/2018	6/30/2019	(10,414)	-	10,414	-	-	-	-	-
Improving Teacher Quality State Grants (Title II Part A) SEA	84.367	S367A180029	ESSA-6032-19	45,121	7/1/2018	6/30/2019	(14,522)	-	14,522	-	-	-	-	-
English Language Acquisition (Title III)	84.365	S365A190030	ESSA-6032-20	7,817	7/1/2019	6/30/2020	-	-	7,817	(7,817)	-	-	-	-
Student Support and Academic Enrichment Grants (Title IV)	84.424	S424A190031	ESSA-6032-20	5,307	7/1/2019	6/30/2020	-	-	5,307	(5,307)	-	-	-	-
Student Support and Academic Enrichment Grants (Title IV) Individuals with Disabilities	84.424	S424A180031	ESSA-6032-20	6,411	7/1/2019	6/30/2020	(3,967)	-	3,967	-	-	-	-	-
- States Grant	84.027	H027A190100	IDEA-6032-20	117,337	7/1/2019	6/30/2020	-	-	79,982	(117,337)	-	(37,355)	-	-
Individuals with Disabilities - States Grant	84.027	H027A180100	IDEA-6032-19	101,949	7/1/2019	6/30/2020	(20,389)	-	20,389	-	-	-	-	-
21st Century Community Learning Centers	84.287	S287C190030	ESSA-6032-20	500,000	7/1/2019	8/31/2020	-	-	68,350	(279,706)	-	(211,356)	-	-
COVID-19 - CARES Emergency Relief Grant	84.425	Not available	ESSA-6032-20	20,176	7/1/2019	6/30/2020	-	-	-	(20,176)	-	(20,176)	-	-
Total U.S. Department of Education							(49,292)	-	345,940	(665,495)	-	(368,847)	-	-
Special Revenue Fund:														
Direct from U.S. Environmental Protection Agency														
Environmental Education Grant (PAPERS Grant)	66.951	96256819	N/A	100,000	7/1/2019	8/31/2021	-	-	-	(31,225)	-	(31,225)	-	-
U.S. Department of Agriculture														
Passed-through New Jersey State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	10.555	201NJ304N1099	N/A	153,602	7/1/2019	6/30/2020	-	-	142,052	(153,602)	-	(11,550)	-	-
National School Lunch Program	10.555	191NJ304N1099	N/A	133,159	7/1/2018	6/30/2019	(46,855)	-	46,855	-	-	-	-	-
Food Donation Program	10.555	201NJ304N1099	N/A	48,394	7/1/2019	6/30/2020	-	-	48,394	(48,394)	-	-	-	-
National School Breakfast Program	10.553	201NJ304N1099	N/A	70,600	7/1/2019	6/30/2020	-	-	63,340	(70,600)	-	(7,260)	-	-
National School Breakfast Program	10.553	191NJ304N1099	N/A	31,805	7/1/2018	6/30/2019	(18,915)	-	18,915	-	-	-	-	-
Total U.S. Department of Agriculture							(65,770)	-	319,556	(272,596)	-	(18,810)	-	-
Total Expenditures of Federal Awards							\$ (115,062)	\$ -	\$ 665,496	\$ (969,316)	\$ -	\$ (418,882)	\$ -	\$ -

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2019				Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2020			MEMO	
			Award Amount	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount				Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure
New Jersey State Department of Education														
General Fund:														
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 6,333,243	\$ -	\$ -	\$ -	\$ 5,579,091	\$ (6,333,243)	\$ -	\$ (754,152)	\$ -	\$ -	\$ 754,152	\$ 6,333,243
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	6,590,402	(4,234)	150,516	-	(146,282)	-	-	-	-	-	-	-
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	6,430,746	(3,787)	21,226	-	-	-	-	(3,787)	-	21,226	3,787	-
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	4,904,944	(1,886)	-	-	-	-	-	(1,886)	-	-	1,886	-
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	198,600	-	-	-	198,600	(198,600)	-	-	-	-	-	198,600
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	226,586	-	-	-	226,586	(226,586)	-	-	-	-	-	226,586
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	157,621	(154)	-	-	154	-	-	-	-	-	-	-
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	222,065	-	-	-	222,065	(222,065)	-	-	-	-	-	-
Security Aid	19-495-034-5120-089	7/1/18-6/30/19	239,752	(40)	2,711	-	40	-	(2,711)	-	-	-	-	-
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	229,182	(231)	-	-	-	-	-	(231)	-	-	231	-
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	163,511	(133)	-	-	-	-	-	(133)	-	-	133	-
Reimbursed Social Security Tax	20-495-034-5094-003	7/1/19-6/30/20	300,608	-	-	-	272,591	(300,608)	-	(28,017)	-	-	-	300,608
Reimbursed Social Security Tax On-Behalf Teachers'	19-495-034-5094-003	7/1/18-6/30/19	272,152	(28,937)	-	-	28,937	-	-	-	-	-	-	-
Pension and Annuity Fund On Behalf-Teachers'	20-495-034-5094-002	7/1/19-6/30/20	735,191	-	-	-	735,191	(735,191)	-	-	-	-	-	735,191
Pension and Annuity Fund – Post Retirement Medical	20-495-034-5094-001	7/1/19-6/30/20	272,743	-	-	-	272,743	(272,743)	-	-	-	-	-	272,743
On-Behalf- Teachers' Pension and Annuity Fund – Non-contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	1,867	-	-	-	1,867	(1,867)	-	-	-	-	-	1,867
Total General Fund				<u>(39,402)</u>	<u>174,453</u>	<u>-</u>	<u>7,391,583</u>	<u>(8,290,903)</u>	<u>(2,711)</u>	<u>(788,206)</u>	<u>-</u>	<u>21,226</u>	<u>760,189</u>	<u>8,068,838</u>
Special Revenue Fund:														
Advanced Computer Science Grant	20-CZ01-G06	1/15/2019 - 6/30/2020	102,560	(27,870)	-	-	44,591	(32,375)	-	(15,654)	-	-	15,654	32,375
Enterprise Fund:														
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	3,202	-	-	-	3,021	(3,202)	-	(181)	-	-	-	3,202
State School Lunch Program	18-100-010-3350-023	7/1/18-6/30/19	4,475	(1,022)	-	-	1,022	-	-	-	-	-	-	-
Total Enterprise Fund				<u>(1,022)</u>	<u>-</u>	<u>-</u>	<u>4,043</u>	<u>(3,202)</u>	<u>-</u>	<u>(181)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,202</u>
Total Expenditures of State Financial Assistance				<u>\$ (68,294)</u>	<u>\$ 174,453</u>	<u>\$ -</u>	<u>\$ 7,440,217</u>	<u>(8,326,480)</u>	<u>\$ (2,711)</u>	<u>\$ (804,041)</u>	<u>\$ -</u>	<u>\$ 21,226</u>	<u>\$ 775,843</u>	<u>\$ 8,104,415</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf Teachers' Pension and Annuity Fund	19-495-034-5094-002							735,191						
On-Behalf- Teachers' Pension and Annuity Fund – Post Retirement Medical	19-495-034-5094-001							272,743						
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	19-495-034-5094-004							1,867						
								<u>1,009,801</u>						
Total for State Financial Assistance-Major Program Determination								<u>\$ (7,316,679)</u>						

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE****FISCAL YEAR ENDED JUNE 30, 2020****NOTE 1 GENERAL**

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of those recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with the amounts reported in the Charter School's basic financial statements. The basic financial statements present the special revenue fund on both GAAP and budgetary basis. 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. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE - CONTINUED**

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,281,102	\$ 7,281,102
Special Revenue Fund	696,720	32,375	729,095
Enterprise Fund	<u>224,202</u>	<u>3,202</u>	<u>227,404</u>
Total	<u>\$ 920,922</u>	<u>\$ 7,316,679</u>	<u>\$ 8,237,601</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents reimbursements in the amount of \$308,366 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020. The State had also made on-behalf TPAF payments for post-retirement medical benefits in the amount of \$1,009,801.

NOTE 6 ON BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF pension, post-retirement medical benefits and long-term disability insurance contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST

The Charter School has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes ✓ None reported

Significant deficiency(ies) identified not considered to be
 material weaknesses? ✓ Yes No

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Dollar threshold used to determine Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? Yes ✓ No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified not considered to be
 material weakness(es)? Yes ✓ No

Any audit findings disclosed that are required to be reported
 in accordance with Uniform Guidance? ✓ Yes No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Federal Program</u>
84.010	Title I Part A Grants to Local Educational Agencies
84.287	21st Century Community Learning Centers

ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

FISCAL YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS - CONTINUED

State Financial Assistance

Dollar threshold used to determine Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Type of auditor’s report on compliance for major programs: Unmodified

Internal control over compliance:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes No

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08? Yes No

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
20-495-034-5120-078	Equalization Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-089	Special Education Aid
20-495-034-5120-085	Adjustment Aid

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Internal Control over Financial Reporting

Finding 2020-001 Financial Reports and Claims

Criteria

Timely and accurate financial reports are prescribed by N.J.S.A.18A:17-9 and 18A:17-36 to be presented to the Board.

Condition

During our audit we noted that the Board Secretary's Reports and the Treasurer's Reports were not completed and presented monthly to the Board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36). The reports for the month of May 2020 were not presented until the October 2020 meeting while the June 2020 reports were not presented until the November 2020 meeting. In addition, the budget columns in the monthly Board Secretary's report are not updated.

In addition, we also noted that

- a. Approved purchase requisitions for 2 of 40 sample claims were not on file, and
- b. 10 of 40 claims examined have confirming purchase orders. Invoices for goods or services were dated before the purchase orders.

Cause

The Charter School's transactions were not timely recorded and reconciled. Purchasing policy was not consistently followed. Proper recording of purchase order and encumbrance to the correct general ledger account was not consistently monitored and reviewed.

Effect

Timely financial reports were not available and there were claims that did not adhere to the purchasing policy.

Questioned cost

None.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS - CONTINUED

A. Internal Control over Financial Reporting - continued

Finding 2020-001 Financial Reports and Claims -continued

Recommendation

The Charter School should ensure that all transactions are recorded and reconciled on a timely basis and presented to the Board as prescribed by prescribed (N.J.S.A.18A:17-9 and 18A:17-36). In addition, Charter Schools should implement proper control in recording expenses to be in compliance with N.J.A.C. 6A:23A and follow the purchasing policy procedures.

View of Responsible Official and Planned Corrective Action

The Charter School's management agrees with the recommendation and has taken corrective action to address the finding described above.

B. Compliance and Other Matters

None noted.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III - FEDERAL AWARDS

Finding 2020-002 Time and Activity Reports

CFDA #84.010 – Title I Grants to Local Educational Agencies
CFDA #84.287 – 21st Century Community Learning Centers

Criteria

An employee who works, in whole or in part, on a Federal program or cost objective must document time and effort. An employee who works solely on a single cost objective (e.g., a single Federal program) must furnish a semi-annual certification that he/she has been engaged solely in activities that support the single cost objective. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee in accordance with Uniform Guidance 2 C.F.R. 200.302. The payroll expense recorded in the books should represent the approved time and activity report.

Condition

During our audit, time and activity reports for all the Title I and 21st Century employees were not provided.

Context

Full time Title I and and 21st Century employees do not have semi-annual time and activity certifications. Split-funded employees do not have monthly time and activity certifications.

Cause

Procedures to monitor the submission of time and effort documentation were not adhered to consistently.

Effect

Allocation of salaries among programs may not be equitable.

Questioned cost

None.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III - FEDERAL AWARDS - continued

Finding 2020-002 Time and Activity Reports - continued

Recommendation

The Charter School should ensure that federally funded employee salaries have a completed semi-annual or monthly time and activity certification in accordance with Uniform Guidance 2 C.F.R. 200.302.

View of Responsible Official and Planned Corrective Action

The Charter School's management agrees with the recommendation and has taken corrective action to address the finding described above.

SECTION IV - STATE AWARDS

None noted.

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

FISCAL YEAR ENDED JUNE 30, 2020

There were no prior year audit findings.

DR. MARIO C. BARBIERE
Interim Lead Person

GAIL LONG
*School Business Administrator/
Board Secretary*



Academy for Urban Leadership Charter School
Office of the School Business Administrator
612 Amboy Ave. Perth Amboy, NJ 08861
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Fax 848.203.3948
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CORRECTIVE ACTION PLAN IN RESPONSE TO AUDIT FINDINGS FISCAL YEAR ENDED JUNE 30, 2020

Finding 2020-001 Financial Information

During our audit we noted the following:

- a. Approved purchase requisitions for 2 out of 40 sample claims were not provided.
- b. There were 10 of 40 claims examined have purchase order dates that is the same or after the invoice dates.
- c. The Board Secretary's Reports, and the Treasurer's Reports were not completed and presented monthly to the board as prescribed (N.J.S.A. 18A:17-9 and 18A:17-36). The reports for the month of May 2020 were not presented until the October 2020 meeting while the June 2020 reports were not presented until the November 2020 meeting. In addition, the budget columns in the monthly Board Secretary's report are not updated.

The Charter School should ensure that all transactions are recorded and reconciled on a timely basis and presented to the Board as prescribed by prescribed (N.J.S.A. 18A:17-9 and 18A:17-36). In addition, Charter Schools should implement proper control in recording expenses to be in compliance with N.J.A.C. 6A:23A and follow the purchasing policy procedures

Corrective Action

- a. Purchase requisitions will always be used to procure goods and services. They will be created in advance of the purchase, approved, and sent to the Business Office. The school is also in the process of rolling out electronic requisitions which will enable the Business Office to receive approved requisitions timely and will streamline the ordering process.
- b. The purchase order process was reviewed with all administrators on January 28, 2021 as well as the audit finding so they would be aware of the process. Administrators will share the information with staff regarding purchase order procedures and the ramifications of purchasing items without pre-approval. They will confirm their communication with staff to the Business Administrator. Any purchase that does not have prior approval will not be honored. At the opening of school, the purchase order process will be reviewed with staff. Regarding reimbursements, such as for food purchases for a grant funded culinary arts program, purchase orders will be created in advance setting aside funds to reimburse the staff member who would be making the purchases.

An Equal Opportunity Employer: The Academy for Urban Leadership is an Employer that offers Equal Employment Opportunity regardless of race, creed, color, national origin, nationality, age, sex, affectional or sexual orientation, marital/civil union status, religion or disability.

Finding 2020-001 Financial Information - continued

Corrective Action - contuned

The Board Secretary's Reports and the Treasurer's Reports will be completed and presented to the Board monthly as prescribed by N.J.S.A. 18A:17-9 and 18A:17-36.

Person Responsible

The purchasing process will be reviewed with all administrators by the Lead Person. The process would then be shared with staff by the administrators. Purchase requisitions will be created by teachers or administrative support staff, and approved by either the Principal or, the Supervisor of Curriculum and the Lead, and the Business Administrator.

Invoices that come to the Business Office that do not have a purchase order created in advance will be returned to the originator by the Business Administrator or the Assistant to the Business Administrator.

The Business Administrator will be responsible to get the Board Secretary's Reports and the Treasurer's Report completed and presented to the Board monthly.

Planned Completion Date: March 1, 2021

Finding 2020-002 Time and Activity Reports

CFDA #84.010 – Title I Grants to Local Educational Agencies

CFDA #84.287 – 21st Century Community Learning Centers

During our audit, time and activity reports for all the Title I and 21st Century employees were not provided.

The Charter School should ensure that federally funded employee salaries have a completed semi-annual or monthly time and activity certification in accordance with Uniform Guidance 2 C.F.R. 200.302.

Corrective Action

The Time and Activity Reports for staff charged to federal grants will be created and maintained in the Business office.

Person Responsible

Administration will notify all teachers and staff in grant funded programs of state requirements for federal grants. The Report Specialist under the direction of the Business Administrator will

Finding 2020-002 Time and Activity Reports – continued

Person Responsible - continued

create the time and activity reports to be signed off monthly by the split funded staff. Teachers funded by Title I will complete time and activity sheets and submit them to their principal. Administrative support staff funded by the 21st Century grant will complete time and activity sheets and submit them to the school Lead.

The Business Administrator will create the semi-annual certification to be signed off for staff fully funded by the grants.

Planned Completion Date March 1, 2021

A handwritten signature in blue ink that reads "Gail Long". The signature is written in a cursive style with a large, looped "G" and "L".

Gail Long
School Business Administrator
Academy for Urban Leadership Charter School