



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**PREPARED BY
UNIVERSITY HEIGHTS CHARTER SCHOOL**

UNIVERSITY HEIGHTS CHARTER SCHOOL

Table of Contents

Introductory Section

Letter of Transmittal	1-7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10

Financial Section

Report of Independent Auditors.....	12-14
-------------------------------------	-------

Required Supplementary Information – Part I

Management’s Discussion and Analysis	16-24
--	-------

Basic Financial Statements

A Charter School-wide Financial Statements:

A-1 Statement of Net Position	27
A-2 Statement of Activities	28

B Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	32
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33

Proprietary Funds:

B-4 Statement of Net Position	35
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	36
B-6 Statement of Cash Flows	37

UNIVERSITY HEIGHTS CHARTER SCHOOL

Table of Contents

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	Not Applicable
B-8 Statement of Changes in Fiduciary Net Position	Not Applicable

Notes to the Basic Financial Statements	40-83
---	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund	83b
C-2 Budgetary Comparison Schedule – Special Revenue Fund	83c

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation	85
---	----

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 – Public Employee’s Retirement System (PERS)	86
L-2 Schedule of Charter School Contributions – Public Employee’s Retirement System (PERS)	87
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability – Teacher’s Pension and Annuity Fund (TPAF)	88

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

M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the Charter School and Changes in the Total OPEB Liability Related Ratios - (PERS and TPAF)	89
---	----

Notes to Required Supplementary Information – Pension Schedules	90
---	----

Other Supplementary Information

D. Schedule of Charter School Contributions - PERS	Not Applicable
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UNIVERSITY HEIGHTS CHARTER SCHOOL

Table of Contents

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures Budgetary Basis	94
E-2 Schedule of Preschool Education Aid Budgetary Basis	95

F. Capital Projects Fund..... Not Applicable

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position	98
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	99
G-3 Combining Statement of Cash Flows	100

H. Fiduciary Fund:

H-1 Combining Statement of Fiduciary Net Position.....	Not Applicable
H-2 Combining Statement of Revenues, Expenses and Combining Statement of Changes in Fiduciary Net Position	Not Applicable

I. Long - Term Debt:

I-1 Schedule of Bonds Payable	103
I-2 Schedule of Loans Payable	104
I-3 Debt Service Fund Budgetary Comparison Schedule	105

J. Introduction to the Statistical Section (Unaudited)

Financial Trends

J-1 Net Position by Component	107
J-2 Changes in Net Position.....	108
J-3 Fund Balances – Governmental Funds	109
J-4 Changes in Fund Balances – Governmental Funds	110
J-5 General Fund Other Local Revenue by Source	111

UNIVERSITY HEIGHTS CHARTER SCHOOL

Table of Contents

Revenue Capacity

J-6 to J-9.....	Not Applicable
-----------------	----------------

Debt Capacity

J-10 Ratios of Outstanding Debts by Type	112
J-11 to J-13.....	Not Applicable

J. Introduction to the Statistical Section (Unaudited) - *continued*

Demographic and Economic Information

J-14 Demographics and Economic Statistics	113
J-15 Principal Employers	114

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program	115
J-17 Operating Statistics	116
J-18 School Building Information	117
J-19 Schedule of Required Maintenance Expenditures by School Facility	118
J-20 Insurance Schedule	119

Charter School Performance Framework Financial Indicators

J-21 Near Term Indicators	120
J-22 Sustainability Indicators.....	121

K. 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>	123-124
K-2 Independent Auditor's Report on Compliance for Each Major Federal and State Program; and Report on Internal Control over Compliance Required by the Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08.....	125-127
K-3 Schedule of Expenditures of Federal Awards, Schedule A.....	128
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....	129
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	130-132
K-6 Schedule of Findings and Questioned Costs	133-136
K-7 Summary Schedule of Prior Audit Findings.....	137



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January 31, 2022

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the University Heights Charter School (the “Charter School” or “UHCS”) for the fiscal year ended June 30, 2021.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to fairly present the financial position and result of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. University Heights Charter School’s MD&A can be found immediately following the Independent Auditor’s Report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis (MD&S) and the basic financial statements including the Charter School-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the *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 the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*." Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) Reporting Entity and Its Services

The University Heights Charter School (UHCS) is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The overarching mission of the UHCS is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

UHCS is open to all Newark students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter school.

UHCS has completed its fourteenth year of service to the children and families of Newark. By the end of 2020-2021 school year the Charter School had a student enrollment of 856 (including 113 in Pre-K).

2) Economic Condition and Outlook

The City of Newark is the largest city in the State of New Jersey. It serves as the county seat for Essex County, with County, State and Federal Courts as well as governmental offices attracting a large number of law firms to the central business district.

Business such as Standard Chartered Bank, Audible.Com and Pitney-Bowes are bringing more than 180 jobs to our city. These businesses are expected to open in Newark's South Ward.

Newark is a transportation hub serviced by the Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

2) **Economic Condition and Outlook** - continued

It is also the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions, including the prudential Insurance Company, Blue Cross Blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company. Newark is the site of the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these five colleges serve a population of approximately 45,000 students and faculty.

The City of Newark is currently undergoing a revaluation of property holdings. Among the concerns voiced in conjunction with this change is the potential effect of any redistribution of property tax burden on economic activity and on the ability of local government to maintain and improve services including its tax contributions for public school purposes.

The City of Newark has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade, including the construction of a new arena for the professional hockey team, the New Jersey Devils, which opened in October 2007.

3) **Charter School Enrollment, Demographics and Other Highlights**

- **Enrollment Growth & Expansion Approval:** In February 2016 the NJ Department of Education approved the school's additional expansion request from previously approved 750 students in grades PreK-8 to 1050 in grades PreK-8 by the 2019-2020 school year. The Board of Trustees of the Charter School slowed the expansion down in the short term to focus resources on implementing the comprehensive remedial plan to address the issues identified by the Commissioner in the letter of probation issued on May 23, 2019, as described below. The Average Daily Enrollment for the year was 845 students in grades PreK-8.
- **Strategic Planning:** Parent, staff, and board input was compiled by the Strategic Planning Committee, facilitated by the New Jersey Charter Schools Association, to develop a comprehensive 4-year strategic plan (2017-2020). Priorities include continued improvement in academic performance, expanding opportunities for the development of the whole child, and purchase of the upper school building. One of the strategic priorities, purchase of the upper school building was completed in September 2018.
- **Academic Probation:** The New Jersey Commissioner for Education placed the Charter School on academic probation on May 23, 2019 for low student academic performance. The Charter School has submitted a comprehensive remedial plan to address the issues identified by the Commissioner in the probation letter.

3) **Charter School Enrollment, Demographics and Other Highlights** - *continued*

- **Implementation of School-wide Free Meal Service:** University Heights Charter School was successful in implementing a new option under the National School Lunch and School Breakfast programs called the Community Eligibility Provision whereby schools serving high poverty populations can serve free breakfast, lunch, and snack to all students without needing to verify each individual student's family income status.

4) **Internal Accounting Controls**

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure 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). The system of 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 awards and state financial assistance, the Charter School also is responsible for ensuring that adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of 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 the system of internal controls, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5) **Budgetary Controls**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of charter school budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2020-2021 fiscal school, the Charter School continued its efforts to improve its audit status and operational processes and procedures, correcting deficiencies identified in previous audits and reviews and on maintaining general compliance with sound fiscal practices.

6) **Accounting System and Report**

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and charter school. The accounting system is organized on the basis of funds in accordance with the Uniform Charter of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 1.

7) **Financial Statement Information at Fiscal Year-End**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special Revenue Funds for the fiscal year ended June 30, 2021 fiscal year:

Summary of the General Fund, Special Revenue Fund and Debt Service Fund Revenues				
Revenue	2021	2020	Increase/ (decrease)	% Change
Local sources	\$ 1,506,249	\$ 1,848,269	\$ (342,020)	-18.50%
State sources	15,332,930	14,611,858	721,072	4.93%
Federal sources	2,190,905	2,121,057	69,848	3.29%
Total revenue	<u>\$ 19,030,084</u>	<u>\$ 18,581,184</u>	<u>\$ 448,900</u>	<u>2.42%</u>

The Charter School experienced a general increase in revenue of 2.42% which was insignificant.

7) **Financial Statement Information at Fiscal Year-End** – *continued*

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2021:

Summary of the General Fund, Special Revenue Fund and Debt Service Fund Expenditures				
Expenditures	2021	2020	Increase/ (decrease)	% Change
Instruction	\$ 5,536,524	\$ 5,341,546	\$ 194,978	3.65%
Administrative	5,483,826	6,211,652	(727,826)	-11.72%
Support	4,481,738	4,125,254	356,484	8.64%
Debt service	844,744	873,639	(28,895)	-3.31%
Capital outlay	26,120	-	26,120	100.00%
Total expenditures	<u>\$ 16,372,952</u>	<u>\$ 16,552,091</u>	<u>\$ (179,139)</u>	<u>-1.08%</u>

The Charter School's expenditures decreased by 1.08% which was insignificant and consistent with the insignificant increase in 2021 revenue.

8) **Cash Management**

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

9) **Risk Management**

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation.

10) **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 Olugbenga Olabintan, CPA.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”. The auditor’s report on the basic financial statements is 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.

The Charter School was placed on academic probation during the 2018-2019 school year. Board of Trustees and the Leadership Team are working hard to turn this around.

The Charter continues to work on creating a very strong and healthy financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the School’s operations, and particularly in the area of student achievement.

11) **Acknowledgments**

A note of appreciation is extended to the Finance Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the University Heights Charter School Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the University Heights Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectively submitted

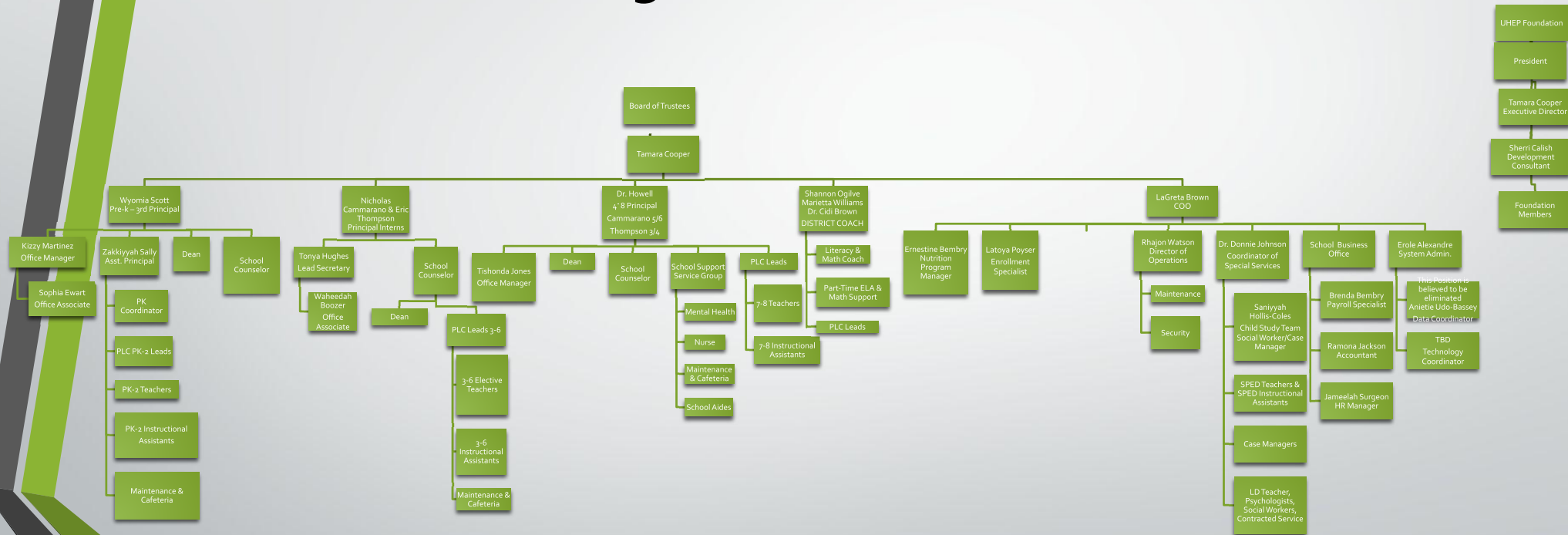
Ana Pfalzgraf

Ana Pfalzgraf
Board Secretary/School Business Administrator



UNIVERSITY
HEIGHTS
CHARTER SCHOOL

Organization Chart



UNIVERSITY HEIGHTS CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2021

Members of Board of Trustees

Miyoshi West, Board President

Nicole Butler, Board Vice President

Elizabeth Rainey-Goka, Trustee

Kimaada Sills, Trustee

Marianne Walker, Trustee

Yana Gutierrez, Trustee

Michelle Nelson, Trustee

Administration

Dr. Christy Oliver-Hawley, Ed.D – Head of School

Ana Pfalzgraf - School Business Administrator/Board Secretary – Starting November 1, 2021

Kenneth Weinheimer, Interim School Business Administrator/Board Secretary – Thru 10/31/2021

Darice Gonzalez, CPA - School Business Administrator/Board Secretary – Thru 05/31/2021

Ms. Ramona Jackson, Assistant School Business Administrator

Ms. Zakkiyyah Sally, M. Ed, MA – Principal, Lower School

Dr. Cidi B, Scott, Principal - Elementary School

Dr. Martin Dickerson, Principal, Junior High

UNIVERSITY HEIGHTS CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

Olugbenga Olabintan
Certified Public Accountant/Consultant
137 Camden Street
Newark, NJ 07103

Attorney

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Montclair, NJ 07042

Official Depository

Industrial Bank
fka - City National Bank of New Jersey
900 Broad Street
Newark, NJ 07102

Financial Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

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Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
University Heights Charter School
Newark, New Jersey
County of Essex

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 University Heights Charter School, (the "Charter School") in the County of Essex, State of New Jersey as of and for the fiscal year ended June 30, 2021, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 Office of School 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw your attention to Note 2 to the financial statements, which discloses adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are 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 are presented for purposes of additional analysis as required by the *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 the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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 and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Olugbenga Olabintan, CPA

January 31, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

Required Supplementary Information

Part I

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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Introduction

This section of the University Heights Charter School's 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, 2021. 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.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities ended the fiscal year with a negative amount – (\$1,935,157). Net position of business-type activities, which represent food service operations/after care and summer instructional programs, ended the fiscal year with a zero amount.
- General revenues accounted for \$15,285,480 in revenue or 79 percent of total revenues of \$19,391,523. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$4,106,043 or 21 percent of total revenues.
- The Charter School had \$18,174,931 in expenses related to governmental activities; \$3,757,279 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$15,118,072 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2021, of \$4,685,630.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Using the 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 University Heights 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. 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 University Heights 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 others, 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Reporting the Charter School as a Whole

Statement of Net Position and Statements of Activities

While this report contains the fund 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 2021?” The statements 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. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

Statement of Net Position and Statement of Activities-continued

These two statements report the Charter School’s net position 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. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School’s programs and services are reported here including instructions, 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 operations/after care programs enterprise fund is reported as a business activity.

Reporting the Charter School’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School’s 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

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 more or less 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.

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. Net Position may serve over time as useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by \$2,695,653 at the close of 2021. The following table provides a summary of net position relating to the Charter School's governmental and business type activities:

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The Charter School as a Whole - *continued*

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 7,373,793	\$ 5,687,708	\$ 274,449	\$ 102,177	\$ 7,648,242	\$ 5,789,885
Capital assets, net	12,569,147	12,876,831	-	-	12,569,147	12,876,831
Deferred outflows of resources	4,723,143	2,783,306	-	-	4,723,143	2,783,306
Total assets	24,666,083	21,347,845	274,449	102,177	24,940,532	21,450,022
Liabilities						
Current liabilities	811,071	1,620,440	274,449	162,253	1,085,520	1,782,693
Long term liabilities	22,569,255	20,356,321	-	-	22,569,255	20,356,321
Deferred inflows of resources	3,220,914	2,006,661	-	-	3,220,914	2,006,661
Total liabilities	26,601,240	23,983,422	274,449	162,253	26,875,689	24,145,675
Net Position						
Invested in						
capital assets						
(net of related debt)	(2,075,007)	(1,761,002)	-	-	(2,075,007)	(1,761,002)
Restricted for cash escrow	75,000	75,000	-	-	75,000	75,000
Unrestricted, designated	1,419,045	1,418,907	-	-	1,419,045	1,418,907
Unrestricted	(1,354,195)	(2,368,482)	-	(60,076)	(1,354,195)	(2,428,558)
Total net position	\$ (1,935,157)	\$ (2,635,577)	\$ -	\$ (60,076)	\$ (1,935,157)	\$ (2,695,653)

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School was a deficit of \$1,935,157, i.e. total liabilities exceeded total assets by that amount as of June 30, 2021.

The table that follows reflects the change in net position for fiscal year 2021.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The Charter School as a Whole

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$54	\$69,671	\$54	\$69,671
Operating grants and Contributions	3,757,279	3,697,722	348,710	477,207	4,105,989	4,174,929
Total Program Revenues	3,757,279	3,697,722	348,764	546,878	4,106,043	4,244,600
General Revenues:						
Local Aid	1,476,405	1,556,462	-	-	1,476,405	1,556,462
Federal and State Aid	13,780,329	13,035,193	-	-	13,780,329	13,035,193
Miscellaneous	28,746	274,859	-	-	28,746	274,859
Transfers	(167,408)	-	167,408	-	-	-
Total general Revenues	15,118,072	14,866,514	167,408	-	15,285,480	14,866,514
Total Revenues	18,875,351	18,564,236	516,172	546,878	19,391,523	19,111,114
Expenses:						
Instructions	5,536,524	5,341,546	-	-	5,536,524	5,341,546
Administrative & Support Services	11,483,279	10,895,289	-	-	11,483,279	10,895,289
Debt service	827,064	833,564	-	-	827,064	833,564
Unallocated depreciation	328,064	321,271	-	-	328,064	321,271
Food Service	-	-	455,996	490,248	455,996	490,248
After Care Program	-	-	100	116,706	100	116,706
Total Expenses	18,174,931	17,391,670	456,096	606,954	18,631,027	17,998,624
Change in Net Position	\$ 700,420	\$ 1,172,566	\$ 60,076	\$ (60,076)	\$ 760,496	\$ 1,112,490

The total net position of the Charter School increased by \$760,496 during the current fiscal year ended June 30, 2021. The majority of the increase is attributable to an increase of \$700,420 in the Governmental Activities net position.

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, 2021.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 5,536,524	\$ 3,497,627
Administrative & Support Services	11,483,279	9,770,637
Debt Service	827,064	827,064
Unallocated Depreciation	328,064	322,324
Total Expenses	<u>\$ 18,174,931</u>	<u>\$ 14,417,652</u>

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation and the after-school program. These programs had revenues of \$516,172 (including board contributions of \$167,408) and operating expenses of \$456,042 for fiscal year 2021. The Charter School intended to have food services and after-school programs be self-operating without assistance from the General Fund. However, during the year ended June 30, 2021, both programs recorded a current year net deficit of \$(107,332) which was funded by a Board Contribution of \$167,408.

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 \$19,030,084 and expenditures of \$16,372,952.

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 2021, 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's management teams.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

The State of New Jersey reimbursed the Charter School \$331,774 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members. The State also paid \$1,337,845 into the TPAF pension - representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium for the Charter School. The unbudgeted amounts were included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2021, the Charter School had \$12,569,147 invested in capital assets in its governmental activities.

Long-term liabilities

At June 30, 2021, the Charter School had \$14,720,000 in long-term debt (\$210,000 of which was due within a year) – Serial Bonds issued effective September 1, 2018 (loan closing date was September 12, 2018). The Charter School had \$7,495,750 and \$5,253,358 at June 30, 2021 and 2020, respectively, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long- term obligations is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2021-2022. 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. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2021
(Unaudited)

COVID-19 and Paycheck Protection Program Loan Forgiven

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every “non-life sustaining” and “non-essential” business for what may be an extended period of time. The Charter School had to close its physical locations. Future potential impacts may include continued disruptions or restrictions on its employees’ ability to work and impairment of its ability to obtain grants and contributions. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund and other state aid and the local tax levy.

During the prior fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,914,770 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the US Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which was a maximum of 24 weeks from the funding date. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The loan was funded on May 20, 2020. The Charter School was informed by the SBA on May 21, 2021 that the entire PPP loan balance of \$1,914,770 had been forgiven,

It should be noted that the Charter School upon its confidence that the loan would be forgiven had recognized the entire \$1,914,770 as a restricted grant (in the Special Revenue Fund) for the prior fiscal year ended June 30, 2020. Amount of the deemed grant expenditures for that prior year 2020 was \$1,177,598 and the balance of \$737,172 was recognized as deferred revenue as of June 30, 2020 and carried forward to the fiscal year ended June 30, 2021. Grant expenditures of \$737,172 were charged in 2021 to fully spend the forgiven PPP loan amount.

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:

UNIVERSITY HEIGHTS CHARTER SCHOOL
Business Office
74 Hartford Street
Newark, New Jersey 07103

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Charter School's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the Year Ended June 30, 2021.

UNIVERSITY HEIGHTS CHARTER SCHOOL

A-1

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,237,414	\$ 245,341	\$ 4,482,755
Restricted cash and cash equivalents	1,588,487	-	1,588,487
Accounts receivable	615,614	29,108	644,722
Other current assets	251,963	-	251,963
Interfund receivables	250,964	-	250,964
Bond issuance cost (net of accumulated amortization of \$107,338)	429,351	-	429,351
Capital assets (net of accum deprec of \$1,013,928)	12,569,147	-	12,569,147
Total assets	19,942,940	274,449	20,217,389
Deferred outflows of resources			
Pension deferred outflows	4,723,143	-	4,723,143
Total assets and deferred outflows of resources	\$ 24,666,083	\$ 274,449	\$ 24,940,532
Liabilities			
Accounts payable and accrued expenses	\$ 636,778	\$ 23,485	\$ 660,263
Intergovernmental payables - other	79,898	-	79,898
Deferred revenue	94,395	-	94,395
Interfunds payables	-	250,964	250,964
Unearned premium on bond issue (net of accumulated amortization of \$88,376)	353,505	-	353,505
Current portion of long term obligations	210,000	-	210,000
Noncurrent portion of long term obligations	14,510,000	-	14,510,000
Net pension liability	7,495,750	-	7,495,750
Total liabilities	23,380,326	274,449	23,654,775
Deferred inflows of resources			
Pension deferred inflows	3,220,914	-	3,220,914
Total liabilities and deferred inflows of resources	26,601,240	274,449	26,875,689
Net position			
Invested in capital assets	(2,075,007)	-	(2,075,007)
Restricted	1,494,045	-	1,494,045
Unrestricted, undesignated	(1,354,195)	-	(1,354,195)
Total net position	(1,935,157)	-	(1,935,157)
Total liabilities, deferred inflows of resources & net position	\$ 24,666,083	\$ 274,449	\$ 24,940,532

See independent auditor's report and accompanying notes to basic financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL

A-2

Statement of Activities

Year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 5,536,524	\$ -	\$ 2,038,897	\$ (3,497,627)	\$ -	\$ (3,497,627)
Administrative & Support services:	-	-	-	-	-	-
General administration	7,001,541	-	-	(7,001,541)	-	(7,001,541)
Support services	4,481,738	-	1,712,642	(2,769,096)	-	(2,769,096)
Debt service:						
Interest	820,744	-	-	(820,744)	-	(820,744)
Amortization of bond issuance costs	35,779	-	-	(35,779)	-	(35,779)
Amortization of premium on bond issue	(29,459)	-	-	29,459	-	29,459
Unallocated depreciation:						
Unallocated depreciation	328,064	-	-	(328,064)	-	(328,064)
Capital outlay	-	-	5,740	5,740	-	5,740
Total governmental activities	<u>18,174,931</u>	<u>-</u>	<u>3,757,279</u>	<u>(14,417,652)</u>	<u>-</u>	<u>(14,417,652)</u>
Business-type activities:						
Food service	455,996	53	348,710	-	(107,233)	(107,233)
After care	100	1	-	-	(99)	(99)
Total business-type activities	<u>456,096</u>	<u>54</u>	<u>348,710</u>	<u>-</u>	<u>(107,332)</u>	<u>(107,332)</u>
Total primary government	<u>\$ 18,631,027</u>	<u>\$ 54</u>	<u>\$ 4,105,989</u>	<u>(14,417,652)</u>	<u>(107,332)</u>	<u>(14,524,984)</u>
General revenues, transfers and special items:						
Local sources				1,476,405	-	1,476,405
Federal and state sources				13,780,329	-	13,780,329
Miscellaneous				28,746	-	28,746
Transfer				(167,408)	167,408	-
Total general revenues, transfers and special items				<u>15,118,072</u>	<u>167,408</u>	<u>15,285,480</u>
Change in net position				700,420	60,076	760,496
Net position - beginning				(2,635,577)	(60,076)	(2,695,653)
Net position - ending				<u>\$ (1,935,157)</u>	<u>\$ -</u>	<u>\$ (1,935,157)</u>

See independent auditor's report and accompanying notes to basic financial statements.

Funds Financial Statements

Governmental Funds

UNIVERSITY HEIGHTS CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Totals Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,237,414	\$ -	\$ -	\$ 4,237,414
Restricted cash and cash equivalents	75,047	-	1,513,440	1,588,487
State	97,592	-	-	97,592
Federal	-	518,022	-	518,022
Other	-	-	-	-
Bond proceeds receivable	42,000	-	-	42,000
Prepaid expenses	-	-	-	-
Other current assets	209,963	-	-	209,963
Interfund receivable	740,290	-	-	740,290
Total assets	<u>\$ 5,402,306</u>	<u>\$ 518,022</u>	<u>\$ 1,513,440</u>	<u>\$ 7,433,768</u>
Liabilities and Fund Balances				
Accounts payable and accrued expenses	\$ 492,318	\$ 28,696	\$ -	\$ 521,014
Interfund accounts payables	-	489,326	-	489,326
Intergovernmental payables - other	79,898	-	-	79,898
Payroll deductions and withholdings payable	144,460	-	-	144,460
Deferred revenue	-	-	94,395	94,395
Total liabilities	<u>716,676</u>	<u>518,022</u>	<u>94,395</u>	<u>1,329,093</u>
Fund balances:				
Restricted	75,000	-	1,419,045	1,494,045
Undesignated	4,610,630	-	-	4,610,630
Total fund balances	<u>4,685,630</u>	<u>-</u>	<u>1,419,045</u>	<u>6,104,675</u>
Total liabilities and fund balances	<u>\$ 5,402,306</u>	<u>\$ 518,022</u>	<u>\$ 1,513,440</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	\$ 13,583,075	
Accumulated depreciation	<u>(1,013,928)</u>	
	<u>\$ 12,569,147</u>	12,569,147

Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(14,720,000)

Capitalized bond issuance costs	\$ 536,688	
Accumulated amortization	<u>(107,337)</u>	
	<u>\$ 429,351</u>	429,351

Premium on bond issuance	\$ (441,880)	
Accumulated amortization	<u>88,375</u>	
	<u>\$ (353,505)</u>	(353,505)

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

4,723,143

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

(3,220,914)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(7,495,750)

Net position of governmental activities - A-1

\$ (1,963,853)

See independent auditor's report and accompanying notes to basic financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Revenues:				
Local sources:				
Local	\$ 1,476,405	\$ 960	\$ -	\$ 1,477,365
Miscellaneous	28,746	-	138	28,884
Total revenues - local sources	1,505,151	960	138	1,506,249
Federal sources	-	2,190,905	-	2,190,905
State sources	12,110,710	1,552,601	-	13,663,311
Reimbursed TPAF-Social Security (non-budgeted)	331,774	-	-	331,774
TPAF pension and post retirement medical and long-term disability	-	-	-	-
premium benefits on-behalf payments (non-budgeted)	1,337,845	-	-	1,337,845
Total revenues	15,285,480	3,744,466	138	19,030,084
 Current expense:				
Instruction	3,497,627	2,038,897	-	5,536,524
Administrative	3,814,207	-	-	3,814,207
Support services	2,769,096	1,712,642	-	4,481,738
Capital outlay	20,380	5,740	-	26,120
Reimbursed and on-behalf payments:	-	-	-	-
Reimbursed TPAF-Social Security (non-budgeted)	331,774	-	-	331,774
TPAF pension and post retirement medical and long-term disability	-	-	-	-
premium benefits on-behalf payments (non-budgeted)	1,337,845	-	-	1,337,845
Debt service:			-	-
Principal			-	-
Interest - tax exempt bond series 2018A			799,144	799,144
Interest - taxable bond series 2018B			21,600	21,600
Other - repairs and replacements			24,000	24,000
Total expenditures	11,770,929	3,757,279	844,744	16,372,952
Excess (deficiency) of revenues				
over (under) expenditures before other financing sources	3,514,551	(12,813)	(844,606)	2,657,132
Other financing sources/(uses):				
Transfer to cover food deficit	(167,408)	-	-	(167,408)
Transfer - interest - tax exempt bond series 2018A	(799,144)		799,144	-
Transfer - interest - taxable bond series 2018B	(21,600)		21,600	-
Transfer - repairs and replacement	(24,000)		24,000	-
Excess (deficiency) of revenues				-
over (under) expenditures after other financing sources	2,502,399	(12,813)	138	2,489,724
Fund balances, beginning of year	2,183,231	-	1,418,907	3,602,138
Prior period adjustment		12,813	-	12,813
Fund balances, beginning of year (restated)	2,183,231	12,813	1,418,907	3,614,951
Fund balances, end of year	\$ 4,685,630	\$ -	\$ 1,419,045	\$ 6,104,675

See independent auditor's report and accompanying notes to basic financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2021

B-3

Total net change in fund balances - governmental funds (B-2) **\$ 2,489,724**

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

Depreciation expense	\$	(328,064)	
Capital outlays		26,120	
			(301,944)

The issuance of long term debt provides for general and refunding purposes provides current financial resources to governmental funds and has no effect on net position

Schools bonds issued		-	
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Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred interest costs.

Premium on bond issuance		-	
Amortization of premium on bonds		35,779	
Bond issuance costs		24,000	
Amortization of bond issuance costs		(29,459)	
			30,320

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period

(1,517,680)

Change in net position of governmental activities (A-2)		\$ 700,420	
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See independent auditor's report and accompanying notes to basic financial statements.

Proprietary Funds

UNIVERSITY HEIGHTS CHARTER SCHOOL
Proprietary Funds

B-4

Statement of Net Position

June 30, 2021

Assets	
Cash	\$ 245,341
Accounts receivable:	-
Federal	27,894
State	1,214
Total current assets	<u>\$ 274,449</u>
 Liabilities	
Current liabilities:	
Interfund payable - general fund	250,964
Accounts payable	23,485
Total current liabilities	<u>\$ 274,449</u>
 Net position	
Unrestricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2021

Operating revenues:	
Charges for services:	
Daily sales - reimbursable program	\$ -
Daily sales - non-reimbursable program	-
Miscellaneous revenue	54
	<u>54</u>
Operating expenses:	
Cost of sales - reimbursable program	318,112
Cost of sales - non-reimbursable program	-
Salaries	97,873
Employee benefits	6,288
Professional /Technical service	32,500
Supplies and materials	100
Depreciation	-
Miscellaneous	1,223
Total operating expenses	<u>456,096</u>
Operating income (loss)	<u>(456,042)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	11,309
Federal sources:	-
National School Lunch Program	203,628
National School Breakfast Program	129,735
Healthy, Hunger Free Kids Act (HHFKA)	4,038
Total nonoperating revenues	<u>348,710</u>
Net income/(loss) before contributions & transfers	(107,332)
Other financing sources:	
Transfer in/(out) - General Fund to Food Program	167,408
	<u>167,408</u>
Change in net position	60,076
Total net position-beginning of year	<u>(60,076)</u>
Total net position-end of year	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes to basic financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Proprietary Fund

B-6

Statement of Cash Flows

Year ended June 30, 2021

Cash flows from operating activities

Operating loss	\$ (456,042)
Adjustment to reconcile operating profit/(loss) to net cash (used in)/provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(29,108)
Due to/(from) general fund	141,537
Accounts payable	(29,341)
Net cash (used in)/provided by operating activities	<u>(372,954)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	11,309
Cash received from federal reimbursements	337,401
Operating subsidies and transfers from other funds	167,408
Net cash provided by noncapital financing activities	<u>516,118</u>

Cash flows from investing activities

	-
Net change in cash and cash equivalents	143,164
Cash and cash equivalents, beginning	102,177
Cash and cash equivalents, ending	<u>\$ 245,341</u>

See independent auditor's report and accompanying notes to basic financial statements.

**Fiduciary Funds
Not Applicable**

Notes to Basic Financial Statements

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

1 Description of the Charter School and Reporting Entity

University Heights Charter School (the “Charter School” was incorporated in the State of New Jersey in September 2006 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. An Executive Director/School Lead Person is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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

Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The University Heights Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies

This summary of significant accounting policies of University Heights Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the University Heights Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (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:

A Basis of Presentation

The Charter School's basic financial statements consist of 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.

Charter School 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 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. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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.

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 New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

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.

Governmental Funds

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

General Fund - The General Fund is the primary operating fund of the Charter School. 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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.

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.

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 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, 2021, there was no Capital Projects Fund.

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 is 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *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 non-current, 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.

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:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims. ***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) 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.

GASB Statement No 84 Fiduciary Activities – As of June 30, 2021, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities.

C Measurement Focus and Basis of Accounting

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.

Measurement Focus

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 spendable financial resources at the end of the period.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

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 non-current, 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 determine 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 funds revenues.

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year-end.

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

E Cash, Cash Equivalent and Investments

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

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

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

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. 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.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. 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. The following estimated useful lives are used to compute depreciation:

<u>Description of Capital Assets</u>	<u>Estimated Lives (Years)</u>
Buildings and improvements	40
Leasehold improvements	15 or length of lease
Equipment	3 to 5

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

I Compensated Absences

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

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2021.

J Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K Deferred Revenue

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Net Position

Net position represents the difference between assets and liabilities in the Government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the Government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 Summary of Significant Accounting Policies - *continued*

N Management 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.

O 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. The amounts are not required to be included in the Charter School's annual budget.

P GASB Pronouncements

Adoption of New Accounting Standard

During the fiscal year ended June 30, 2021, the Charter School adopted GASB Statement No. 84, *Fiduciary Activities (GASB 84)*. GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student Activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholding payable, unemployment activities in the General Fund in the Governmental Fund financial statements.

Accounting Standard Issued but Not Yet Adopted

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020. Management has not yet determined the impact of this statement on the financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

2 **Summary of Significant Accounting Policies - *continued***

Q **Fair Value of Financial Instruments**

The Charter School follows the accounting and disclosure standards pertaining to GASB 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Charter School uses a framework for measuring fair value that included a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Charter School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instruments, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that is developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – inputs that are unobservable and which require significant judgement or estimation.

An asset or liability level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that 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 (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class. 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 5% of the average daily balance of collected 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. 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, 2021, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Debt Service Fund	Enterprise Fund	Agency Funds	Total
Operating A/C	\$ 4,237,414	\$ -	\$ -	\$ 245,341	\$ -	\$ 4,482,755
Restricted	75,047	-	1,513,440	-	-	1,588,487
Total	<u>\$ 4,312,461</u>	<u>\$ -</u>	<u>\$ 1,513,440</u>	<u>\$ 245,341</u>	<u>\$ -</u>	<u>\$ 6,071,242</u>

The cash accounts are held in the Charter School's name by two banking institution. At June 30, 2021, the Charter School's carrying amount of deposits was \$6,071,242 and the bank balance was \$6,951,531. Of the bank balance, \$500,000 of the Charter School's cash deposits on June 30, 2021 were secured by federal deposit insurance and \$6,451,531 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").

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

3 Deposits and Investments - continued

Establishment of an Escrow Account

During the previous year ended June 30, 2014, the Charter School established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required maximum is \$75,000. The Charter School funded the entire maximum of \$75,000. 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.”

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1 - Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name. **Category 2** - Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3 - Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School’s name. 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.

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. 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.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2021, the Charter School did not hold any investments.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

4 Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

Governmental activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets, not being depreciated:			
Land	\$ 1,346,441	\$ -	\$ 1,346,441
Total capital assets, not being depreciated	1,346,441	-	1,346,441
Capital assets, being depreciated:			
Building & improvements	12,117,967	-	12,117,967
Leasehold improvements	73,287	20,380	93,667
Equipment	25,000	-	25,000
Total capital assets, being depreciated	12,216,254	20,380	12,236,634
Less accumulated depreciation for:			
Building & improvements	(605,898)	(302,949)	(908,847)
Leasehold improvements	(54,966)	(25,115)	(80,081)
Equipment	(25,000)	-	(25,000)
Total accumulated depreciation	(685,864)	(328,064)	(1,013,928)
Total capital assets net	\$ 12,876,831	\$ (307,684)	\$ 12,569,147

Depreciation expense of \$328,064 was charged to an unallocated function.

5 Lease Obligations

The Charter School leases its facilities under three operating lease agreements:

74 Hartford Street, Newark, New Jersey – a 58 month lease that originated on September 1, 2008 through June 30, 2013 covering 35,753 square foot space housing the elementary school classrooms and administrative offices. It was renewed for 60 months – July 1, 2013 through June 30, 2018. Further renewed on July 1, 2018 for another 60 months (covering 39,253 square foot space) – July 1, 2018 through June 30, 2023. The amount paid under this lease in 2021 was \$547,224.

New Jersey Institute of Technology Lease – 105 Lock Street, Newark, New Jersey a - 12-month lease that originated on -August 1, 2016 through July 31, 2017 housing the administrative offices at a monthly lease payment of \$3,560. The lease was renewed for another 12-month period through July 31, 2021 at a monthly lease payment of \$5,154. The amount paid under this lease in 2021 was \$61,843.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

5 Lease Obligations - continued

Saint Lucy Roman Catholic Lease – 106 7th Avenue, Newark, New Jersey - a 49-month lease that originated on June 1, 2017 through June 30, 2021 housing classrooms at a monthly lease payment of \$24,385 (including \$350 monthly basement rental). The amount paid under this lease in 2021 was \$299,116 (including rent of \$294,916 and basement rental of \$4,200).

570 Broad Street Lease – The Charter School signed a lease for a 35,000 square foot space in the building at 570 Broad Street, Newark, New Jersey housing classrooms and administrative offices. The lease was signed April 1, 2021 with a July 1, 2021 commencement date for a five year period. The lease provides for one option to renew the term for one five year period. The Charter School paid a one month security deposit of \$46,667.

66-78 Morris Avenue, Newark, New Jersey

It should be noted that the Charter School purchased the facilities at 66-78 Morris Avenue, Newark, New Jersey. The purchase agreement was executed in the previous year, on September 12, 2018. The purchase was financed with New Jersey Economic Development Authority (EDA) Bonds totaling \$14,720,000.

Future minimum lease payments under the facilities lease agreements are as follows:

Year ending June 30:	74 Hartford Street Lease	NJIT Lease	Saint Lucy Lease	570 Broad Street Lease	Total
2022	\$ 558,169	\$ -	\$ -	\$ 560,000	\$ 1,118,169
2023	569,332	-	-	576,800	1,146,132
2024	-	-	-	594,104	594,104
2025	-	-	-	611,927	611,927
2026	-	-	-	630,285	630,285
Thereafter	-	-	-	-	-
	<u>\$ 1,127,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,973,116</u>	<u>\$ 4,100,617</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were 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 State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

6 Pension Plans - *continued*

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2021 was \$504,036.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$331,774 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also the State paid \$1,337,845 into the TPAF pension - representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium for the Charter School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$24,760,338 as measured on June 30, 2020 and \$18,362,706 as measured on June 30, 2019, respectively.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$852,068 and revenue of \$852,068 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

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

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	\$14,424,322,612	\$17,539,845,423
Collective net pension liability (non-employer State of New Jersey)	\$65,848,796,740	\$61,370,943,870
State's portion of the net pension liability that was associated with the Charter School	\$ 24,760,338	\$ 18,362,706
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.037602%	0.029921%

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	1.55% - 4.45% based on years of service
Salary increases: thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Actuarial Assumptions - continued

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 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 - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

Long-Term Expected Rate of Return - continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This 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 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Teachers' Pension and Annuity Fund (TPAF) - *continued*

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

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

At June 30, 2021, the Charter School reported a liability of \$7,495,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2019. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the Charter School's proportion was 0.0459653733% which was an increase of 0.0168099898% from its proportion measured as of June 30, 2019 which was 0.0291553835%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$504,036. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - continued

Public Employees' Retirement System (PERS) - continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,485	\$ 26,508
Changes in assumptions	243,171	3,138,542
Net difference between projected and actual earnings on pension plan investments	256,211	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	4,087,276	55,864
Subtotal	4,723,143	3,220,914
Charter School's contributions subsequent to the measurement date	504,036	-
Total	<u>\$ 5,227,179</u>	<u>\$ 3,220,914</u>

\$504,036 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Pension Expense
2021	\$ 558,665
2022	509,333
2023	291,071
2024	117,704
2025	25,457
Thereafter	-
	<u>\$ 1,502,229</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS) - *continued*

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

	June 30, 2020	June 30, 2019
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 7,848,949,467	\$ 7,645,087,574
Collective net pension liability (Non-State Local Group)	\$ 16,307,384,832	\$ 18,018,482,972
Charter School's portion of the net pension liability	\$ 7,495,750	\$ 5,253,358
Charter School's proportion (percentage)	0.04596537%	0.02915538%

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	2.00%-6.00% based on years of service
Salary increases: thereafter	3.00%-7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees’ Retirement System (PERS) - *continued*

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS) – *continued*

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

7 Pension Plans – GASB 68 Disclosures - *continued*

Public Employees' Retirement System (PERS) - *continued*

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2020			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	<u>\$ 9,510,097</u>	<u>\$ 7,495,750</u>	<u>\$ 5,895,478</u>
2019			
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's proportionate share of the pension liability	<u>\$ 6,682,008</u>	<u>\$ 5,253,358</u>	<u>\$ 4,116,859</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits

Plan Description and Benefits Provided

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

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

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

The total non-employer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms.

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan member = 216,804

Inactive plan members entitled to but not yet receiving benefits = 149,304

Inactive plan members or beneficiaries currently receiving benefits = -0-

Total plan members = 366,108

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

Total Non-employer OPEB Liability

The State, a non-employer 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. 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's CAFR \(https://www.nj.gov/treasury/omb/publications/archives.shtml\)](https://www.nj.gov/treasury/omb/publications/archives.shtml)

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

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>
Salary increases:		
Through 2026	1.55 to 4.45% based on years of service	2.00 to 6.00% based on years of service
Thereafter	1.55 to 4.45% based on years of service	3.00 to 7.00% based on years of service

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Preretirement mortality rates were based on the Pub-2010 Healthy “teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates 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-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, and July 1, 2014 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for the fiscal year 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

Changes in the Total OPEB Liability Reported by the State of New Jersey

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2019 measurement date	<u>\$ 41,729,081,045</u>
Changes recognized for the fiscal year:	
Service cost	\$ 1,790,973,822
Interest on total OPEB liability	1,503,341,357
Difference between expected and actual experiences	11,544,750,637
Effect of changes of assumptions	12,386,549,981
Gross benefits paid by the State	(1,180,515,618)
Contributions from the members	<u>35,781,384</u>
Net changes	<u>\$ 26,080,881,563</u>
Balance as of June 30, 2020 measurement date	<u><u>\$ 67,809,962,608</u></u>

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School 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:

	2020		
	At 1% Decrease (1.21%)	At 1% Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB liability attributable to the Charter School	<u>\$ 10,702,862</u>	<u>\$ 8,877,848</u>	<u>\$ 7,450,986</u>
	2019		
	At 1% Decrease (2.50%)	At 1% Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB liability attributable to the Charter School	<u>\$ 5,714,081</u>	<u>\$ 4,836,723</u>	<u>\$ 4,139,798</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

2020			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB liability attributable to the Charter School	<u>\$ 7,166,498</u>	<u>\$ 8,877,848</u>	<u>\$ 10,915,685</u>
2019			
	<u>At 1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB liability attributable to the Charter School	<u>\$ 3,985,244</u>	<u>\$ 4,836,723</u>	<u>\$ 5,963,906</u>

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB expense of \$1,391,729 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

8 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 10,295,318,750	\$ (9,170,703,615)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	11,534,251,250	(7,737,500,827)
Subtotal	21,829,570,000	(16,908,204,442)
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ 21,829,570,000	\$ (16,908,204,442)

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

Measurement Period - Fiscal Year Ending June 30:	Total
2021	\$ 43,440,417
2022	\$ 43,440,417
2023	\$ 43,440,417
2024	\$ 43,440,417
2025	\$ 43,440,417
Thereafter	\$ 4,704,163,473
	\$ 4,921,365,558

9 Deferred Compensation

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan which is administered by AXA Equitable permits participants to defer a portion of their salaries until future years.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

10 Contingent Liabilities

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises the following:

UMB Bank, NA v. UHCS et al.

The attorney has been retained to handle the following matter: The School is a debtor in connection with its acquisition of a school facility in 2018. The School committed several covenant violations several years ago, yet made every debt service payment. After negotiations with the master trustee failed over a second forbearance agreement, the master trustee filed actions in Superior Court for the appointment of a receiver and to foreclose the property, among other requested remedies. The School vehemently contests the master trustee's claims and we believe there is no legal basis for the court to so appoint a receiver or to order a property foreclosure. Should the master trustee prevail, the School will have difficulty continuing under its charter.

11 Economic Dependency

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 Risk Management

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

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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

12 Risk Management - continued

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

Fiscal Year	Beginning Balance	Charter School Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2020-2021	\$ 6,796	\$ 413,804	\$ -	\$ 420,600	\$ -
2019-2020	-	281,784	-	274,988	6,796
2018-2019	6,786	164,075	-	170,861	-

13 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 740,290	\$ -
Special Revenue Fund	-	489,326
Enterprise Fund		250,964
Trust and Agency Fund	-	-
	<u>\$ 740,290</u>	<u>\$ 740,290</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of this interfund balances is expected within the next fiscal year.

14 Fund Balance Appropriated – General Fund (Exhibit B- 1)

Of the \$4,685,630 General Fund balance at June 30, 2021, \$75,000 is reserved for a cash escrow account as required by an agreement with New Jersey Department of Education, \$4,610,630 is unreserved and undesignated.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

15 Receivables

Receivables as of June 30, 2021 consist of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

State aid	\$ 98,806
Federal aid	545,916
Other	-
Total receivables	<u>\$ 644,722</u>

16 Academic Probation

By his letter dated May 23, 2019, the New Jersey Commissioner of Education placed the Charter School on academic probation ("low performing Academic Performance"). As a condition of the probation, the Charter School was required to submit a remedial plan to the New Jersey Department of Education – Office of Charter and Renaissance Schools. The Charter School submitted the remedial plan on June 11, 2019. The remedial plan was also voted upon by the Board of the Charter School at its regularly scheduled Board Meeting on June 19, 2019.

The school has started the process of implementing changes at every level of the organization. There is no evidence that the State has lifted the probation.

17 Event of Default – Bonds Payable

In the previous year, on December 20, 2019, the holders of the \$14,720,000 Bonds notified the Charter School of certain "Events of Default" under the Bonds Indenture: (1) The Charter School did not meet two financial covenants as of June 30, 2019 – the Debt Service Coverage Ratio and the Days Cash on Hand and (2) "In addition, by letter dated May 23, 2019, the State of New Jersey Department of Education (the "DOE") informed the School that it had been placed on probation. The School subsequently submitted a comprehensive remedial plan to the DOE, and made such plan available to Bondholders by Notice dated September 4, 2019." The Charter School agreed with the Bond Holders to retain the services of an Independent Financial Consultant to provide a neutral assessment of the Charter School's financial and operational situation and will include observations and conclusions that may serve to guide the Bond Holders in considering whether forbearance or other relief may be extended to the Charter School.

However, during the prior fiscal year ended June 30, 2020 and current fiscal year ended June 30, 2021, there is evidence that the Charter School has made significant progress in reversing the event of default: Debt Service Coverage Ratio (DSCR) and Days of Cash on Hand Ratio (DOCH) have improved and complied with the bond covenants. Although, there is no evidence that the State has lifted the probation.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

18 Paycheck Protection Program Loan – Forgiven

During the prior fiscal year ended June 30, 2020, the Charter School applied for and was approved a \$1,914,770 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the US Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for ten months after the expiration of the covered period which was a maximum of 24 weeks from the funding date. The Charter School is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The loan was funded on May 20, 2020. The Charter School was informed by the SBA on May 21, 2021 that the entire PPP loan balance of \$1,914,770 had been forgiven,

It should be noted that the Charter School upon its confidence that the loan would be forgiven had recognized the entire \$1,914,770 as a restricted grant (in the Special Revenue Fund) for the prior fiscal year ended June 30, 2020. Amount of the deemed grant expenditures for that prior year 2020 was \$1,177,598 and the balance of \$737,172 was recognized as deferred revenue as of June 30, 2020 and carried forward to the fiscal year ended June 30, 2021. Grant expenditures of \$737,172 were charged in 2021 to fully spend the forgiven PPP loan amount.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

19 Long Term Liabilities – Bonds Payable

On September 1, 2018, the Charter School issued Charter School Revenue Bonds in the sum of \$14,720,000 at variable interest rates from 4.70% to 6.00%. The Bonds consisted of Series 2018A (Tax Exempt) in the sum of \$14,360,000 and Series 2018B (Taxable) in the sum of \$360,000. Proceeds from the bond were used to purchase the previously leased facility located at 66-78 Morris Avenue in Newark, New Jersey. Also, part of the proceeds from the bond was used to establish a debt service reserve fund in the sum of \$1,032,388 for the Series 2018A and \$36,000 for the Series 2018B a total of \$1,068,388.

The schedule of future principal and interest payments for the serial bonds is as follows:

Year ending June 30:	Serial Bonds		
	Principal	Interest	Total
2022	\$ 210,000	\$ 814,444	\$ 1,024,444
2023	220,000	801,999	1,021,999
2024	235,000	790,331	1,025,331
2025	245,000	779,051	1,024,051
2026	255,000	767,301	1,022,301
2027	270,000	754,964	1,024,964
2028	280,000	742,039	1,022,039
2029	295,000	728,526	1,023,526
2030	310,000	713,263	1,023,263
2031	325,000	696,197	1,021,197
2032	340,000	678,325	1,018,325
2033	360,000	659,513	1,019,513
2034	380,000	639,625	1,019,625
2035	400,000	618,163	1,018,163
2036	425,000	594,959	1,019,959
2037	445,000	570,491	1,015,491
2038	470,000	544,756	1,014,756
2039	500,000	517,475	1,017,475
2040	525,000	488,319	1,013,319
2041	555,000	457,269	1,012,269
2042	590,000	424,350	1,014,350
2043	625,000	389,419	1,014,419
2044	660,000	352,475	1,012,475
2045	695,000	313,519	1,008,519
2046	735,000	272,406	1,007,406
2047	780,000	228,850	1,008,850
2048	825,000	182,706	1,007,706
2049	870,000	133,975	1,003,975
2050	920,000	82,513	1,002,513
2051	975,000	28,031	1,003,031
	<u>\$ 14,720,000</u>	<u>\$ 15,765,254</u>	<u>\$ 30,485,254</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

20 Long Term Liabilities – Bonds Payable - *continued*

During the year ended June 30, 2021, the following changes in long-term debt occurred:

	Balance June 30, 2020	Additions	Budget Appropriation	Balance June 30, 2021
Serial Bonds	\$ 14,720,000	\$ -	\$ -	\$ 14,720,000
	<u>\$ 14,720,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,720,000</u>
Amounts due within one year				\$ -
Long term portion				14,720,000
				<u>\$ 14,720,000</u>

21 Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$ 6,104,675
Cost of capital assets net accumulated depreciation	12,569,147
Long term liability - bonds payable	(14,720,000)
Bond issuance costs net accumulated amortization	429,351
Bond premium net accumulated amortization	(353,505)
Pension deferred outflows	4,723,143
Pension deferred inflows	(3,220,914)
Deferred pension liability as of June 30, 2021	(7,495,750)
Net position (per A-1) as of June 30, 2021	<u>\$ (1,963,853)</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

22 Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements except the following:

- On December 13, 2021, the Charter School received a letter from the Bond Holders of the \$14,720,000 loan. The letter titled "Notice of Acceleration, Demand for Payment; and Reservation of Rights" says in part: "Notice is hereby provided that as a result of the acknowledged and existing Events of Default, the Trustee declares the principal, and the interest accrued thereon to the date of payment, of all obligations under the Bond Documents outstanding to be due and payable immediately. Consistent with this declaration, the Trustee further declares that all amounts due and payable on the Bonds to be immediately due and payable as loan payments under the Loan Agreement. This acceleration will result in all amounts due under the Loan Agreement becoming short-term debt and should be reflected as same in any financial statements delivered to the Trustee, including the audited financial statements for the fiscal year ending June 30, 2022."
- The Charter School and its attorney vehemently disagree with the Bond Holders' claims and are vigorously contesting the lender's notice of acceleration on the grounds that the Charter School has made every debt service payments. Also since the event of default during the fiscal year ended June 30, 2019, the Charter School has complied with the Debt Service Coverage Ratio (DSCR) and Days of Cash on Hand Ratio (DOCH) covenants of the Bonds during the fiscal years ended June 30, 2020 and 2021, respectively.

23 Risk and Uncertainties – COVID-19 and Its Impact

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

In addition, as of March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business.

The Charter School's operations are heavily dependent on both federal and state grant revenues. Its physical locations were closed from March 2020 through September 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such it is uncertain as to the full impact that the pandemic will have on the Charter School's financial condition, liquidity, and future results of operations.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2021

23 Risk and Uncertainties – COVID-19 and Its Impact - *continued*

Management is actively monitoring the situation on its financial condition, liquidity and operations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Charter School its performance, and its financial results.

However, it should be noted that as of the date of this report, the Charter School's various federal and state grants have not been materially impacted.

Further, it should be noted that the United States government has expedited the process of vaccinating its people against the virus and it appears the restrictions on movement imposed earlier are gradually easing.

Required Supplementary Information

Part II

Budgetary Comparison

UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	1,476,405	\$ -	\$ 1,476,405	\$ 1,476,405	\$ -
Miscellaneous	-	-	-	28,746	28,746
Total revenues -local sources	1,476,405	-	1,476,405	1,505,151	28,746
State Sources:					
State aid	11,004,947	1,105,763	12,110,710	12,110,710	-
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	331,774	331,774
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	318,804	318,804
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,017,293	1,017,293
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,748	1,748
	11,004,947	1,105,763	12,110,710	13,780,329	1,669,619
Total revenues	12,481,352	1,105,763	13,587,115	15,285,480	1,698,365
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	3,313,000	373,215	3,686,215	3,073,234	612,981
Other salaries for instruction	967,000	(414,209)	552,791	198,438	354,353
Purchased profesional technical services	175,905	(128,149)	47,756	10,136	37,620
Other purchased services	158,502	-	158,502	11,821	146,681
General educational supplies	110,230	205,472	315,702	189,708	125,994
Textbooks	30,000	-	30,000	-	30,000
Miscellaneous expenses	16,287	-	16,287	14,290	1,997
	4,770,924	36,329	4,807,253	3,497,627	1,309,626

UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative cost:					
Salaries	1,332,463	(89,541)	1,242,922	1,078,745	164,177
Total benefit costs	1,704,367	631,782	2,336,149	1,917,905	418,244
Professional /Technical service	822,926	(75,702)	747,224	586,011	161,213
Other purchased services	21,715	33,800	55,515	27,155	28,360
Communications and Telephones	80,800	5,700	86,500	79,365	7,135
Supplies and materials	64,375	41,129	105,504	80,283	25,221
Judgements against charter school	10,000	-	10,000	-	10,000
Interest on current loans	45,000	(45,000)	-	-	-
Miscellaneous expenses	91,221	-	91,221	44,743	46,478
	<u>4,172,867</u>	<u>502,168</u>	<u>4,675,035</u>	<u>3,814,207</u>	<u>860,828</u>
Support services:					
Salaries	631,280	358,183	989,463	823,777	165,686
Purchased prof/tech service	330,862	150,081	480,943	355,300	125,643
Other purchased services	442,056	28,983	471,039	405,065	65,974
Rent on land and buildings	598,242	122,900	721,142	721,142	-
Insurance-fidelity, liability property	73,429	41,384	114,813	114,813	-
Supplies and materials	77,003	24,183	101,186	60,764	40,422
Energy & Utilities	129,785	13,062	142,847	139,397	3,450
Miscellaneous expenses	-	20,000	20,000	133,238	(113,238)
Transportation other than to/from school	66,660	(51,060)	15,600	15,600	-
Total support services	<u>2,349,317</u>	<u>707,716</u>	<u>3,057,033</u>	<u>2,769,096</u>	<u>287,937</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	15,000	5,000	20,000	-	20,000
Construction services	100,000	(76,417)	23,583	20,380	3,203
Total capital outlay	<u>115,000</u>	<u>(71,417)</u>	<u>43,583</u>	<u>20,380</u>	<u>23,203</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	331,774	(331,774)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)				318,804	(318,804)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,017,293	(1,017,293)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,748	(1,748)
Total expenditures	<u>11,408,108</u>	<u>1,174,796</u>	<u>12,582,904</u>	<u>11,770,929</u>	<u>2,148,072</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	1,073,244	(69,033)	1,004,211	3,514,551	(2,510,340)
Other financing sources:					
Transfer to cover food deficit	(60,000)	(102,496)	(162,496)	(167,408)	4,912
Transfer - interest - tax exempt bond series 2018A	(1,013,244)	214,100	(799,144)	(799,144)	-
Transfer - interest - taxable bond series 2018B	-	(21,600)	(21,600)	(21,600)	-
Transfer - repairs and replacement reserves	-	(24,000)	(24,000)	(24,000)	
Total other financing sources	<u>(1,073,244)</u>	<u>90,004</u>	<u>(1,007,240)</u>	<u>(1,012,152)</u>	<u>4,912</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources	-	20,971	(3,029)	2,502,399	(2,505,428)
Fund balances, beginning of year	<u>2,183,231</u>	<u>-</u>	<u>2,183,231</u>	<u>2,183,231</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,183,231</u>	<u>\$ 20,971</u>	<u>\$ 2,180,202</u>	<u>\$ 4,685,630</u>	<u>\$ (2,505,428)</u>

**UNIVERSITY HEIGHTS CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 2,283,998	\$ -	\$ 2,283,998	\$ 2,190,905	\$ 93,093
State sources	1,552,601	-	1,552,601	1,552,601	-
Local sources	960	-	960	960	-
Total revenues -all sources	<u>3,837,559</u>	<u>-</u>	<u>3,837,559</u>	<u>3,744,466</u>	<u>93,093</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,618,730	-	1,618,730	1,618,730	-
Purchased Prof. and technical services	7,232	-	7,232	2,756	4,476
Other purchased services	-	-	-	-	-
General supplies	412,935	-	412,935	417,411	(4,476)
Miscellaneous expenditures	-	-	-	-	-
Total instruction	<u>2,038,897</u>	<u>-</u>	<u>2,038,897</u>	<u>2,038,897</u>	<u>-</u>
Support services					
Support services salaries	596,374	-	596,374	669,204	(72,830)
Employee benefits	275,400	-	275,400	275,400	-
Purchased professional services	281,492	-	281,492	138,609	142,883
Other purchased services	491,745	-	491,745	468,705	23,040
Supplies	112,911	-	112,911	105,441	7,470
Miscellaneous expenditures	35,000	-	35,000	7,470	27,530
Total support services	<u>1,792,922</u>	<u>-</u>	<u>1,792,922</u>	<u>1,664,829</u>	<u>128,093</u>
Capital Outlay:					
Facilities acquisition and construction services			-		-
Instructional equipment	5,740	-	5,740	5,740	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>5,740</u>	<u>-</u>	<u>5,740</u>	<u>5,740</u>	<u>-</u>
Total expenditures	<u>\$ 3,837,559</u>	<u>\$ -</u>	<u>\$ 3,837,559</u>	<u>\$ 3,709,466</u>	<u>\$ 128,093</u>

Notes to Required Supplementary Information

UNIVERSITY HEIGHTS CHARTER SCHOOL
Note to Required Supplementary Information
Budget to GAAP Reconciliation

C-3

Year ended June 30, 2021

		<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]	\$ 15,285,480	
	[C-2]		\$ 2,191,865
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 15,285,480</u>	<u>\$ 2,191,865</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 11,770,929	
	[C-2]		\$ 2,191,865
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>\$ 11,770,929</u>	<u>\$ 2,191,865</u>

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

UNIVERSITY HEIGHTS CHARTER SCHOOL

L-1

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Eight Fiscal Years

	2020	2019	2018	Fiscal Year Ended June 30,		2015	2014	2013
				2017	2016			
Charter School's proportion of the net pension liability (assets)	0.0459653733%	0.0291553835%	0.0247565813%	0.0191540675%	0.0191540675%	0.0016147361%	0.0093650353%	0.0037243213%
Charter School's proportionate share of the net pension liability (assets)	7,495,750	5,253,358	4,874,447	5,672,885	5,672,885	3,624,759	1,753,391	711,792
Charter School's covered employee payroll	\$ 2,698,068	\$ 2,854,733	\$ 1,909,965	\$ 1,587,758	\$ 1,512,150	\$ 1,297,532	\$ 930,308	\$ 421,187
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	277.82%	184.02%	255.21%	357.29%	375.15%	279.36%	188.47%	169.00%
Plan fiduciary net position as a percentage of the total pension liability - local	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note

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

UNIVERSITY HEIGHTS CHARTER SCHOOL

L-2

Schedule of the Charter School's Contributions - PERS
Last Eight Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>	<u>2013</u>
				<u>2017</u>	<u>2016</u>			
Contractually required contribution	\$ 504,036	\$ 347,882	\$ 250,514	\$ 247,745	\$ 174,726	\$ 138,824	\$ 77,204	\$ 28,062
Contribution in relation to the contractually required contribution	<u>(504,036)</u>	<u>(347,882)</u>	<u>(250,514)</u>	<u>(247,745)</u>	<u>(174,726)</u>	<u>(138,824)</u>	<u>(77,204)</u>	<u>(28,062)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 2,698,068	\$ 2,854,733	\$ 1,909,965	\$ 1,587,758	\$ 1,512,150	\$ 1,297,532	\$ 930,308	\$ 421,187
Contributions as a percentage of covered employee payroll	18.68%	12.19%	13.12%	15.60%	11.55%	10.70%	8.30%	6.66%

Note

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

UNIVERSITY HEIGHTS CHARTER SCHOOL

L-3

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Eight Fiscal Years

	Fiscal Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 24,760,338	\$ 18,362,706	\$ 21,643,787	\$ 27,572,479	\$ 357,067	\$ 17,114,852	\$ 9,313,923	\$ 8,206,263
Total	<u>\$ 24,760,338</u>	<u>\$ 18,362,706</u>	<u>\$ 21,643,787</u>	<u>\$ 27,572,479</u>	<u>\$ 357,067</u>	<u>\$ 17,114,852</u>	<u>\$ 9,313,923</u>	<u>\$ 8,206,263</u>
Charter School's covered employee payroll	\$ 2,905,232	\$ 2,858,799	\$ 3,825,560	\$ 3,330,009	\$ 3,171,437	\$ 3,889,303	\$ 3,623,716	\$ 2,186,626
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**Note

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

Note

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

UNIVERSITY HEIGHTS CHARTER SCHOOL

M-1

**Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Five Fiscal Years**

	Fiscal Year Ending				
	2020	2019	2018	2017	2016
Total OPEB Liability					
Service cost	\$ 1,073,849	\$ 1,017,184	\$ 1,115,499	\$ 1,358,698	**
Interest cost	204,270	240,104	274,387	220,307	**
Differences in expected and actual experiences	1,291,199	(1,607,014)	(2,008,525)	-	**
Changes of assumptions	1,621,678	72,116	(603,428)	(1,259,822)	**
Member contributions	4,685	4,401	4,860	5,643	**
Gross benefit payments	(154,556)	(148,473)	(140,608)	(153,246)	**
Net change in total OPEB liability	4,041,125	(421,682)	(1,357,815)	171,580	**
Total OPEB liability - beginning	4,836,723	5,258,405	6,616,220	6,444,640	**
Total OPEB liability, ending	<u>\$ 8,877,848</u>	<u>\$ 4,836,723</u>	<u>\$ 5,258,405</u>	<u>\$ 6,616,220</u>	<u>\$ 6,444,640</u>
Covered employee payroll - PERS and TPAF	\$ 1,867,968	\$ 1,614,488	\$ 1,555,515	\$ 1,664,347	**
Total OPEB liability as a percentage of covered employee payroll	475%	300%	338%	398%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.01%	0.01%	0.01%	0.01%	0.01%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -

** Information not available.

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to Required Supplementary Information
Year Ended June 30, 2021

1. Pension – Public Employees’ Retirement System (PERS)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

2. Pension – Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

3. Other Post-Retirement Benefit Plan – Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF)

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Other Supplementary Information

School Level Schedules

Special Revenue Fund

UNIVERSITY HEIGHTS CHARTER SCHOOL
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2021

	Title IA	Title IA Reallocated	Title I SIA Part A	I.D.E.A. Part B	CARES Emergency Relief Grant	Bridging Digital Divide Grant	Coronavirus Relief Fund	FEMA Grant	Paycheck Protection Program	Student Activity	Total
Revenues											
Federal sources	\$ 597,013	\$ 21,232	\$ 120,900	\$ 132,609	\$ 421,764	\$ 24,725	\$ 111,119	\$ 24,371	\$ 737,172	\$ -	\$ 2,190,905
State sources	-	-	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-	960	960
Total revenues -all sources	<u>\$ 597,013</u>	<u>\$ 21,232</u>	<u>\$ 120,900</u>	<u>\$ 132,609</u>	<u>\$ 421,764</u>	<u>\$ 24,725</u>	<u>\$ 111,119</u>	<u>\$ 24,371</u>	<u>\$ 737,172</u>	<u>\$ 960</u>	<u>\$ 2,191,865</u>
Expenditures											
Instruction											
Salaries of teachers	\$ 591,043	\$ 2,500	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,557	\$ -	\$ 911,100
Purchased Prof. and technical services	-	2,756	-	-	-	-	-	-	-	-	2,756
Other purchased services	-	-	-	-	-	-	-	-	-	-	-
General supplies	5,970	13,976	20,605	-	210,882	24,725	111,119	24,371	-	960	412,608
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-
Total instruction	<u>597,013</u>	<u>19,232</u>	<u>35,605</u>	<u>-</u>	<u>210,882</u>	<u>24,725</u>	<u>111,119</u>	<u>24,371</u>	<u>302,557</u>	<u>960</u>	<u>1,326,464</u>
Support services											
Support services salaries	-	-	60,000	-	-	-	-	-	398,951	-	458,951
Employee benefits	-	1,000	20,295	-	-	-	-	-	-	-	21,295
Purchased professional services	-	1,000	5,000	132,609	-	-	-	-	-	-	138,609
Other purchased services	-	-	-	-	105,441	-	-	-	35,664	-	141,105
Supplies	-	-	-	-	105,441	-	-	-	-	-	105,441
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	12,813	12,813
Total support services	<u>-</u>	<u>2,000</u>	<u>85,295</u>	<u>132,609</u>	<u>210,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,615</u>	<u>12,813</u>	<u>878,214</u>
Facilities acquisition and construction services											
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-	-	-
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>	<u>-</u>
Total expenditures	<u>597,013</u>	<u>21,232</u>	<u>120,900</u>	<u>132,609</u>	<u>421,764</u>	<u>24,725</u>	<u>111,119</u>	<u>24,371</u>	<u>737,172</u>	<u>13,773</u>	<u>2,204,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,813)</u>	<u>(12,813)</u>
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	12,813	12,813
Fund balances, beginning of year (restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,813</u>	<u>12,813</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
Special Revenue Fund

E-2

Schedule of Preschool Education
Aid Expenditures - Budgetary Basis

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Expenditures					
Instruction					
Salaries of teachers	\$ 460,343	\$ (1)	\$ 460,342	\$ 460,342	\$ -
Other salaries for instruction	239,730	7,558	247,288	247,288	-
Purchased professional and educational services	10,000	(10,000)	-	-	-
Other purchased services	-	-	-	-	-
General supplies	5,000	(197)	4,803	4,803	-
Other objects	-	-	-	-	-
Total instruction	715,073	(2,640)	712,433	712,433	-
Support services					
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Principals/Assistant Principals/Prog Directors	38,079	17,270	55,349	55,349	-
Salaries of Other Prof Staff	60,420	-	60,420	60,420	-
Salaries of Secretarial & Clerical Assistants	13,838	-	13,838	13,838	-
Other Salaries - Fiscal Specialist	7,816	-	7,816	7,816	-
Other Salaries - Custodian	-	-	-	-	-
Other Salaries - Security Guard	-	-	-	-	-
Family/Parent Liason	35,100	-	35,100	35,100	-
Facilitator/Coach	55,000	(17,270)	37,730	37,730	-
Personnel Services - Employee benefits	244,844	9,261	254,105	254,105	-
Miscellaneous purchased services	-	-	-	-	-
Cleaning, Repairs and Maintenance Services	27,600	-	27,600	27,600	-
Rentals	300,000	-	300,000	300,000	-
Travel	2,361	(2,361)	-	-	-
Miscellaneous	35,000	-	35,000	35,000	-
Supplies and Materials	7,470	-	7,470	7,470	-
Total support services	827,528	6,900	834,428	834,428	-
Facilities acquisition and construction services					
Instructional equipment	6,000	(260)	5,740	5,740	-
Noninstructional equipment	4,000	(4,000)	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	10,000	(4,260)	5,740	5,740	-
Total expenditures	\$ 1,552,601	\$ -	\$ 1,552,601	\$ 1,552,601	-

Calculation of Budget and Carryover

Total 2020-2021 preschool education aid allocation	\$ 1,552,601
Add: actual carryover June 30, 2020	-
Total preschool education aid funds available for 2020-2021 budget	1,552,601
Less: 2020-2021 budgeted preschool education aid	(1,552,601)
Available and unbudgeted preschool education aid funds as of June 30, 2020	-
Add: June 30, 2021 unexpended preschool education aid	-
2020-2021 actual carryover - preschool education aid	\$ -
2020-2021 preschool education aid carryover budgeted in 2021-2022	\$ -

Capital Projects Fund

At June 30, 2021, there was no capital project fund.

Enterprise Fund

UNIVERSITY HEIGHTS CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2021

	<u>Food Services</u>	<u>After-Care Program</u>	<u>Total</u>
Assets			
Current assets:			
Cash	\$ 242,254	\$ 3,087	\$ 245,341
Accounts receivable:	-	-	-
Federal	27,894	-	27,894
State	1,214	-	1,214
Total current assets	<u>\$ 271,362</u>	<u>\$ 3,087</u>	<u>\$ 274,449</u>
 Liabilities			
Current liabilities:			
Interfund payable - general fund	\$ 247,877	\$ 3,087	\$ 250,964
Accounts payable	23,485	-	23,485
Total current liabilities	<u>\$ 271,362</u>	<u>\$ 3,087</u>	<u>\$ 274,449</u>
 Net position			
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Position

Year ended June 30, 2021

	<u>Food Services</u>	<u>After-Care Program</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable program	\$ -	\$ -	\$ -
Daily sales - non-reimbursable program	-	-	-
Miscellaneous revenue	53	1	54
	<u>53</u>	<u>1</u>	<u>54</u>
Operating expenses:			
Cost of sales - reimbursable program	318,112	-	318,112
Cost of sales - non-reimbursable program	-	-	-
Salaries	97,873	-	97,873
Employee benefits	6,288	-	6,288
Professional /Technical service	32,500	-	32,500
Supplies and materials	-	100	100
Depreciation	-	-	-
Miscellaneous	1,223	-	1,223
Total operating expenses	<u>455,996</u>	<u>100</u>	<u>456,096</u>
Operating income (loss)	<u>(455,943)</u>	<u>(99)</u>	<u>(456,042)</u>
Nonoperating revenues:			
State sources:			
State School Lunch Program	11,309	-	11,309
Federal sources:			
National School Lunch Program	203,628	-	203,628
National School Breakfast Program	129,735	-	129,735
Healthy, Hunger Free Kids Act (HHFKA)	4,038	-	4,038
Total nonoperating revenues	<u>348,710</u>	<u>-</u>	<u>348,710</u>
Net income/(loss) before contributions & transfers	(107,233)	(99)	(107,332)
Other financing sources:			
Transfer in/(out) - General Fund to Food Program	120,266	47,142	167,408
	<u>120,266</u>	<u>47,142</u>	<u>167,408</u>
Change in net position	13,033	47,043	60,076
Total net position-beginning of year	<u>(13,033)</u>	<u>(47,043)</u>	<u>(60,076)</u>
Total net position-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2021

	Food Services	After-Care Program	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities			
Operating loss	\$ (455,943)	\$ (99)	\$ (456,042)
Adjustment to reconcile operating profit/(loss) to net cash (used in)/provided by operating activities:			-
Changes in assets and liabilities:			
Accounts receivable	(29,108)	-	(29,108)
Due to/(from) general fund	188,700	(47,163)	141,537
Accounts payable	(29,341)	-	(29,341)
Net cash (used in)/provided by operating activities	<u>(325,692)</u>	<u>(47,262)</u>	<u>(372,954)</u>
			-
Cash flows from noncapital financing activities			
Cash received from state reimbursements	11,309	-	11,309
Cash received from federal reimbursements	337,401	-	337,401
Operating subsidies and transfers from other funds	120,266	47,142	167,408
Net cash provided by noncapital financing activities	<u>468,976</u>	<u>47,142</u>	<u>516,118</u>
Cash flows from investing activities	-	-	-
 Net change in cash and cash equivalents	143,284	(120)	143,164
Cash and cash equivalents, beginning	98,970	3,207	102,177
Cash and cash equivalents, ending	<u>\$ 242,254</u>	<u>\$ 3,087</u>	<u>\$ 245,341</u>

Fiduciary Fund
Not Applicable

Long Term Debt

UNIVERSITY HEIGHTS CHARTER SCHOOL

I-1

**Long-Term Debt
Schedule of Bonds Payable**

Year ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2021		Interest Rate	Amount Outstanding June 30, 2020	Issued	Retired	Amount Outstanding June 30, 2021
			Date	Amount					
Charter School Revenue Bonds: (University Heights Charter School Project) Series 2018A (Tax Exempt)	9/1/2018	\$ 14,360,000	3/1/19	\$ -	4.700%	\$ -	\$ -	\$ -	\$ -
			6/30/19	-	4.700%				
			9/1/19	-	4.700%				
			3/1/20	-	4.700%				
			6/30/20	-	4.700%				
			9/1/20	-	4.700%				
			3/1/21	-	4.700%				
			6/30/21	-	4.700%				
			9/1/21	-	4.700%				
			3/1/22	-	4.700%				
			6/30/22	-	4.700%				
			9/1/22	70,000	4.700%				
			3/1/23	-	4.700%				
			6/30/23	-	4.700%				
			9/1/23	235,000	4.700%				
			3/1/24	-	4.700%				
			6/30/24	-	4.700%				
			9/1/24	245,000	4.700%				
			3/1/25	-	4.700%				
			6/30/25	-	4.700%				
			9/1/25	255,000	4.700%				
			3/1/26	-	4.700%				
			6/30/26	-	4.700%				
			9/1/26	270,000	4.700%				
			3/1/27	-	4.700%				
			6/30/27	-	4.700%				
			9/1/27	280,000	4.700%				
			3/1/28	-	4.700%				
			6/30/28	-	4.700%				

UNIVERSITY HEIGHTS CHARTER SCHOOL
Long-Term Debt
Schedule of Bonds Payable

I-1

Year ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2021		Interest Rate	Amount Outstanding June 30, 2020	Issued	Retired	Amount Outstanding June 30, 2021
			Date	Amount					
Charter School Revenue Bonds: (University Heights Charter School Project) Series 2018A (Tax Exempt)	9/1/2018	\$ 14,360,000	9/1/28	\$ 295,000	4.700%				
			3/1/29	-	5.375%				
			6/30/29	-	5.375%				
			9/1/29	310,000	5.375%				
			3/1/30	-	5.375%				
			6/30/30	-	5.375%				
			9/1/30	325,000	5.375%				
			3/1/31	-	5.375%				
			6/30/31	-	5.375%				
			9/1/31	340,000	5.375%				
			3/1/32	-	5.375%				
			6/30/32	-	5.375%				
			9/1/32	360,000	5.375%				
			3/1/33	-	5.375%				
			6/30/33	-	5.375%				
			9/1/33	380,000	5.375%				
			3/1/34	-	5.375%				
			6/30/34	-	5.375%				
			9/1/34	400,000	5.625%				
			3/1/35	-	5.625%				
			6/30/35	-	5.625%				
			9/1/35	425,000	5.625%				
			3/1/36	-	5.625%				
			6/30/36	-	5.625%				
			9/1/36	445,000	5.625%				
			3/1/37	-	5.625%				
			6/30/37	-	5.625%				
			9/1/37	470,000	5.625%				
			3/1/38	-	5.625%				
			6/30/38	-	5.625%				
			9/1/38	500,000	5.625%				
			3/1/39	-	5.625%				
			6/30/39	-	5.625%				
			9/1/39	525,000	5.750%				
			3/1/40	-	5.750%				
			6/30/40	-	5.750%				
			9/1/40	555,000	5.750%				
			3/1/41	-	5.750%				
			6/30/41	-	5.750%				

UNIVERSITY HEIGHTS CHARTER SCHOOL
Long-Term Debt
Schedule of Bonds Payable

I-1

Year ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2021		Interest Rate	Amount Outstanding June 30, 2020	Issued	Retired	Amount Outstanding June 30, 2021
			Date	Amount					
Charter School Revenue Bonds:	9/1/2018	\$ 14,360,000	9/1/41	\$ 590,000	5.750%				
(University Heights Charter School Project)			3/1/42	-	5.750%				
Series 2018A (Tax Exempt)			6/30/42	-	5.750%				
			9/1/42	625,000	5.750%				
			3/1/43	-	5.750%				
			6/30/43	-	5.750%				
			9/1/43	660,000	5.750%				
			3/1/44	-	5.750%				
			6/30/44	-	5.750%				
			9/1/44	695,000	5.750%				
			3/1/45	-	5.750%				
			6/30/45	-	5.750%				
			9/1/45	735,000	5.750%				
			3/1/46	-	5.750%				
			6/30/46	-	5.750%				
			9/1/46	780,000	5.750%				
			3/1/47	-	5.750%				
			6/30/47	-	5.750%				
			9/1/47	825,000	5.750%				
			3/1/48	-	5.750%				
			6/30/48	-	5.750%				
			9/1/48	870,000	5.750%				
			3/1/49	-	5.750%				
			6/30/49	-	5.750%				
			9/1/49	920,000	5.750%				
			3/1/50	-	5.750%				
			6/30/50	-	5.750%				
			9/1/50	975,000	5.750%				
				<u>14,360,000</u>		\$ 14,360,000	-	-	14,360,000

8

UNIVERSITY HEIGHTS CHARTER SCHOOL
Long-Term Debt
Schedule of Bonds Payable

I-1

Year ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2021		Interest Rate	Amount Outstanding June 30, 2020	Issued	Retired	Amount Outstanding June 30, 2021
			Date	Amount					
Charter School Revenue Bonds: (University Heights Charter School Project) Series 2018B (Taxable)	9/1/2018	\$ 360,000	3/1/2019	-	6.000%				
			6/30/2019	-	6.000%				
			9/1/2019	-	6.000%				
			3/1/2020	-	6.000%				
			6/30/2020	-	6.000%				
			9/1/2020	-	6.000%				
			3/1/2021	-	6.000%				
			6/30/2021	-	6.000%				
			9/1/2021	210,000	6.000%				
			3/1/2022	-	6.000%				
			6/30/2022	-	6.000%				
			9/1/2022	150,000	6.000%				
			6/30/2023	-	6.000%				
				<u>360,000</u>		<u>360,000</u>	<u>-</u>	<u>-</u>	<u>360,000</u>
				<u>\$ 14,720,000</u>		<u>\$ 14,720,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,720,000</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year ended June 30, 2021

I-2

NOT APPLICABLE

UNIVERSITY HEIGHTS CHARTER SCHOOL
Budgetary Comparison Schedule
Debt Service Fund

I-3

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/(Negative) Final to Actual
Revenues					
Interest earned on debt service reserve funds	\$ -	\$ -	\$ -	\$ 138	\$ 138
Total revenues	-	-	-	138	138
Expenditures					
Regular Debt Service:					
Interest - tax exempt bond series 2018A	828,400	(29,256)	799,144	799,144	-
Interest - taxable bond series 2018B	21,600	-	21,600	21,600	-
Other cost - repairs and replacement			46,395	24,000	22,395
Redemption of principal	-	-	-	-	-
Total expenditures	850,000	(29,256)	867,139	844,744	22,395
Excess/(deficiency) of revenues over/ (under) expenditures	(850,000)	29,256	(867,139)	(844,606)	(22,257)
Other financing sources:					
Transfer from General Fund - interest - tax exempt bond series 2018A	828,400	(22,756)	805,644	799,144	6,500
Transfer from General Fund - interest - taxable bond series 2018B	21,600	-	21,600	21,600	-
Transfer from General Fund - repairs and replacement	-	24,000	24,000	24,000	-
	850,000	1,244	851,244	844,744	6,500
Net change in fund balance	-	30,500	(15,895)	138	(15,757)
Fund balance, beginning of year	1,448,354	-	1,448,354	1,418,907	(29,447)
Fund balance, end of year	\$ 1,448,354	\$ 30,500	\$ 1,432,459	\$ 1,419,045	\$ (45,204)

Statistical Section

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ (2,075,007)	\$ (1,791,002)	\$ (1,433,410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,494,045	1,493,907	75,000	-	-	-	-	-	-	-
Unrestricted	(1,354,195)	(2,368,482)	(2,449,733)	(1,429,317)	382,942	1,250,161	1,086,910	1,406,235	1,408,170	1,227,335
Total governmental activities net position	<u>\$ (1,935,157)</u>	<u>\$ (2,665,577)</u>	<u>\$ (3,808,143)</u>	<u>\$ (1,429,317)</u>	<u>\$ 382,942</u>	<u>\$ 1,250,161</u>	<u>\$ 1,086,910</u>	<u>\$ 1,406,235</u>	<u>\$ 1,408,170</u>	<u>\$ 1,227,335</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	(60,076)	-	-	76,784	55,823	95,856	46,947	27,869	28,759
Total business-type activities	<u>\$ -</u>	<u>\$ (60,076)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,784</u>	<u>\$ 55,823</u>	<u>\$ 95,856</u>	<u>\$ 46,947</u>	<u>\$ 27,869</u>	<u>\$ 28,759</u>
School-wide										
Invested in capital assets, net of related debt	\$ (2,075,007)	\$ (1,791,002)	\$ (1,433,410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,494,045	1,493,907	75,000	-	-	-	-	-	-	-
Unrestricted	(1,354,195)	(2,428,558)	(2,449,733)	(1,429,317)	459,726	1,305,984	1,182,766	1,453,182	1,436,039	1,256,094
Total charter school net position	<u>\$ (1,935,157)</u>	<u>\$ (2,725,653)</u>	<u>\$ (3,808,143)</u>	<u>\$ (1,429,317)</u>	<u>\$ 459,726</u>	<u>\$ 1,305,984</u>	<u>\$ 1,182,766</u>	<u>\$ 1,453,182</u>	<u>\$ 1,436,039</u>	<u>\$ 1,256,094</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,536,524	\$ 5,341,546	\$ 6,259,518	\$ 6,757,713	\$ 5,014,827	\$ 4,434,780	\$ 4,787,049	\$ 4,538,387	\$ 2,608,578	\$ 1,931,957
Support Services:										
General administration	7,001,541	6,770,035	6,415,430	5,759,645	5,344,934	3,267,540	1,521,234	2,171,631	1,591,916	1,056,420
School administrative services	4,479,990	4,123,007	4,418,700	3,663,546	2,551,236	3,505,103	2,982,956	2,872,305	928,629	894,196
On-behalf TPAF/FICA Reimbursements	1,748	2,247	875,357	847,106	847,301	7,964	378,801	199,382	168,616	118,741
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	328,064	321,271	321,271	18,322	8,333	8,333	8,333	-	-	-
Total governmental activities expenses	<u>17,347,867</u>	<u>16,558,106</u>	<u>18,290,276</u>	<u>17,046,332</u>	<u>13,766,631</u>	<u>11,223,720</u>	<u>9,678,373</u>	<u>9,781,705</u>	<u>5,297,739</u>	<u>4,001,314</u>
Business-type activities:										
Food service	455,996	490,248	686,316	534,819	347,770	358,586	325,215	342,285	192,167	163,830
Child Care	100	116,706	222,168	286,979	199,151	158,571	35,071	27,277	19,228	9,127
Total business-type activities expense	<u>456,096</u>	<u>606,954</u>	<u>908,484</u>	<u>821,798</u>	<u>546,921</u>	<u>517,157</u>	<u>360,286</u>	<u>369,562</u>	<u>211,395</u>	<u>172,957</u>
Total charter school expenses	<u>\$ 17,803,963</u>	<u>\$ 17,165,060</u>	<u>\$ 19,198,760</u>	<u>\$ 17,868,130</u>	<u>\$ 14,313,552</u>	<u>\$ 11,740,877</u>	<u>\$ 10,038,659</u>	<u>\$ 10,151,267</u>	<u>\$ 5,509,134</u>	<u>\$ 4,174,271</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 3,751,539	\$ 3,697,722	\$ 2,365,492	\$ 2,205,304	\$ 1,591,692	\$ 1,801,250	\$ 1,687,552	\$ 1,999,421	\$ 244,316	\$ 499,521
Capital grants and contributions	5,740	-	-	-	-	-	25,000	-	-	-
Total governmental activities program revenues	<u>3,757,279</u>	<u>3,697,722</u>	<u>2,365,492</u>	<u>2,205,304</u>	<u>1,591,692</u>	<u>1,801,250</u>	<u>1,712,552</u>	<u>1,999,421</u>	<u>244,316</u>	<u>499,521</u>
Business-type activities:										
Charges for services										
Food service	53	8	13	22	32	2,144	15,535	42	10,512	7,484
Child care	1	69,663	238,874	247,149	124,584	179,751	81,341	46,355	26,110	20,411
Operating grants and contributions	348,710	477,207	553,193	406,810	413,478	295,229	312,319	257,536	173,883	154,002
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>348,764</u>	<u>546,878</u>	<u>792,080</u>	<u>653,981</u>	<u>538,094</u>	<u>477,124</u>	<u>409,195</u>	<u>303,933</u>	<u>210,505</u>	<u>181,897</u>
Total charter school program revenues	<u>\$ 4,106,043</u>	<u>\$ 4,244,600</u>	<u>\$ 3,157,572</u>	<u>\$ 2,859,285</u>	<u>\$ 2,129,786</u>	<u>\$ 2,278,374</u>	<u>\$ 2,121,747</u>	<u>\$ 2,303,354</u>	<u>\$ 454,821</u>	<u>\$ 681,418</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue										
Governmental activities	\$ (13,590,588)	\$ (12,860,384)	\$ (15,924,784)	\$ (14,841,028)	\$ (12,174,939)	\$ (9,422,470)	\$ (7,965,821)	\$ (7,782,284)	\$ (5,053,423)	\$ (3,501,793)
Business-type activities	(107,332)	(60,076)	(116,404)	(167,817)	(8,827)	(40,033)	48,909	(65,629)	(890)	8,940
Total charter school-wide net expense	<u>\$ (13,697,920)</u>	<u>\$ (12,920,460)</u>	<u>\$ (16,041,188)</u>	<u>\$ (15,008,845)</u>	<u>\$ (12,183,766)</u>	<u>\$ (9,462,503)</u>	<u>\$ (7,916,912)</u>	<u>\$ (7,847,913)</u>	<u>\$ (5,054,313)</u>	<u>\$ (3,492,853)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,476,405	\$ 1,556,462	\$ 1,543,228	\$ 1,566,801	\$ 1,291,207	\$ 1,245,587	\$ 1,196,699	\$ 1,011,300	\$ 679,360	\$ 552,395
Grants and contributions	13,780,329	13,035,193	12,003,484	11,565,754	9,900,823	8,204,502	8,206,408	6,923,799	4,549,947	3,757,906
Miscellaneous income	28,746	274,859	381,299	72,000	107,356	127,299	13,447	4,957	4,951	6,641
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>15,285,480</u>	<u>14,866,514</u>	<u>13,928,011</u>	<u>13,204,555</u>	<u>11,299,386</u>	<u>9,577,388</u>	<u>9,416,554</u>	<u>7,940,056</u>	<u>5,234,258</u>	<u>4,316,942</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charter school-wide	<u>\$ 15,285,480</u>	<u>\$ 14,866,514</u>	<u>\$ 13,928,011</u>	<u>\$ 13,204,555</u>	<u>\$ 11,299,386</u>	<u>\$ 9,577,388</u>	<u>\$ 9,416,554</u>	<u>\$ 7,940,056</u>	<u>\$ 5,234,258</u>	<u>\$ 4,316,942</u>
Change in Net Position										
Governmental activities	\$ 1,694,892	\$ 2,006,130	\$ (1,996,773)	\$ (1,636,473)	\$ (875,553)	\$ 154,918	\$ 1,450,733	\$ 157,772	\$ 180,835	\$ 815,149
Business-type activities	(107,332)	(60,076)	(116,404)	(167,817)	(8,827)	(40,033)	48,909	(65,629)	(890)	8,940
Total charter school	<u>\$ 1,587,560</u>	<u>\$ 1,946,054</u>	<u>\$ (2,113,177)</u>	<u>\$ (1,804,290)</u>	<u>\$ (884,380)</u>	<u>\$ 114,885</u>	<u>\$ 1,499,642</u>	<u>\$ 92,143</u>	<u>\$ 179,945</u>	<u>\$ 824,089</u>

Source: Charter School's Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-3

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
					<u>2017</u>	<u>2016</u>				
General Fund										
Unreserved	\$ -	\$ 2,183,231	\$ 124,691	\$ 1,843,881	\$ 2,718,968	\$ 2,711,870	\$ 1,976,801	\$ 1,408,170	\$ 1,408,170	\$ 1,227,335
Total general fund	<u>\$ -</u>	<u>\$ 2,183,231</u>	<u>\$ 124,691</u>	<u>\$ 1,843,881</u>	<u>\$ 2,718,968</u>	<u>\$ 2,711,870</u>	<u>\$ 1,976,801</u>	<u>\$ 1,408,170</u>	<u>\$ 1,408,170</u>	<u>\$ 1,227,335</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Charter School's Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-4

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Local tax levy	\$ 1,477,365	\$ 1,556,462	\$ 1,543,228	\$ 1,566,801	\$ 1,291,207	\$ 1,374,500	\$ 1,288,799	\$ 1,419,135	\$ 734,849	\$ 752,345
Miscellaneous	28,746	274,859	397,488	72,000	107,356	127,299	13,447	4,957	4,951	6,641
State sources	15,332,930	14,611,858	13,555,639	13,111,801	10,950,279	9,310,698	9,124,671	7,829,380	4,549,947	3,757,906
Federal sources	2,190,905	2,121,057	813,337	659,257	542,236	566,141	702,189	686,005	188,827	299,571
Total revenue	<u>19,029,946</u>	<u>18,564,236</u>	<u>16,309,692</u>	<u>15,409,859</u>	<u>12,891,078</u>	<u>11,378,638</u>	<u>11,129,106</u>	<u>9,939,477</u>	<u>5,478,574</u>	<u>4,816,463</u>
Expenditures										
Current										
Instruction	5,536,524	5,341,546	6,259,518	6,757,713	5,014,827	4,434,780	4,787,049	4,538,387	2,608,578	1,931,957
Administration	5,483,826	6,221,652	5,682,039	4,852,261	4,440,828	2,695,722	2,459,734	2,171,631	1,591,916	1,056,420
Support Services	4,649,146	4,125,254	5,294,057	4,601,685	3,428,325	3,513,067	3,361,757	3,156,394	1,097,245	1,012,937
Capital Outlay	26,120	-	13,464,408	73,287	-	-	25,000	-	-	-
Debt Service	844,744	873,639	925,982	-	-	-	-	-	-	-
Total expenditures	<u>16,540,360</u>	<u>16,562,091</u>	<u>31,626,004</u>	<u>16,284,946</u>	<u>12,883,980</u>	<u>10,643,569</u>	<u>10,633,540</u>	<u>9,866,412</u>	<u>5,297,739</u>	<u>4,001,314</u>
Excess (deficiency) of revenues										
over (under) expenditures before other financing sources	2,489,586	2,012,145	(15,316,312)	(875,087)	7,098	735,069	495,566	73,065	180,835	815,149
Other financing sources/(uses)										
Transfer to cover food deficit	(167,408)	-	(116,404)	-	-	-	-	-	-	-
Transfer - interest - tax exempt bond series 2018A	(799,144)	(805,644)	-	-	-	-	-	-	-	-
Transfer - interest - taxable bond series 2018B	(21,600)	(21,600)	-	-	-	-	-	-	-	-
Transfer - repairs and replacement reserves	(24,000)	-	-	-	-	-	-	-	-	-
Bond proceeds - tax exempt bond series 2018A	-	-	14,360,000	-	-	-	-	-	-	-
Bond proceeds - taxable bond series 2018B	-	-	360,000	-	-	-	-	-	-	-
Bond proceeds - original issue premium - series 2018A	-	-	441,880	-	-	-	-	-	-	-
Total other financing sources/(uses)	<u>(1,012,152)</u>	<u>(827,244)</u>	<u>15,045,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>1,477,434</u>	<u>1,184,901</u>	<u>(270,836)</u>	<u>(875,087)</u>	<u>7,098</u>	<u>735,069</u>	<u>495,566</u>	<u>73,065</u>	<u>180,835</u>	<u>815,149</u>
Debt service as a percentage of noncapital expenditures	5.12%	5.27%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Charter School's Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-5

General Fund Other Local Revenue by Source
Last Ten Fiscal Years
(Unaudited)

Function	2021	2020	2019	2018	Fiscal Year Ended June 30,		2015	2014	2013	2012
					2017	2016				
Other local revenues										
Miscellaneous	\$ 28,746	\$ 274,859	\$ 381,299	\$ 72,000	\$ 107,356	\$ 127,299	\$ 13,447	\$ 4,957	\$ 4,951	\$ 6,641
Total other local revenue	<u>\$ 28,746</u>	<u>\$ 274,859</u>	<u>\$ 381,299</u>	<u>\$ 72,000</u>	<u>\$ 107,356</u>	<u>\$ 127,299</u>	<u>\$ 13,447</u>	<u>\$ 4,957</u>	<u>\$ 4,951</u>	<u>\$ 6,641</u>

Source: Charter School's Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-10

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities						Type Activities	Total Charter School	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Long Term Loans	Short Term Loans	Capital Leases			
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	-	-	-	-	-	0.00%	-
2014	-	-	-	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	-	-	0.00%	-
2019	14,720,000	-	-	-	-	-	-	14,720,000	0.09%	245
2020	14,720,000	-	-	-	-	-	-	14,720,000	0.09%	245
2021	14,720,000	-	-	-	-	-	-	14,720,000	0.09%	245

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-14

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	277,574	\$ 15,378,709,896	\$ 55,404	15.00%
2013	278,121	15,489,114,732	55,692	15.00%
2014	278,936	16,267,268,584	58,319	15.00%
2015	279,636	16,786,549,080	60,030	15.00%
2016	280,681	16,849,280,430	60,030	7.90%
2017	281,237	16,882,657,110	60,030	7.90%
2018	281,752	16,913,572,560	60,030	7.90%
2019	281,752	16,913,572,560	60,030	7.90%
2020	281,752	16,913,572,560	60,030	7.90%
2021	281,752	16,913,572,560	60,030	7.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

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

^c Personal capital income by municipality estimated based upon the 2010 Cesus published by the US Bureau of Economic Analysis.

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

J-15

2021

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Newark-Economy.html>

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-16

Full-Time Equivalent Charter School Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
<u>Function/Program</u>	<u>2021</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										
Regular	55	55	53	53	53	50	47	42	26	19
Special education	9	9	9	9	9	8	8	7	5	3
Vocational										
Other instruction	20	20	20	20	20	19	17	17	8	6
Support Services:										
Student & instruction related services	6	6	6	6	6	6	6	6	3	
General administration	1	1	1	1	1	1	1	5	2	3
School administrative services	5	5	5	5	5	5	5	7	3	
Other administrative services										
Central services	4	4	4	4	4	4	4	2	2	
Administrative Information Technology	3	3	3	3	3	3	3	1	1	
Plant operations and maintenance	6	6	6	6	6	6	6	2	1	4
Pupil transportation										
Other support services	5	5	5	5	5	5	5	4	5	4
Special Schools										
Food Service	2	2	2	2	2	2	2	2	2	2
After Care	4	4	4	4	4	4	4	1	2	2
Total	<u>120</u>	<u>120</u>	<u>118</u>	<u>118</u>	<u>118</u>	<u>113</u>	<u>108</u>	<u>96</u>	<u>60</u>	<u>43</u>

Source: Charter School Personnel Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-17

Operating Statistics

**Last Ten Fiscal Years
(Unaudited)**

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
						Kindergarten	Elementary				
2012	287	\$ 4,001,314	\$ 13,942	14.30%	28	1:12	1:12	287	274	28.70%	95.00%
2013	335	5,297,739	15,814	32.40%	39	1:12	1:12	335	315	16.72%	94.03%
2014	540	9,866,412	18,271	86.24%	66	1:12	1:12	543	520	62.09%	94.03%
2015	612	10,608,540	17,334	7.52%	66	1:12	1:12	618	580	13.81%	94.03%
2016	644	12,778,535	19,842	20.46%	77	1:12	1:12	618	580	0.00%	93.85%
2017	706	12,883,980	18,249	0.83%	82	1:12	1:12	700	665	13.27%	95.00%
2018	867	16,211,659	18,699	25.83%	82	1:12	1:12	859	803	22.71%	93.50%
2019	942	17,352,018	18,420	7.03%	82	1:12	1:12	938	891	9.20%	95.00%
2020	863	16,552,091	19,180	-4.61%	84	1:12	1:12	853	819	-9.06%	96.00%
2021	856	16,514,240	19,292	-0.23%	84	1:12	1:12	822	769	-3.63%	93.55%

Sources: Charter School records

Note: Enrollment based on annual June 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).

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-18

School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	<u>2021</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>
Square Feet	62,747	62,747	50,747	50,747	50,747	50,753	50,753	50,753	35,753	35,753
Capacity (students)	1,000	1,000	1,000	900	900	700	600	600	350	324
Enrollment	856	863	942	867	706	644	612	540	335	287

Source: School Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-19

Schedule of Required Maintenance Expenditures
By School Facility
Last Ten Fiscal Years
(Unaudited)

2012	\$ 58,007
2013	58,007
2014	58,007
2015	60,907
2016	63,952
2017	67,150
2018	70,508
2019	74,033
2020	77,735
2021	81,622
	-
Total	<u><u>\$ 669,928</u></u>

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

Source: Charter School records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-20

Insurance Schedule

June 30, 2021
(Unaudited)

	<u>Coverage</u>	
Commercial property and general liability:		
Property:		
Business Personal Property	\$ 967,500	
Blanket Hardware/Software	500,000	
Boiler & Machinery - property Damage & Extra Expense	100,000,000	
Boiler & Machinery - property Damage & Extra Expense	1,000	Deductible
Crime		
Public Employee Dishonesty	100,000	
Loss of money & Securities	50,000	
Money Orders & Counterfeit	50,000	
Forgery Or Alteration	50,000	
Computer Fraud	50,000	
	1,000	Deductible
Errors & Omissions Liability:		
Coverage A:		
Limit of Liability each policy period	16,000,000	
Limit of Liability each policy period	5,000	Deductible
Coverage B:		
Limit each claim	100,000	
Limit each policy period	300,000	
Limit each claim	5,000	Deductible
General Liability:		
Each Occurrence	16,000,000	
Sexual Abuse per occurrence	16,000,000	
Sexual Abuse annual pool aggregate	17,000,000	
Personal & Advertising Injury per occurrence	16,000,000	
Personal & Advertising Injury annual aggregate	16,000,000	
Employee Benefits	16,000,000	
Medical Payment	10,000	
Business Auto:		
Hired and Non-Owned Auto Liability	16,000,000	
Workman's Compensation:		
Bodily Injury by Accident	2,000,000	Each Accident
Bodily Injury by Disease	2,000,000	Each Employee
Bodily Injury by Disease	2,000,000	Aggregate Limit
Student Accident:		
Standard Plan Excluding Interscholastic Athletics	Full Excess	
Public Officials Bonds:		
Board Secretary/School Business Administrator	240,000	
Treasurer of School Monies	240,000	

Source: Charter School Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-21

Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2021
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 4,482,755	\$ 2,816,135	\$ 335,804
Current assets	1,147,649	1,013,799	648,998
Capital assets, net			
Total assets	5,630,404	3,829,934	984,802
Current liabilities	1,085,520	1,782,693	935,417
Long term liabilities			
Total liabilities	1,085,520	1,782,693	935,417
Net position	\$ 4,544,884	\$ 2,047,241	\$ 49,385
Total revenue	\$ 19,391,523	\$ 19,111,114	\$ 17,085,583
Total expenses	(18,631,027)	(17,998,624)	(19,594,374)
Change in net position	\$ 760,496	\$ 1,112,490	\$ (2,508,791)
Depreciation expense	\$ 328,064	\$ 321,271	\$ 321,271
Interest expense	820,744	827,244	395,614
Principal payments	-	-	-
Interest payments	820,744	827,244	395,614
Final average daily enrollment	856	863	942
March 30th budgeted enrollment	950	950	950

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	5.19	2.15	1.05	8.39
Unrestricted days cash	87.82	57.11	6.26	151.19
Enrollment variance	90%	91%	99%	93%
Default	No	No	No	No

Source: Charter School Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

J-22

Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2021
(Unaudited)

	2021	2020	2019
Cash	\$ 4,482,755	\$ 2,816,135	\$ 335,804
Current assets	1,147,649	1,013,799	648,998
Capital assets, net	-	-	-
Total assets	<u>5,630,404</u>	<u>3,829,934</u>	<u>984,802</u>
Current liabilities	1,085,520	1,782,693	935,417
Long term liabilities	-	-	-
Total liabilities	<u>1,085,520</u>	<u>1,782,693</u>	<u>935,417</u>
Net position	<u>\$ 4,544,884</u>	<u>\$ 2,047,241</u>	<u>\$ 49,385</u>
Total revenue	\$ 19,391,523	\$ 19,111,114	\$ 17,085,583
Total expenses	(18,631,027)	(17,998,624)	(19,594,374)
Change in net position	<u>\$ 760,496</u>	<u>\$ 1,112,490</u>	<u>\$ (2,508,791)</u>

Depreciation expense	\$ 328,064	\$ 321,271	\$ 321,271
Interest expense	820,744	827,244	395,614
Principal payments	-	-	-
Interest payments	820,744	827,244	395,614
	-	-	-
Final average daily enrollment	856	863	942
March 30th budgeted enrollment	950	950	950

	2021	2020	2019	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	3.9%	5.8%	-14.7%	94.0%
Liabilities to asset	0.19	0.47	0.95	0.36
Cash flow	\$ 1,666,620	\$ 2,480,331	\$ (1,253,320)	\$ 2,893,631
Debt service coverage ratio	2.326	2.733	(4.529)	1.75

Source: Charter School Records

Single Audit Section

Olugbenga Olabintan

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K-1

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Chairperson and
Members of the Board of Trustees
University Heights Charter School
County of Essex
Newark, New Jersey

We have audited, 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 Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the University Heights Charter School ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2021, 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 31, 2022.

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. However, material weaknesses may exist that have not been identified.

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*.

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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Olugbenga Olabintan, CPA

January 31, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

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K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB*

The Honorable Chairperson and
Members of the Board of Trustees
University Heights Charter School
County of Essex,
Newark, New Jersey

Compliance

We have audited the University Heights Charter School, in the County of Essex, State of New Jersey ("the Charter School") compliance with the types of requirements described in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2021. 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 programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; the audit 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 Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a 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 compliance for each major federal and state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, 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 the 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 federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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.

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, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose.

Olugbenga Olabintan, CPA

January 31, 2022
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant

A handwritten signature in black ink, appearing to read 'Olugbenga Olabintan', with a stylized flourish at the end.

Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

UNIVERSITY HEIGHTS CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grant/ Program Title	Federal C.F.D.A No.	Federal Identification No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	\$ 597,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,433	\$ (597,013)	\$ -	\$ (143,580)	\$ -	\$ -
Title I Reallocated - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	21,232	-	-	-	-	-	-	(21,232)	-	(21,232)	-	-
Title I SIA, Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	120,900	-	-	-	-	-	78,130	(120,900)	-	(42,770)	-	-
IDEA Part B - FY 2020-2021	84.027	H027A200100	7/1/20-9/30/21	197,931	-	-	-	-	-	72,976	(132,609)	-	(59,633)	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	444,804	-	-	-	-	-	195,328	(421,764)	-	(226,436)	-	-
Bridging Digital Divide	84.425D	S425D200027	7/16/20-10/31/20	24,725	-	-	-	-	-	24,725	(24,725)	-	-	-	-
Total for U.S. Department of Education, Pass-Through Programs					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,592</u>	<u>(1,318,243)</u>	<u>-</u>	<u>(493,651)</u>	<u>-</u>	<u>-</u>
U.S. Homeland Security, Pass-Through Program:															
FEMA Public Assistance	97.036	Not Available	7/1/20-9/30/21	24,371	-	-	-	-	-	-	(24,371)	-	(24,371)	-	-
Total for U.S. Homeland Security, Pass-Through Program					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,371)</u>	<u>-</u>	<u>(24,371)</u>	<u>-</u>	<u>-</u>
U.S. Department of Treasury, Pass-Through Program:															
Passed-Through State of New Jersey Department of Education															
Coronavirus Relief Fund Grant	21.019	SLT0228	9/1/20-12/31/20	111,119	-	-	-	-	-	111,119	(111,119)	-	-	-	-
Total for U.S. Department of Treasury, Pass-Through Program					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,119</u>	<u>(111,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Small Business Administration, Direct Program:															
Paycheck Protection Program	59.073	Not Available	4/1/20-12/31/21	1,914,770	-	737,172	-	-	-	-	(737,172)	-	-	-	-
Total for U.S. Small Business Administration, Direct Program					<u>-</u>	<u>737,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(737,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund					<u>-</u>	<u>737,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>935,711</u>	<u>(2,190,905)</u>	<u>-</u>	<u>(518,022)</u>	<u>-</u>	<u>-</u>
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	203,628	-	-	-	-	-	186,825	(203,628)	-	(16,803)	-	-
National School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	129,735	-	-	-	-	-	118,977	(129,735)	-	(10,758)	-	-
Healthy, Hunger Free Kids Act (HHFKA)	10.555	211NJ304N1099	7/1/20-6/30/21	4,038	-	-	-	-	-	3,705	(4,038)	-	(333)	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,507</u>	<u>(337,401)</u>	<u>-</u>	<u>(27,894)</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards					<u>\$ -</u>	<u>\$ 737,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,245,218</u>	<u>\$ (2,528,306)</u>	<u>\$ -</u>	<u>\$ (545,916)</u>	<u>\$ -</u>	<u>\$ -</u>
Less Amounts Not Subject to Single Audit:															
Paycheck Protection Program											<u>737,172</u>				
Total Expenditures of Federal Awards Subject to Single Audit											<u>(1,791,134)</u>				

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

UNIVERSITY HEIGHTS CHARTER SCHOOL

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2019	Deferred Revenue at June 30, 2019	Due to Grantor at June 30, 2019	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2020	Deferred Revenue at June 30, 2020	Due to Grantor at June 30, 2020
State Department of Education														
General Fund:														
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	\$ 9,893,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,893,242	\$ (9,731,621)	\$ -	\$ (81,723)	\$ -	\$ 79,898
Equalization Aid	20-495-034-5121-078	7/1/19-6/30/20	10,403,908	(27,101)	-	511,522	-	-	27,101	-	(511,522)	-	-	-
Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	367,507	-	-	-	-	-	367,507	(367,507)	-	-	-	-
Security Aid	21-495-034-5121-084	7/1/20-6/30/21	390,455	-	-	-	-	-	390,455	(390,455)	-	-	-	-
District Local Payroll Tax Transfer	21-495-034-5121-078	7/1/20-6/30/21	2,784	-	-	-	-	-	2,784	(2,784)	-	-	-	-
State Adjustment Aid	21-100-034-5121-085	7/1/20-6/30/21	2,876,131	-	-	-	-	-	2,876,131	(2,876,131)	-	-	-	-
Non PublicAid	21-100-034-5120-509	7/1/20-6/30/21	56,996	-	-	-	-	-	56,996	(56,996)	-	-	-	-
TPAF/FICA Reimbursements	21-495-034-5094-003	7/1/20-6/30/21	331,774	-	-	-	-	-	315,905	(331,774)	-	(15,869)	-	-
TPAF Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	318,804	-	-	-	-	-	318,804	(318,804)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	21-495-034-5094-002	7/1/20-6/30/21	1,017,293	-	-	-	-	-	1,017,293	(1,017,293)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insuran	21-495-034-5094-004	7/1/20-6/30/21	1,748	-	-	-	-	-	1,748	(1,748)	-	-	-	-
Total General Fund				<u>(27,101)</u>	<u>-</u>	<u>511,522</u>	<u>-</u>	<u>-</u>	<u>15,267,966</u>	<u>(15,095,113)</u>	<u>(511,522)</u>	<u>(97,592)</u>	<u>-</u>	<u>79,898</u>
Special Revenue Fund:														
Preschool Education Aid	21-495-034-5121-086	7/1/20-6/30/21	1,552,601	-	-	-	-	-	1,552,601	(1,552,601)	-	-	-	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,552,601</u>	<u>(1,552,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Department of Education				<u>(27,101)</u>	<u>-</u>	<u>511,522</u>	<u>-</u>	<u>-</u>	<u>16,820,567</u>	<u>(16,647,714)</u>	<u>(511,522)</u>	<u>(97,592)</u>	<u>-</u>	<u>79,898</u>
State Department of Agriculture														
Enterprise Fund:														
State School lunch program	21-100-010-3350-023	7/1/20-6/30/21	11,309	-	-	-	-	-	10,095	(11,309)	-	(1,214)	-	-
Total Sate Department of Agriculture/Enterprise Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,095</u>	<u>(11,309)</u>	<u>-</u>	<u>(1,214)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ (27,101)</u>	<u>\$ -</u>	<u>\$ 511,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,830,662</u>	<u>(16,659,023)</u>	<u>\$ (511,522)</u>	<u>\$ (98,806)</u>	<u>\$ -</u>	<u>\$ 79,898</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										318,804				
TPAF Pension Contribution - Normal & NCGI										1,017,293				
TPAF Pension Contribution - Long-Term Disability Insurance										1,748				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$(15,321,178)</u>				

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

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)**

**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021**

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance of the Charter School. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made. The general fund is presented in the accompanying schedules on the modified accrual 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. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

3. Relationship to Basic Financial Statements - *continued*

Federal awards and state financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	\$ 15,095,113	\$ 15,095,113
Special Revenue Fund	2,190,905	1,552,601	3,743,506
Enterprise Fund	337,401	11,309	348,710
Total	<u>\$ 2,528,306</u>	<u>\$ 16,659,023</u>	<u>\$ 19,187,329</u>

4. Relationship to Federal and State Financial Reports

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

5. Other Information

TPAF Social Security contribution in the amount of \$331,774 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium in the amount of \$1,337,845 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2021.

6. Paycheck Protection Program Not Subject to Federal Single Audit

The Paycheck Protection Program (PPP) is administered by the US Small Business Administration (SBA) which has indicated that the PPP is not subject to single audit under the Federal Uniform Guidance. The PPP fund received by the Charter School is therefore excluded from federal major program determination. The Schedule of Expenditures of Federal Awards provides a reconciliation of federal expenditure reported in the Charter School's financial statements and the amount subject to federal single audit and major program determination.

7. On Behalf Programs Not Subject to State Single Audit

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

8. 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:

Material weaknesses identified? _____ Yes ☒ No

Significant deficiencies identified? _____ Yes ☒ None reported

Noncompliance material to financial statements noted? _____ Yes ☒ No

Federal Awards:

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

Internal control over major programs:

Material weaknesses identified? _____ Yes ☒ No

Significant deficiencies identified? _____ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010190030	Title I, Part A
84.010A	S010190030	Title I, Reallocated
84.010A	S010190030	Title I, SIA
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D200027	Bridging Digital Divide
21.019	SLT0228	Coronavirus Relief Fund Grant
10.555	201NJ304N1099	National School Lunch Program - Cluster
10.555	201NJ304N1099	Healthy, Hunger Free Kids Act - Cluster
10.555	201NJ304N1099	National School Breakfast Program - Cluster

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

Auditee qualifies as low-risk auditee? ☒ yes _____ No

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? ☒ yes ☐ No

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

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(cies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circulars 15-08 as applicable? ☐ Yes ☒ No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
21-495-034-5120-078	Equalization Aid
21-495-034-5120-089	Special Education Aid
21-495-034-5120-084	Security Aid
21-495-034-5120-085	State Adjustment Aid
21-495-034-5120-086	Preschool Education Aid

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part II – Schedule of Financial Statement Findings

NONE

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Part III – Schedule of Federal Awards and State Financial Assistance

NONE

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2021

There were no prior year's audit findings.