



UNIVERSITY
HEIGHTS
CHARTER SCHOOL

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**PREPARED BY
UNIVERSITY HEIGHTS CHARTER SCHOOL**

UNIVERSITY HEIGHTS CHARTER SCHOOL

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74 HARTFORD STREET NEWARK, NEW JERSEY 07103 TEL: 973-623-1965 FAX: 973-623-8511 WWW.UHCS-NEWARK.ORG

January 31, 2023

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 Annual Comprehensive Financial Report of the University Heights Charter School (the “Charter School” or “UHCS”) for the fiscal year ended June 30, 2022.

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 Annual Comprehensive 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 was 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 was open to all Newark students on a space available basis and did 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.

By the end of 2021-2022 school year the Charter School had a student enrollment of 668 (including 112 in Pre-K).

It should be noted that by their letter dated June 1, 2022, the New Jersey State Commissioner of Education revoked the school's charter and directed the Charter School to cease operations as of June 30, 2022.

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 Revocation**

- **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 submitted a comprehensive remedial plan to address the issues identified by the Commissioner in the probation letter.
- **Charter Revocation:** *However, by their letter dated June 1, 2022, the New Jersey State Commissioner of Education revoked the school's charter and directed the Charter School to cease operations as of June 30, 2022.*

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 2021-2022 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, 2022 fiscal year:

**Summary of the General Fund,
Special Revenue Fund and Debt Service Fund Revenues**

Revenue	2022	2021	Increase/ (decrease)	% Change
Local sources	\$ 1,415,858	\$ 1,506,249	\$ (90,391)	-6.00%
State sources	15,441,810	15,332,930	108,880	0.71%
Federal sources	2,229,176	2,190,905	38,271	1.75%
Total revenue	<u>\$ 19,086,844</u>	<u>\$ 19,030,084</u>	<u>\$ 56,760</u>	<u>0.30%</u>

The Charter School experienced an insignificant increase in revenue of 0.3%.

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, 2022:

Summary of the General Fund, Special Revenue Fund and Debt Service Fund Expenditures				
Expenditures	2022	2021	Increase/ (decrease)	% Change
Instruction	\$ 6,108,270	\$ 5,536,524	\$ 571,746	10.33%
Administrative	6,284,199	5,483,826	800,373	14.60%
Support	4,750,829	4,481,738	269,091	6.00%
Debt service	1,380,204	844,744	535,460	63.39%
Capital outlay	-	26,120	(26,120)	-100.00%
Total expenditures	<u>\$ 18,523,502</u>	<u>\$ 16,372,952</u>	<u>\$ 2,150,550</u>	<u>13.13%</u>

The Charter School’s expenditures decreased by 13.13% which was due to the significant COVID-19 spending during the year ended June 30, 2022.

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.

It should be noted that by their letter dated June 1, 2022, the New Jersey State Commissioner of Education revoked the school’s charter and directed the Charter School to cease operations as of June 30, 2022.

11) Acknowledgments

We recognize and appreciate all of the factors that led to the revocation of our charter during our fifth year of operations. I take this opportunity to wish everybody the very best in the future.

Respectively submitted

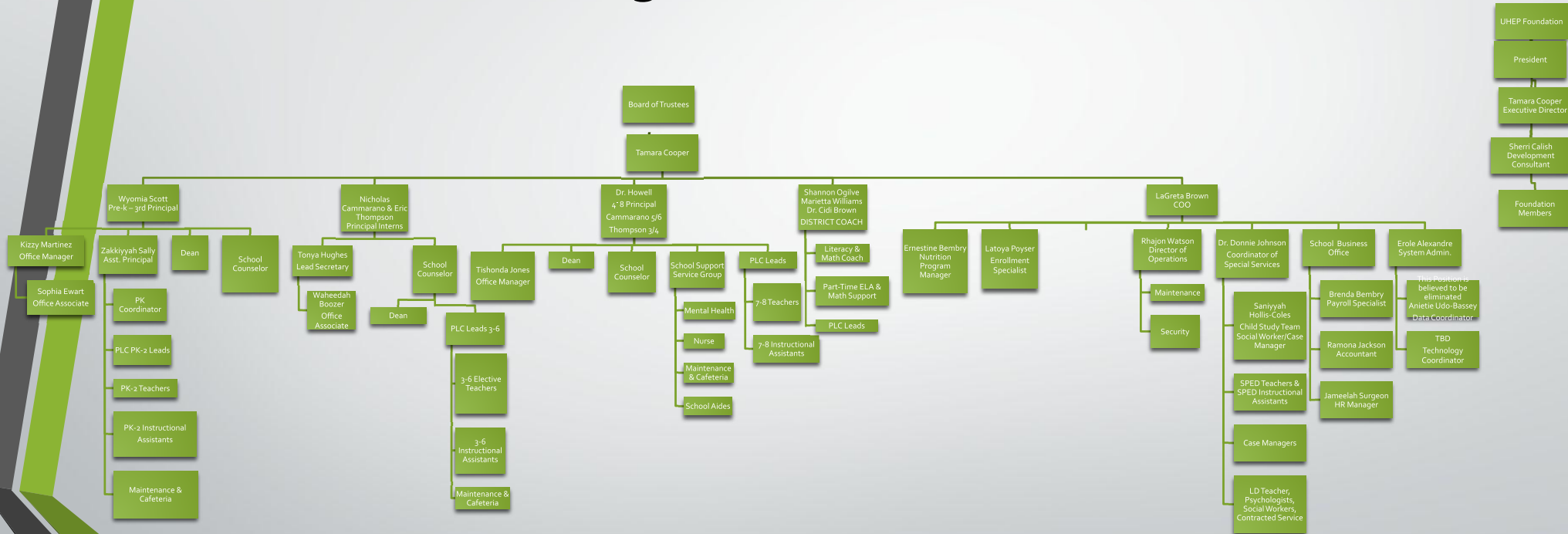
Ana Pfalzgraf

Ana Pfalzgraf
Board Secretary/School Business Administrator



UNIVERSITY
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CHARTER SCHOOL

Organization Chart



UNIVERSITY HEIGHTS CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS

JUNE 30, 2022

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 through June 30, 2022

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

Ms. Ramona Jackson, Assistant School Business Administrator

Ms. Zakkiiyah 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

Johnston Law Firm LLC
75 Midland Avenue Suite 1
Montclair, NJ 07042

Dissolution Trustee

David C. Hespe, Esq.
Dissolution Trustee
Porzio, Bromberg & Newman
100 Southgate Parkway
P. O. Box 1997
Morristown, NJ 07962-1997
Tel: (973) 889-4102
Mobile: (732) 784-0582
E-Mail: DCHespe@pbnlaw.com

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

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

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 Audit of Financial Statements

Opinion

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, 2022, 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.

Basis for Disclaimer of Opinion

New Jersey Administrative Code, Title 6A Chapter 6A:23A-15 establishes that charter schools are required to conduct enrollment counts on October 15 and the last day of school year. The annual auditors are required to conduct an audit of the two enrollment counts.

As part of our audit we were required to conduct an audit of the two enrollment counts – October 15, 2021 and the last day of the school year in June 2022. The enrollment counts audit also included a review of the food program eligibility form for each student. All of the food program eligibility forms were not available for our audit. Further, special education folders for the special education students were not available for our audit. It is pertinent to note that the school's charter was revoked and it ceased operation as of June 30, 2022. This led to the return of all enrollment related documents to the respective resident districts of all students prior to June 30, 2022. Therefore, the documents were not available for the audit which was scheduled after June 30, 2022.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Revocation of Charter - Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared on the basis that the Charter School ceased academic operations effective June 30, 2022, and will no longer continue as a going concern. Pursuant to State of New Jersey Statutes (N.J.S.A.18A:36A-17 and N.J.A.C 6A:11-2.3(b)) the charter for University Heights Charter School was revoked by the New Jersey Commissioner of Education effective June 30, 2022. The factors leading to the charter revocation are fully discussed in Note 16 to this Annual Comprehensive Financial Report. As a consequence of the revocation, the charter school was directed to cease operations.

Emphasis of Matter

During the fiscal year ended June 30, 2022, the Charter School adopted Governmental Accounting Standards Board (GASB) Statement No 87, *Leases*, which modifies the accounting treatment of leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 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 solely 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 effectiveness of the Charter School's 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, 2023
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, 2022
(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, 2022. 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.

Cessation of Operations

Pursuant to State of New Jersey Statutes (N.J.S.A.18A:36A-17 and N.J.A.C 6A:11-2.3(b)) the charter for University Heights Charter School was revoked by the New Jersey Commissioner of Education effective June 30, 2022. The factors leading to the charter revocation are fully discussed in Note 16 to this Annual Comprehensive Financial Report. As a consequence of the revocation, the charter school was directed to cease operations.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- The year ended June 30, 2022 was the Charter School's sixteenth year of operations. It is pertinent to note that the Charter School's charter was revoked by the New Jersey Commissioner of Education effective June 30, 2022. The factors leading to the charter revocation are fully discussed in Note 16 to this Annual Comprehensive Financial Report. As a consequence of the revocation, the charter school was directed to cease operations.
- Net position of governmental activities ended the fiscal year with a negative amount – (\$1,421,030). 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 \$15,279,772 in revenue or 78 percent of total revenues of \$19,659,698. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$4,379,926 or 22 percent of total revenues.
- The Charter School had \$18,431,865 in expenses related to governmental activities; \$3,801,090 of these expenses is offset by operating grants and contributions. General revenues (primarily State aid) of \$15,144,902 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2022, of \$5,477,733.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(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, 2022
(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 2022?" 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, 2022
(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 \$1,421,030 at the close of 2022. 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, 2022
(Unaudited)

The Charter School as a Whole - *continued*

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 7,515,880	\$ 7,373,793	\$ 49,090	\$ 274,449	\$ 7,564,970	\$ 7,648,242
Capital assets, net	12,259,405	12,569,147	-	-	12,259,405	12,569,147
Deferred outflows of resources	2,955,488	4,723,143	-	-	2,955,488	4,723,143
Total assets	22,730,773	24,666,083	49,090	274,449	22,779,863	24,940,532
Liabilities						
Current liabilities	15,371,639	811,071	49,090	274,449	15,420,729	1,085,520
Long term liabilities	4,671,812	22,569,255	-	-	4,671,812	22,569,255
Deferred inflows of resources	4,108,352	3,220,914	-	-	4,108,352	3,220,914
Total liabilities	24,151,803	26,601,240	49,090	274,449	24,200,893	26,875,689
Net Position						
Invested in capital assets (net of related debt)	(2,181,069)	(2,075,007)	-	-	(2,181,069)	(2,075,007)
Restricted for cash escrow	75,000	75,000	-	-	75,000	75,000
Unrestricted, designated	1,106,982	1,419,045	-	-	1,106,982	1,419,045
Unrestricted	(421,943)	(1,354,195)	-	-	(421,943)	(1,354,195)
Total net position	\$ (1,421,030)	\$ (1,935,157)	\$ -	\$ -	\$ (1,421,030)	\$ (1,935,157)

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 surplus of \$1,421,030, i.e. total liabilities exceeded total assets by that amount as of June 30, 2022.

The table that follows reflects the change in net position for fiscal year 2022.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

The Charter School as a Whole - *continued*

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$31	\$54	\$31	\$54
Operating grants and Contributions	3,801,090	3,757,279	578,805	348,710	4,379,895	4,105,989
Total Program Revenues	3,801,090	3,757,279	578,836	348,764	4,379,926	4,106,043
General Revenues:						
Local Aid	1,150,793	1,476,405	-	-	1,150,793	1,476,405
Federal and State Aid	13,869,896	13,780,329	-	-	13,869,896	13,780,329
Miscellaneous	259,083	28,746	-	-	259,083	28,746
Transfers	(134,870)	(167,408)	134,870	167,408	-	-
Total general Revenues	15,144,902	15,118,072	134,870	167,408	15,279,772	15,285,480
Total Revenues	18,945,992	18,875,351	713,706	516,172	19,659,698	19,391,523
Expenses:						
Instructions	6,108,270	5,536,524	-	-	6,108,270	5,536,524
Administrative & Support Services	-	-	-	-	-	-
Debt service	10,861,329	11,483,279	-	-	10,861,329	11,483,279
Unallocated depreciation	1,152,524	827,064	-	-	1,152,524	827,064
Food Service	309,742	328,064	-	-	309,742	328,064
After Care Program	-	-	713,706	455,996	713,706	455,996
Total Expenses	-	-	-	100	-	100
	18,431,865	18,174,931	713,706	456,096	19,145,571	18,631,027
Change in Net Position	\$ 514,127	\$ 700,420	\$ -	\$ 60,076	\$ 514,127	\$ 760,496

The total net position of the Charter School increased by \$514,127 during the current fiscal year ended June 30, 2022. The majority of the increase is attributable to an increase of \$514,127 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, 2022.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

Governmental Activities - *continued*

	Total Cost of Services	Net Cost of Services
Instruction	\$ 6,108,270	\$ 3,848,032
Administrative & Support Services	10,861,329	9,320,477
Debt Service	1,152,524	1,152,524
Unallocated Depreciation	309,742	309,742
Total Expenses	\$ 18,431,865	\$ 14,630,775

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 \$713,706 (including board contributions of \$134,870) and operating expenses of \$713,706 for fiscal year 2022. During the year ended June 30, 2022, the food program recorded a current year net deficit of \$(134,870 which was funded by a Board Contribution of the same amount. It should be noted that the Charter School charter was revoked effective June 30, 2022.

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 \$19,086,844 and expenditures of \$18,523,502.

The Charter School's budget was prepared according to New Jersey law and was 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 2022, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems were designed to tightly control total budget, but provided flexibility for Charter School's management teams.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

The State of New Jersey reimbursed the Charter School \$353,199 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members. The State also paid \$1,240,913 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 2022, the Charter School had \$12,259,405 invested in capital assets in its governmental activities.

Long-term liabilities

At June 30, 2022, the Charter School had \$14,510,000 in long-term debt all of which was due within a year as a consequence of the charter revocation effective June 30, 2022. The Charter School had \$4,671,812 and \$7,495,750 at June 30, 2022 and 2021, 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.

Dissolution Plan

Pursuant to State of New Jersey Statutes (N.J.S.A.18A:36A-17 and N.J.A.C 6A:11-2.3(b)) the charter for University Heights Charter School was revoked by the New Jersey Commissioner of Education effective June 30, 2022. The factors leading to the charter revocation are fully discussed in Note 16 to this Annual Comprehensive Financial Report. As a consequence of the revocation, the charter school was directed to cease operations. In June 2022, the board of Trustees approved a Dissolution Plan as prescribed by the New Jersey Department of Education. The terms of the Plan call for the complete cessation of all academic activities and the disposition of all capital assets owned by the Charter School including the remaining unexpired term of equipment leases.

In addition, an independent trustee, the law offices of Commissioner David C. Hesper, Esq. was appointed by the Board to oversee the dissolution including but not limited to, the collection of amounts due the Charter School, payment of outstanding liabilities and expenses owed by the Charter School, assistance with the final audit of the fiscal year ended June 30, 2022 and to issue a report to the Charter School's post June 30, 2022 dissolution activities.

UNIVERSITY HEIGHTS CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2022
(Unaudited)

The financial statements reflect all known adjustments to reflect the cessation of operations effective June 30, 2022. There may be adjustments that could result from the actual outcome of the dissolution that could affect the reported amounts of assets, liabilities, revenue and expenses.

Furniture, Equipment and Textbooks

According to the Plan, an inventory of all useable furniture, equipment and textbooks was taken and valued. The Dissolution Trustee sold the furniture, equipment and textbooks which generated some revenue the entire amount of which was collected after June 30, 2022.

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:

David C. Hespe, Esq.
Dissolution Trustee
Porzio, Bromberg & Newman
100 Southgate Parkway
P. O. Box 1997
Morristown, NJ 07962-1997
Tel: (973) 889-4102
Mobile: (732) 784-0582
E-Mail: DCHespe@pbnlaw.com

AND

School Business Office LLC
158 South Main Street
Hightstown, New Jersey, 08520
Tel: (732) 631-4009
E-Mail: bfalkowski@sboffice.com

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, 2022.

UNIVERSITY HEIGHTS CHARTER SCHOOL

A-1

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,576,237	\$ 8,061	\$ 4,584,298
Restricted cash and cash equivalents	1,085,537	-	1,085,537
Accounts receivable	914,426	41,029	955,455
Other current assets	497,019	-	497,019
Interfund receivables	49,090	-	49,090
Bond issuance cost (net of accumulated amortization of \$143,117)	393,571	-	393,571
Capital assets (net of accum deprec of \$1,323,670)	12,259,405	-	12,259,405
Right-to-use lease asset, (net of accumulated amortization of \$-0-)	-	-	-
Total assets	<u>19,775,285</u>	<u>49,090</u>	<u>19,824,375</u>
Deferred outflows of resources			
Pension deferred outflows	<u>2,955,488</u>	<u>-</u>	<u>2,955,488</u>
Total assets and deferred outflows of resources	<u>\$ 22,730,773</u>	<u>\$ 49,090</u>	<u>\$ 22,779,863</u>
Liabilities			
Accounts payable and accrued expenses	\$ 460,658	\$ -	\$ 460,658
Intergovernmental payables - other	15,518	-	15,518
Deferred revenue	61,418	-	61,418
Interfunds payables	-	49,090	49,090
Unearned premium on bond issue (net of accumulated amortization of \$117,835)	324,045	-	324,045
Current portion of long term obligations	14,510,000	-	14,510,000
Noncurrent portion of long term obligations	-	-	-
Net pension liability	4,671,812	-	4,671,812
Lease liabilities	-	-	-
Total liabilities	<u>20,043,451</u>	<u>49,090</u>	<u>20,092,541</u>
Deferred inflows of resources			
Pension deferred inflows	<u>4,108,352</u>	<u>-</u>	<u>4,108,352</u>
Total liabilities and deferred inflows of resources	<u>24,151,803</u>	<u>49,090</u>	<u>24,200,893</u>
Net position			
Invested in capital assets	(2,181,069)	-	(2,181,069)
Restricted	1,181,982	-	1,181,982
Unrestricted, undesignated	<u>(421,943)</u>	<u>-</u>	<u>(421,943)</u>
Total net position	<u>(1,421,030)</u>	<u>-</u>	<u>(1,421,030)</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 22,730,773</u>	<u>\$ 49,090</u>	<u>\$ 22,779,863</u>

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

UNIVERSITY HEIGHTS CHARTER SCHOOL

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Statement of Activities

Year ended June 30, 2022

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	\$ 6,108,270	\$ -	\$ 2,260,238	\$ (3,848,032)	\$ -	\$ (3,848,032)
Administrative & Support services:						
General administration	6,110,500	-	-	(6,110,500)	-	(6,110,500)
Support services	4,750,829	-	1,540,852	(3,209,977)	-	(3,209,977)
Debt service:						
Interest	814,444	-	-	(814,444)	-	(814,444)
Amortization of bond issuance costs	35,779	-	-	(35,779)	-	(35,779)
Amortization of premium on bond issue	(29,459)	-	-	29,459	-	29,459
Bond fees and expenses	331,760	-	-	(331,760)	-	(331,760)
Unallocated depreciation:						
Unallocated depreciation	309,742	-	-	(309,742)	-	(309,742)
Capital outlay	-	-	-	-	-	-
Total governmental activities	<u>18,431,865</u>	<u>-</u>	<u>3,801,090</u>	<u>(14,630,775)</u>	<u>-</u>	<u>(14,630,775)</u>
Business-type activities:						
Food service	713,706	31	578,805	-	(134,870)	(134,870)
After care	-	-	-	-	-	-
Total business-type activities	<u>713,706</u>	<u>31</u>	<u>578,805</u>	<u>-</u>	<u>(134,870)</u>	<u>(134,870)</u>
Total primary government	<u>\$ 19,145,571</u>	<u>\$ 31</u>	<u>\$ 4,379,895</u>	<u>(14,630,775)</u>	<u>(134,870)</u>	<u>(14,765,645)</u>
General revenues, transfers and special items:						
Local sources				1,150,793	-	1,150,793
Federal and state sources				13,869,896	-	13,869,896
Miscellaneous				259,083	-	259,083
Transfer				(134,870)	134,870	-
Total general revenues, transfers and special items				<u>15,144,902</u>	<u>134,870</u>	<u>15,279,772</u>
Change in net position				514,127	-	514,127
Net position - beginning				(1,935,157)	-	(1,935,157)
Net position - ending				<u>\$ (1,421,030)</u>	<u>\$ -</u>	<u>\$ (1,421,030)</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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Totals Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 4,605,682	\$ (29,445)	\$ -	\$ 4,576,237
Restricted cash and cash equivalents	75,008	-	1,010,529	1,085,537
State	34,421	-	-	34,421
Federal	-	665,005	-	665,005
Other	215,000	-	-	215,000
Bond proceeds receivable	42,000	-	-	42,000
Prepaid expenses	455,019	-	-	455,019
Other current assets	-	-	-	-
Interfund receivable	447,946	-	77,658	525,604
Total assets	<u>\$ 5,875,076</u>	<u>\$ 635,560</u>	<u>\$ 1,088,187</u>	<u>\$ 7,598,823</u>
Liabilities and Fund Balances				
Accounts payable and accrued expenses	\$ 324,238	\$ 68,631	\$ -	\$ 392,869
Interfund accounts payables	-	476,514	-	476,514
Intergovernmental payables - other	5,316	10,202	-	15,518
Payroll deductions and withholdings payable	67,789	-	-	67,789
Deferred revenue	-	61,418	-	61,418
Total liabilities	<u>397,343</u>	<u>616,765</u>	<u>-</u>	<u>1,014,108</u>
Fund balances:				
Restricted	75,000	18,795	1,088,187	1,181,982
Undesignated	5,402,733	-	-	5,402,733
Total fund balances	<u>5,477,733</u>	<u>18,795</u>	<u>1,088,187</u>	<u>6,584,715</u>
Total liabilities and fund balances	<u>\$ 5,875,076</u>	<u>\$ 635,560</u>	<u>\$ 1,088,187</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>(1,323,670)</u>	
	\$ 12,259,405	12,259,405

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.

Total bond principal	\$ 14,720,000	
Less principal payment	<u>(210,000)</u>	
	\$ 14,510,000	(14,510,000)

Capitalized bond issuance costs

Accumulated amortization	\$ 536,688	
	<u>(143,117)</u>	
	\$ 393,571	393,571

Premium on bond issuance

Accumulated amortization	\$ (441,880)	
	<u>117,835</u>	
	\$ (324,045)	(324,045)

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)

2,955,488

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)

(4,108,352)

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)

(4,671,812)

Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 4):

Cost of right-to-use assets	\$*****	
Accumulated amortization	<u>-</u>	
Cost of right-to-use assets, net of accumulated amortization	\$*****	*****

Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).

Net position of governmental activities - A-1

\$ (1,421,030)

***** Note:

The Charter School adopted GASB 87 for Leases during the year ended June 30, 2022. However, the School's charter was revoked by the State NJDOE effective June 30, 2022, therefore no information available for reporting for the year ended June 30, 2022.

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Revenues:				
Local sources:				
Local	\$ 1,150,793	\$ 5,982	\$ -	\$ 1,156,775
Miscellaneous	258,541	-	542	259,083
Total revenues - local sources	<u>1,409,334</u>	<u>5,982</u>	<u>542</u>	<u>1,415,858</u>
Federal sources	-	2,229,176	-	2,229,176
State sources	12,275,784	1,571,914	-	13,847,698
Reimbursed TPAF-Social Security (non-budgeted)	353,199	-	-	353,199
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	<u>1,240,913</u>	<u>-</u>	<u>-</u>	<u>1,240,913</u>
Total revenues	<u>15,279,230</u>	<u>3,807,072</u>	<u>542</u>	<u>19,086,844</u>
Current expense:				
Instruction	3,809,637	2,260,238	-	6,069,875
Administrative	4,690,087	-	-	4,690,087
Support services	3,209,977	1,540,852	-	4,750,829
Capital outlay	-	-	-	-
Reimbursed and on-behalf payments:				
Reimbursed TPAF-Social Security (non-budgeted)	353,199	-	-	353,199
TPAF pension and post retirement medical and long-term disability premium benefits on-behalf payments (non-budgeted)	<u>1,240,913</u>	<u>-</u>	<u>-</u>	<u>1,240,913</u>
Debt service:				
Interest - tax exempt bond series 2018A			792,844	792,844
Interest - taxable bond series 2018B			21,600	21,600
Other - repairs and replacements			24,000	24,000
Principal - taxable bond series 2018B			210,000	210,000
Bond fees and expenses			<u>331,760</u>	<u>331,760</u>
Total expenditures	<u>13,303,813</u>	<u>3,801,090</u>	<u>1,380,204</u>	<u>18,485,107</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	1,975,417	5,982	(1,379,662)	601,737
Other financing sources/(uses):				
Transfer to cover food deficit	(134,870)	-	-	(134,870)
Transfer - interest - tax exempt bond series 2018A	(792,844)		792,844	-
Transfer - interest - taxable bond series 2018B	(21,600)		21,600	-
Transfer - repairs and replacement	(24,000)		24,000	-
Transfer - principal - taxable bond series - 2018B	<u>(210,000)</u>		<u>210,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources	792,103	5,982	(331,218)	466,867
Fund balances, beginning of year	<u>4,685,630</u>	<u>12,813</u>	<u>1,419,405</u>	<u>6,117,848</u>
Fund balances, end of year	<u>\$ 5,477,733</u>	<u>\$ 18,795</u>	<u>\$ 1,088,187</u>	<u>\$ 6,584,715</u>

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, 2022

B-3

Total net change in fund balances - governmental funds (B-2) \$ 466,867

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	\$ (309,742)	
	Capital outlays	-	
		-	(309,742)

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	-	
		-	-

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	331,760	
	Amortization of bond issuance costs	(29,459)	
		338,080	338,080

Adoption of GASB 87 resulted in an increase in right-to-use lease assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases

	Amortization expense		*****
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Adoption of GASB 87 resulted in an increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses

	Principal payments		*****
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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

18,922

Change in net position of governmental activities (A-2) \$ 514,127

***** Note:

The Charter School adopted GASB 87 for Leases during the year ended June 30, 2022. However, the School's charter was revoked by the State NJDOE effective June 30, 2022, therefore no information available for reporting for the year ended June 30, 2022.

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, 2022

Assets	
Cash	\$ 8,061
Accounts receivable:	-
Federal	40,365
State	664
Total current assets	<u>\$ 49,090</u>
Liabilities	
Current liabilities:	
Interfund payable - general fund	49,090
Accounts payable	-
Total current liabilities	<u>\$ 49,090</u>
Net position	
Unrestricted	-
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, 2022

Operating revenues:	
Charges for services:	
Daily sales - reimbursable program	\$ -
Daily sales - non-reimbursable program	-
Miscellaneous revenue	31
	31
Operating expenses:	
Cost of sales - reimbursable program	518,651
Cost of sales - non-reimbursable program	-
Salaries	149,006
Employee benefits	24,015
Professional /Technical service	16,412
Supplies and materials	-
Depreciation	-
Miscellaneous	5,622
Total operating expenses	713,706
Operating income (loss)	(713,675)
Nonoperating revenues:	
State sources:	
State School Lunch Program	8,481
Federal sources:	
National School Lunch Program	334,264
National School Breakfast Program	145,260
Emergency Operational Cost Reimbursement	90,800
Total nonoperating revenues	578,805
Net income/(loss) before contributions & transfers	(134,870)
Other financing sources:	
Transfer in/(out) - General Fund to Food Program	134,870
	134,870
Change in net position	-
Total net position-beginning of year	-
Total net position-end of year	\$ -

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, 2022

Cash flows from operating activities	
Operating loss	\$ (713,675)
Adjustment to reconcile operating profit/(loss) to net cash (used in)/provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(11,921)
Due to/(from) general fund	(201,874)
Accounts payable	(23,485)
Net cash (used in)/provided by operating activities	<u>(950,955)</u>
 Cash flows from noncapital financing activities	
Cash received from state reimbursements	8,481
Cash received from federal reimbursements	570,324
Operating subsidies and transfers from other funds	134,870
Net cash provided by noncapital financing activities	<u>713,675</u>
 Cash flows from investing activities	-
 Net change in cash and cash equivalents	(237,280)
Cash and cash equivalents, beginning	245,341
Cash and cash equivalents, ending	<u>\$ 8,061</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022

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, 2022, there was no Fiduciary Fund due to the adoption of GASB Statement 84, Fiduciary Activities in 2021.

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022.

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, 2022

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, 2022

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 prior 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.

The Charter School adopted the ***GASB Statement No. 87, Leases*** during the year ended June 30, 2022. 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.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2022

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, 2022, 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	\$ 4,605,682	\$ (29,445)	\$ -	\$ 8,061	\$ -	\$ 4,584,298
Restricted	75,008	-	1,010,529	-	-	1,085,537
Total	<u>\$ 4,680,690</u>	<u>\$ (29,445)</u>	<u>\$ 1,010,529</u>	<u>\$ 8,061</u>	<u>\$ -</u>	<u>\$ 5,669,835</u>

The cash accounts are held in the Charter School’s name by two banking institutions. At June 30, 2022, the Charter School’s carrying amount of deposits was \$5,669,835 and the bank balance was \$6,545,607. Of the bank balance, \$500,000 of the Charter School’s cash deposits on June 30, 2022 were secured by federal deposit insurance and \$6,045,607 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
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Year Ended June 30, 2022

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, 2022, the Charter School did not hold any investments.

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4 Capital Assets and Right-to-Use Lease Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022:

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	<u>1,346,441</u>	<u>-</u>	<u>1,346,441</u>
Capital assets, being depreciated:			
Building & improvements	12,117,967	-	12,117,967
Leasehold improvements	93,667	-	93,667
Equipment	25,000	-	25,000
Total capital assets, being depreciated	<u>12,236,634</u>	<u>-</u>	<u>12,236,634</u>
Less accumulated depreciation for:			
Building & improvements	(908,847)	(302,949)	(1,211,796)
Leasehold improvements	(80,081)	(6,793)	(86,874)
Equipment	(25,000)	-	(25,000)
Total accumulated depreciation	<u>(1,013,928)</u>	<u>(309,742)</u>	<u>(1,323,670)</u>
Total capital assets net	<u>\$ 12,569,147</u>	<u>\$ (309,742)</u>	<u>\$ 12,259,405</u>

Depreciation expense of \$309,742 was charged to an unallocated function.

Right-to-Use Lease Assets

During the year ended June 30, 2022, the Charter School adopted GASB 87 for Leases. However, the School's charter was revoked by NJDOE effective June 30, 2022. As a result, the Charter School's leases did not meet the requirement of GASB 87 for the year ended June 30, 2022, therefore no information is available for reporting for the year then ended.

UNIVERSITY HEIGHTS CHARTER SCHOOL
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Notes to the Basic Financial Statements
Year Ended June 30, 2022

5 Lease Obligations

The Charter School leased its facilities under four 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 2022 was \$232,571. The lease was automatically terminated effective June 30, 2022 as a result of the NJDOE revocation of the School’s charter.

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, 2022 at a monthly lease payment of \$5,154. The amount paid under this lease in 2022 was \$5,154 for just one month – July 2021. The lease was automatically terminated effective June 30, 2022 as a result of the NJDOE revocation of the School’s charter.

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 2022 was \$-0-. It appears the lease was not renewed for the 2021-2022 Fiscal year.

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 provided for one option to renew the term for one five year period. The Charter School paid a one month security deposit of \$46,667. The lease was automatically terminated effective June 30, 2022 as a result of the NJDOE revocation of the School’s charter. The amount paid under the lease for the year ended June 30, 2022 was \$420,000. The Charter School also paid additional \$43,200 for parking spaces within the facilities – nine months at \$4,800 per month.

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.

As a result of the charter revocation effective June 30, 2022, there were no future minimum lease payments under the facilities lease agreements.

UNIVERSITY HEIGHTS CHARTER SCHOOL
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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
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Notes to the Basic Financial Statements
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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
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Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2022 was \$461,844.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$353,199 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. Also the State paid \$1,240,913 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, 2022

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 \$16,510,283 as measured on June 30, 2021 and \$24,760,338 as measured on June 30, 2020, respectively.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$388,494 and revenue of \$388,494 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, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. 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, 2020 and June 30, 2021.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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.

	June 30, 2021	June 30, 2020
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	\$27,221,092,460	\$14,424,322,612
Collective net pension liability (non-employer State of New Jersey)	\$48,075,188,642	\$65,848,796,740
State's portion of the net pension liability that was associated with the Charter School	\$ 16,510,283	\$ 24,760,338
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.034343%	0.037602%

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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%

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.

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Notes to the Basic Financial Statements
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7 Pension Plans – GASB 68 Disclosures - *continued*

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

Actuarial Assumptions - continued

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

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Notes to the Basic Financial Statements
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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%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2021. 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 100% 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

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Notes to the Basic Financial Statements
Year Ended June 30, 2022

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
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Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2022, the Charter School reported a liability of \$4,671,812 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2020. 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, 2021 and 2020. At June 30, 2021, the Charter School's proportion was 0.0394362225% which was an decrease of 0.0065291508% from its proportion measured as of June 30, 2020 which was 0.0459653733%.

For the year ended June 30, 2022, the Charter School recognized pension expense of \$461,844. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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Notes to the Basic Financial Statements
Year Ended June 30, 2022

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	\$ 73,680	\$ 33,445
Changes in assumptions	24,331	1,663,195
Net difference between projected and actual earnings on pension plan investments	-	1,230,678
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	2,857,477	1,181,034
Subtotal	2,955,488	4,108,352
Charter School's contributions subsequent to the measurement date	461,844	-
Total	\$ 3,417,332	\$ 4,108,352

\$461,844 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, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. 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
2022	\$ (449,175)
2023	(320,710)
2024	(218,669)
2025	(164,374)
2026	64
Thereafter	-
	\$ (1,152,864)

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Notes to the Basic Financial Statements
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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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 1,164,739,169	\$ 2,347,583,337
Collective deferred inflows of resources	\$ 8,339,123,762	\$ 7,848,949,467
Collective net pension liability (Non-State Local Group)	\$ 11,846,499,172	\$ 16,307,384,832
Charter School's portion of the net pension liability	\$ 4,671,812	\$ 7,495,750
Charter School's proportion (percentage)	0.03943622%	0.04596537%

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make 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, 2022

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, 2021, 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:

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 6,429,880	\$ 4,671,812	\$ 3,271,907
	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the pension liability	\$ 9,510,097	\$ 7,495,750	\$ 5,895,478

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-rprts-home.shtml>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2020, the following employees were covered by the benefit terms:

Active plan member = 213,901

Inactive plan members entitled to but not yet receiving benefits = 150,427

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

Total plan members = 364,328

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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 ACFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020.

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%	TPAF/ABP	PERS
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		2.75 to 5.65% 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, 2022

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-2021. 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-2021. 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-2021.

The actuarial assumptions used in the June 30, 2020 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 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01 % in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2020 measurement date	\$ 67,809,962,608
Changes recognized for the fiscal year:	
Service cost	\$ 3,217,184,264
Interest on total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Difference between expected and actual experiences	(11,385,071,658)
Effect of changes of assumptions	59,202,105
Gross benefits paid by the State	(1,226,213,382)
Contributions from the members	39,796,196
Net changes	\$ (7,802,311,638)
Balance as of June 30, 2021 measurement date	\$ 60,007,650,970

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

The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.16%; as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	2021		
	At 1% Decrease (1.16%)	At 1% Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB liability attributable to the Charter School	\$ 7,237,597	\$ 6,042,192	\$ 5,100,882
	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	\$ 10,702,704	\$ 8,877,848	\$ 7,450,986

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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, 2021 and 2020, 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:

	2021		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 4,891,174	\$ 6,042,192	\$ 7,587,924
	2020		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	\$ 7,166,498	\$ 8,877,848	\$ 10,915,685

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

For the fiscal year ended June 30, 2022 the Charter School recognized OPEB expense of \$1,855,359 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, 2021 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, 2022

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	\$ 9,045,886,863	\$ 18,009,362,976
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	10,179,536,966	6,438,261,807
Subtotal	19,225,423,829	24,447,624,783
 Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A
Total	\$ 19,225,423,829	\$ 24,447,624,783

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
2022	\$ (1,182,303,041)
2023	\$ (1,182,303,041)
2024	\$ (1,182,303,041)
2025	\$ (1,182,303,041)
2026	\$ (840,601,200)
Thereafter	\$ 347,612,410
	\$ (5,222,200,954)

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, 2022

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, 2022, 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.

“In December 2021, Plaintiff lender sought the appointment of a receiver of the School's Operations. During the pendency of the case, the Commissioner of Education revoked the School's charter effective June 30, 2022. The School ceased operating as a public school on July 1, 2022. It is in the process of winding down its affairs.”

“We have been requested by the School to affirm that we would, as a matter of professional responsibility, advise or consult with the School whenever we are performing legal services with respect to a matter that may involve unasserted possible claims or assessments that may call for financial statement disclosure under the applicable requirements of Statement of FASB Accounting Standards Codification Topic 450 (formerly Statement of Financial Accounting Standards Number 5). We cannot, however, as a matter of professional responsibility, do so. We therefore affirmatively state that the School and the auditors should consult with attorneys specializing in securities or corporate law on this issue.”

“In view of the inherent uncertainties, we express no judgment as to the outcome of any pending litigation or other matters, nor the potential amount of loss or range of loss in the event of an unfavorable outcome. Therefore, we express no opinion with respect to contingent liabilities or as to matters to which we have not specifically referred in this letter, and under no circumstances are you to infer from anything stated or not stated in this letter any opinion with respect to pending litigation or loss contingencies.”

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

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 Annual Comprehensive Financial Report.

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:

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

13 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 447,946	\$ -
Special Revenue Fund	-	476,514
Enterprise Fund	77,658	49,090
Trust and Agency Fund	-	-
	\$ 525,604	\$ 525,604

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 \$5,477,733 General Fund balance at June 30, 2022, \$75,000 is reserved for a cash escrow account as required by an agreement with New Jersey Department of Education, \$5,402,733 is unreserved and undesignated.

15 Receivables

Receivables as of June 30, 2022 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	\$ 35,085
Federal aid	705,370
Other	215,000
Total receivables	\$ 955,455

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

16 Revocation of Charter

The Charter School opened its doors in September 2006 primarily to the students of City of Newark in New Jersey. It was in its sixteen year of operation during the year ended June 30, 2022.

On May 23, 2019, New Jersey Department of Education (NJDOE) placed the Charter School on probation for academic deficiencies and for failing to operate in compliance with its charter, State Statutes and regulations. On June 10, 2019, the Charter School submitted a remedial plan. On October 15, 2019, the Charter School submitted its Renewal Application, which was evaluated by NJDOE on its organizational, academic, and fiscal capacity. On February 3, 2020 NJDOE renewed the School's charter with continued probation for a period of five years or through June 30, 2025

Between February 3, 2020 and June 1, 2022, NJDOE conducted and completed a comprehensive review of the Charter School including but not limited to the implementation of the remedial plan, student performance on statewide assessments, annual reports and site visits aligned to the standards set within Performance Framework

By its letter dated June 1, 2022, NJDOE noted that the Charter School had previously been placed on probation for academic issues. The letter further noted that the school has failed to provide students with a high quality education and has also failed to demonstrate the capacity to effectively govern and maintain organizational stability.

The letter concluded that after a thorough and rigorous review of student achievement data, University Height Charter School had not met the standards of probation. Therefore, the Commissioner summarily revoked the charter for University Height Charter School effective June 30, 2022 and directed the Charter School to cease operations effective as of that date.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

17 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 was as follows:

However, it should be noted that in light of the School's charter been revoked by NJDOE effective June 30, 2022, the Charter School ceased operations effective as of that date. Therefore, the entire principal balance of \$14,510,000 was now due and payable as of June 30, 2022:

Year ending <u>June 30:</u>	Serial Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Now due and payable June 30, 2022	<u>\$ 14,510,000</u>	<u>\$ 14,950,810</u>	<u>\$ 29,460,810</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

17 Long Term Liabilities – Bonds Payable - *continued*

During the year ended June 30, 2022, the following changes in long-term debt occurred:

	Balance June 30, 2021	Additions/ (Payments)	Budget Appropriation	Balance June 30, 2022
Serial Bonds	\$ 14,720,000	\$ (210,000)	\$ -	\$ 14,510,000
	<u>\$ 14,720,000</u>	<u>\$ (210,000)</u>	<u>\$ -</u>	<u>\$ 14,510,000</u>
Amounts due within one year				\$ 14,510,000
Long term portion				-
				<u>\$ 14,510,000</u>

18 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	\$ 6,584,715
Cost of capital assets net accumulated depreciation	12,259,405
Long term liability - bonds payable	(14,510,000)
Bond issuance costs net accumulated amortization	393,571
Bond premium net accumulated amortization	(324,045)
Pension deferred outflows	2,955,488
Pension deferred inflows	(4,108,352)
Deferred pension liability as of June 30, 2022	(4,671,812)
Cost of right-to-use lease assets, net of accumulated depreciation	-
Principal balance of lease liabilities	-
Net position (per A-1) as of June 30, 2022	<u>\$ (1,421,030)</u>

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Notes to the Basic Financial Statements
Year Ended June 30, 2022

19 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:

- Pursuant to New Jersey statutes and as a consequence of the charter revocation (discussed in Note 16), the Charter School appointed an independent Dissolution Trustee and the appointment was approved by the New Jersey Department of Education. Subsequent to year end, the Trustee has been working with the Board of the Charter School and the NJDOE in winding down the affairs of the Charter School including orderly liquidation of outstanding liabilities, collection of all receivables and sale of inventory of assets. Also including the audit of the Charter School for the year ended June 30, 2022.
- The Dissolution Trustee arranged for the auction sale of the Charter School's inventory of furniture, computers and other supplies. The proceeds were received after June 2022.

Required Supplementary Information

Part II

Budgetary Comparison

**UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	1,940,350	\$ (797,699)	\$ 1,142,651	\$ 1,150,793	\$ 8,142
Miscellaneous	-	-	-	258,541	258,541
Total revenues -local sources	<u>1,940,350</u>	<u>(797,699)</u>	<u>1,142,651</u>	<u>1,409,334</u>	<u>266,683</u>
State Sources:					
State aid	15,613,756	(3,332,830)	12,280,926	12,275,784	(5,142)
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	353,199	353,199
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	234,819	234,819
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,005,043	1,005,043
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,051	1,051
	<u>15,613,756</u>	<u>(3,332,830)</u>	<u>12,280,926</u>	<u>13,869,896</u>	<u>1,588,970</u>
Total revenues	<u>17,554,106</u>	<u>(4,130,529)</u>	<u>13,423,577</u>	<u>15,279,230</u>	<u>1,855,653</u>
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	5,652,075	(2,400,511)	3,251,564	3,092,370	159,194
Other salaries for instruction	774,340	(192,526)	581,814	489,492	92,322
Purchased profesional technical services	-	40,350	40,350	-	40,350
Other purchased services	25,000	(357)	24,643	22,301	2,342
General educational supplies	655,926	(277,295)	378,631	180,582	198,049
Textbooks	-	-	-	-	-
Miscellaneous expenses	43,583	-	43,583	24,892	18,691
	<u>7,150,924</u>	<u>(2,830,339)</u>	<u>4,320,585</u>	<u>3,809,637</u>	<u>510,948</u>

**UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund**

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Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administrative cost:					
Salaries	2,237,865	(537,108)	1,700,757	1,700,757	-
Total benefit costs	3,154,169	(1,342,941)	1,811,228	1,797,260	13,968
Professional /Technical service	219,643	489,646	709,289	707,155	2,134
Other purchased services	75,940	(11,187)	64,753	56,055	8,698
Communications and Telephones	108,008	100,365	208,373	208,373	-
Supplies and materials	111,740	45,395	157,135	133,261	23,874
Judgements against charter school	10,000	(10,000)	-	-	-
Interest on current loans	-	-	-	-	-
Miscellaneous expenses	51,875	38,324	90,199	87,226	2,973
	<u>5,969,240</u>	<u>(1,227,506)</u>	<u>4,741,734</u>	<u>4,690,087</u>	<u>51,647</u>
Support services:					
Salaries	899,035	(167,329)	731,706	724,524	7,182
Purchased prof/tech service	272,715	(42,448)	230,267	218,704	11,563
Other purchased services	572,474	295,007	867,481	858,240	9,241
Rent on land and buildings	1,073,988	(252,107)	821,881	804,329	17,552
Insurance-fidelity, liability property	84,268	23,457	107,725	107,725	-
Supplies and materials	130,933	82,746	213,679	206,134	7,545
Energy & Utilities	199,685	(20,559)	179,126	157,326	21,800
Miscellaneous expenses	-	1,101	1,101	(816)	1,917
Transportation other than to/from school	71,400	76,150	147,550	133,811	13,739
Total support services	<u>3,304,498</u>	<u>(3,982)</u>	<u>3,300,516</u>	<u>3,209,977</u>	<u>90,539</u>

**UNIVERSITY HEIGHTS CHARTER SCHOOL
General Fund**

C-1

Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital outlay:					
Instructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reimbursed TPAF-Social Security (non-budgeted)	-	-	-	353,199	(353,199)
TPAF - Post Retirement Medical (On-Behalf - Non-Budgeted)				234,819	(234,819)
Teacher's Pension & Annuity Fund (On-Behalf-Non-Budgeted)	-	-	-	1,005,043	(1,005,043)
Long Term Disability Insurance (On-Behalf-Non-Budgeted)	-	-	-	1,051	(1,051)
Total expenditures	<u>16,424,662</u>	<u>(4,061,827)</u>	<u>12,362,835</u>	<u>13,303,813</u>	<u>298,884</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	1,129,444	(68,702)	1,060,742	1,975,417	(914,675)
Other financing sources:					
Transfer to cover food deficit	(105,000)	99,290	(5,710)	(134,870)	129,160
Transfer - interest - tax exempt bond series 2018A	(1,000,444)	83,196	(917,248)	(792,844)	(124,404)
Transfer - interest - taxable bond series 2018B	-	(21,600)	(21,600)	(21,600)	-
Transfer - repairs and replacement reserves		-	-	(24,000)	24,000
Transfer - principal - taxable bond series 2018B	(24,000)	(95,184)	(119,184)	(210,000)	90,816
Total other financing sources	<u>(1,129,444)</u>	<u>65,702</u>	<u>(1,063,742)</u>	<u>(1,183,314)</u>	<u>119,572</u>
Excess (deficiency) of revenues over (under) expenditures after other financing sources	-	(3,000)	(3,000)	792,103	(785,515)
Fund balances, beginning of year	<u>4,685,630</u>	<u>-</u>	<u>4,685,630</u>	<u>4,685,630</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,685,630</u>	<u>\$ (3,000)</u>	<u>\$ 4,682,630</u>	<u>\$ 5,477,733</u>	<u>\$ (785,515)</u>

**UNIVERSITY HEIGHTS CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$ 2,229,176	\$ -	\$ 2,229,176	\$ 2,229,176	\$ -
State sources	1,571,914	-	1,571,914	1,571,914	-
Local sources	5,982	-	5,982	5,982	-
Total revenues -all sources	<u>3,807,072</u>	<u>-</u>	<u>3,807,072</u>	<u>3,807,072</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	1,678,701	-	1,678,701	1,678,701	-
Purchased Prof. and technical services	82,058	-	82,058	82,058	-
Other purchased services	-	-	-	-	-
General supplies	486,322	-	486,322	486,322	-
Miscellaneous expenditures	13,157	-	13,157	13,157	-
Total instruction	<u>2,260,238</u>	<u>-</u>	<u>2,260,238</u>	<u>2,260,238</u>	<u>-</u>
Support services					
Support services salaries	310,294	-	310,294	310,294	-
Employee benefits	462,023	-	462,023	462,023	-
Purchased professional services	323,561	-	323,561	323,561	-
Other purchased services	303,244	-	303,244	303,244	-
Supplies	116,324	-	116,324	116,324	-
Miscellaneous expenditures	25,406	-	25,406	25,406	-
Total support services	<u>1,540,852</u>	<u>-</u>	<u>1,540,852</u>	<u>1,540,852</u>	<u>-</u>
Capital Outlay:					
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>
Total expenditures	<u>\$ 3,801,090</u>	<u>\$ -</u>	<u>\$ 3,801,090</u>	<u>\$ 3,801,090</u>	<u>\$ -</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, 2022

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule:	[C-1]	\$ 15,279,230	
	[C-2]		\$ 2,235,158
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]	\$ 15,279,230	\$ 2,235,158
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule			
	[C-1]	\$ 13,303,813	
	[C-2]		\$ 2,235,158
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]	\$ 13,303,813	\$ 2,235,158

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 Nine Fiscal Years

	Fiscal Year Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0394362225%	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)	4,671,812	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	\$ 2,832,971	\$ 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	164.91%	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	70.33%	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

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

	Fiscal Year Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 461,844	\$ 504,036	\$ 347,882	\$ 250,514	\$ 247,745	\$ 174,726	\$ 138,824	\$ 77,204	\$ 28,062
Contribution in relation to the contractually required contribution	(461,844)	(504,036)	(347,882)	(250,514)	(247,745)	(174,726)	(138,824)	(77,204)	(28,062)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 2,832,971	\$ 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	16.30%	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

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

	Fiscal Year Ended June 30,								
	2021	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	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	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 16,510,283	\$ 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>\$ 16,510,283</u>	<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	\$ 3,050,494	\$ 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	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.52%	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 Six Fiscal Years

	Fiscal Year Ending					
	2021	2020	2019	2018	2017	2016
Total OPEB Liability						
Service cost	\$ 1,993,365	\$ 1,073,849	\$ 1,017,184	\$ 1,115,499	\$ 1,358,698	**
Interest cost	156,741	204,270	240,104	274,387	220,307	**
Changes of benefit terms	(6,431)	-	-	-	-	**
Differences in expected and actual experiences	(4,865,831)	1,291,199	(1,607,014)	(2,008,525)	-	**
Changes of assumptions	5,961	1,621,678	72,116	(603,428)	(1,259,822)	**
Member contributions	4,007	4,685	4,401	4,860	5,643	**
Gross benefit payments	(123,468)	(154,556)	(148,473)	(140,608)	(153,246)	**
Net change in total OPEB liability	(2,835,656)	4,041,125	(421,682)	(1,357,815)	171,580	**
Total OPEB liability - beginning	8,877,848	4,836,723	5,258,405	6,616,220	6,444,640	**
Total OPEB liability, ending	<u>\$ 6,042,192</u>	<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	\$ 1,452,526	\$ 1,867,968	\$ 1,614,488	\$ 1,555,515	\$ 1,664,347	**
Total OPEB liability as a percentage of covered employee payroll	416%	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%	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, 2022

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

Benefit Changes

There were none.

Changes of Assumptions

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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, 2022

	Title IA	Title I SIA Part A	Title IIA Part A	Title IIIA Part A	Title IIIA Immigrant	Title IVA Part A	L.D.E.A. Part B	L.D.E.A. Preschool	ARP L.D.E.A. Basic	ARP L.D.E.A. Preschool	CARES Emergency Relief Grant	CRRSA ESSER II	CRRSA ESSER II Learning Acceleration	CRRSA ESSER II Mental Health	Student Activity	Total
Revenues																
Federal sources	\$ 490,883	\$ 101,700	\$ 46,866	\$ 11,609	\$ 6,089	\$ 38,395	\$ 188,488	\$ 9,117	\$ 44,736	\$ 3,787	\$ 23,040	\$ 1,219,455	\$ 43,436	\$ 1,575	\$ -	\$ 2,229,176
State sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,982	5,982
Total revenues -all sources	\$ 490,883	\$ 101,700	\$ 46,866	\$ 11,609	\$ 6,089	\$ 38,395	\$ 188,488	\$ 9,117	\$ 44,736	\$ 3,787	\$ 23,040	\$ 1,219,455	\$ 43,436	\$ 1,575	\$ 5,982	\$ 2,235,158
Expenditures																
Instruction																
Salaries of teachers	\$ 219,500	\$ 65,000	\$ 5,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 676,678	\$ -	\$ -	\$ -	\$ 970,178
Purchased Prof. and technical services	59,433	10,000	-	-	6,089	6,536	-	-	-	-	-	-	-	-	-	82,058
Other purchased services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General supplies	120,000	-	-	6,056	-	-	-	8,000	-	-	-	299,263	43,436	-	-	476,755
Miscellaneous expenditures	-	-	-	500	-	7,742	-	-	-	-	-	4,915	-	-	-	13,157
Total instruction	398,933	75,000	5,000	10,556	6,089	14,278	-	8,000	-	-	-	980,856	43,436	-	-	1,542,148
Support services																
Support services salaries	-	-	-	-	-	-	-	-	-	-	-	86,275	-	-	-	86,275
Employee benefits	76,950	-	2,250	1,053	-	-	-	-	-	-	-	54,442	-	-	-	134,695
Purchased professional services	10,000	26,700	27,616	-	-	21,117	188,488	9,117	36,736	3,787	-	-	-	-	-	323,561
Other purchased services	-	-	10,000	-	-	3,000	-	-	-	-	-	10,860	-	-	-	23,860
Supplies	5,000	-	2,000	-	-	-	-	-	-	-	23,040	82,979	-	1,575	-	114,594
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-	-	4,043	-	-	-	4,043
Total support services	91,950	26,700	41,866	1,053	-	24,117	188,488	9,117	36,736	3,787	23,040	238,599	-	1,575	-	687,028
Facilities acquisition and construction services																
Instructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	490,883	101,700	46,866	11,609	6,089	38,395	188,488	9,117	44,736	3,787	23,040	1,219,455	43,436	1,575	-	2,229,176
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,982	5,982
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,813	12,813
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year (restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,813	12,813
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,795	\$ 18,795

UNIVERSITY HEIGHTS CHARTER SCHOOL
Special Revenue Fund

E-2

Schedule of Preschool Education
Aid Expenditures - Budgetary Basis

Year ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Expenditures					
Instruction					
Salaries of teachers	\$ 519,394	\$ (82,723)	\$ 436,671	\$ 436,671	\$ -
Other salaries for instruction	271,852	-	271,852	271,852	-
Purchased professional and educational services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	-	9,567	9,567	9,567	-
Other objects	-	-	-	-	-
Total instruction	<u>791,246</u>	<u>(73,156)</u>	<u>718,090</u>	<u>718,090</u>	<u>-</u>
Support services					
Salaries of Supervisor of Instruction	-	-	-	-	-
Salaries of Principals/Assistant Principals/Prog Directors	39,602	-	39,602	39,602	-
Salaries of Other Prof Staff	48,336	-	48,336	48,336	-
Salaries of Secretarial & Clerical Assistants	13,838	-	13,838	13,838	-
Other Salaries - Fiscal Specialist	29,900	-	29,900	29,900	-
Other Salaries - Custodian	-	-	-	-	-
Other Salaries - Security Guard	-	-	-	-	-
Family/Parent Liason	35,100	-	35,100	35,100	-
Facilitator/Coach	57,243	-	57,243	57,243	-
Personnel Services - Employee benefits	327,328	-	327,328	327,328	-
Miscellaneous purchased services	-	-	-	-	-
Cleaning, Repairs and Maintenance Services	15,460	(15,460)	-	-	-
Rentals	279,084	-	279,084	279,084	-
Travel	10,000	(9,700)	300	300	-
Miscellaneous	22,563	(1,200)	21,363	21,363	-
Supplies and Materials	8,500	(6,770)	1,730	1,730	-
Total support services	<u>886,954</u>	<u>(33,130)</u>	<u>853,824</u>	<u>853,824</u>	<u>-</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>
Total expenditures	<u>\$ 1,678,200</u>	<u>\$ (106,286)</u>	<u>\$ 1,571,914</u>	<u>\$ 1,571,914</u>	<u>-</u>

Calculation of Budget and Carryover

Total 2020-2021 preschool education aid allocation	\$ 1,571,914
Add: actual carryover June 30, 2020	-
Total preschool education aid funds available for 2020-2021 budget	<u>1,571,914</u>
Less: 2020-2021 budgeted preschool education aid	<u>(1,571,914)</u>
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	<u>\$ -</u>
2020-2021 preschool education aid carryover budgeted in 2021-2022	<u>\$ -</u>

Capital Projects Fund

At June 30, 2022, there was no capital project fund.

Enterprise Fund

UNIVERSITY HEIGHTS CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Position

June 30, 2022

	<u>Food Services</u>	<u>After-Care Program</u>	<u>Total</u>
Assets			
Current assets:			
Cash	\$ 4,998	\$ 3,063	\$ 8,061
Accounts receivable:	-	-	-
Federal	40,365	-	40,365
State	664	-	664
Total current assets	<u>\$ 46,027</u>	<u>\$ 3,063</u>	<u>\$ 49,090</u>
Liabilities			
Current liabilities:			
Interfund payable - general fund	\$ 46,027	\$ 3,063	\$ 49,090
Accounts payable	-	-	-
Total current liabilities	<u>\$ 46,027</u>	<u>\$ 3,063</u>	<u>\$ 49,090</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, 2022

	Food Services	After-Care Program	Total
Operating revenues:			
Charges for services:			
Daily sales - reimbursable program	\$ -	\$ -	\$ -
Daily sales - non-reimbursable program	-	-	-
Miscellaneous revenue	31	-	31
	31	-	31
Operating expenses:			
Cost of sales - reimbursable program	518,651	-	518,651
Cost of sales - non-reimbursable program	-	-	-
Salaries	149,006	-	149,006
Employee benefits	24,015	-	24,015
Professional /Technical service	16,412	-	16,412
Supplies and materials	-	-	-
Depreciation	-	-	-
Miscellaneous	5,622	-	5,622
Total operating expenses	713,706	-	713,706
Operating income (loss)	(713,675)	-	(713,675)
Nonoperating revenues:			
State sources:			
State School Lunch Program	8,481	-	8,481
Federal sources:			
National School Lunch Program	334,264	-	334,264
National School Breakfast Program	145,260	-	145,260
Emergency Operational Cost Reimbursement	90,800	-	90,800
Total nonoperating revenues	578,805	-	578,805
Net income/(loss) before contributions & transfers	(134,870)	-	(134,870)
Other financing sources:			
Transfer in/(out) - General Fund to Food Program	134,870	-	134,870
	134,870	-	134,870
Change in net position	-	-	-
Total net position-beginning of year	-	-	-
Total net position-end of year	\$ -	\$ -	\$ -

UNIVERSITY HEIGHTS CHARTER SCHOOL
Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2022

	<u>Food Services</u>	<u>After-Care Program</u>	<u>Total</u>
Cash flows from operating activities			
Operating loss	\$ (713,675)	\$ -	\$ (713,675)
Adjustment to reconcile operating profit/(loss) to net cash (used in)/provided by operating activities:			-
Changes in assets and liabilities:			
Accounts receivable	(11,921)	-	(11,921)
Due to/(from) general fund	(201,850)	(24)	(201,874)
Accounts payable	(23,485)	-	(23,485)
Net cash (used in)/provided by operating activities	<u>(950,931)</u>	<u>(24)</u>	<u>(950,955)</u>
Cash flows from noncapital financing activities			
Cash received from state reimbursements	8,481	-	8,481
Cash received from federal reimbursements	570,324	-	570,324
Operating subsidies and transfers from other funds	134,870	-	134,870
Net cash provided by noncapital financing activities	<u>713,675</u>	<u>-</u>	<u>713,675</u>
Cash flows from investing activities			
	-	-	-
Net change in cash and cash equivalents	(237,256)	(24)	(237,280)
Cash and cash equivalents, beginning	242,254	3,087	245,341
Cash and cash equivalents, ending	<u>\$ 4,998</u>	<u>\$ 3,063</u>	<u>\$ 8,061</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, 2022

**It should be noted the the School's charter was revoked by the New Jersey Commissioner of Education.
The charter revocation was effective June 30, 2022 and the Charter School ceased operations effective June 30, 2022.
Therefore, the \$14,510,000 loan amount became fully due as of the charter revocation date - June 30, 2022.**

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2022		Interest Rate	Amount Outstanding June 30, 2021	Issued	Retired	Amount Outstanding June 30, 2022
			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, 2022

It should be noted the the School's charter was revoked by the New Jersey Commissioner of Education. The charter revocation was effective June 30, 2022 and the Charter School ceased operations effective June 30, 2022. Therefore, the \$14,510,000 loan amount became fully due as of the charter revocation date - June 30, 2022.

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2022		Interest Rate	Amount Outstanding June 30, 2021	Issued	Retired	Amount Outstanding June 30, 2022
			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, 2022

It should be noted the the School's charter was revoked by the New Jersey Commissioner of Education. The charter revocation was effective June 30, 2022 and the Charter School ceased operations effective June 30, 2022. Therefore, the \$14,510,000 loan amount became fully due as of the charter revocation date - June 30, 2022.

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2022		Interest Rate	Amount Outstanding June 30, 2021	Issued	Retired	Amount Outstanding June 30, 2022	
			Date	Amount						
Charter School Revenue Bonds: (University Heights Charter School Project) Series 2018A (Tax Exempt)	9/1/2018	\$ 14,360,000	9/1/41	\$ 590,000	5.750%					
			3/1/42	-	5.750%					
			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	

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

I-1

Year ended June 30, 2022

It should be noted the the School's charter was revoked by the New Jersey Commissioner of Education. The charter revocation was effective June 30, 2022 and the Charter School ceased operations effective June 30, 2022. Therefore, the \$14,510,000 loan amount became fully due as of the charter revocation date - June 30, 2022.

Issue	Date of Issue	Amount of Issue	Annual Principal Payments Outstanding June 30, 2022		Interest Rate	Amount Outstanding June 30, 2021	Issued	Retired	Amount Outstanding June 30, 2022
			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%				
				360,000		360,000	-	210,000	150,000
				\$ 14,720,000		\$ 14,720,000	\$ -	\$ 210,000	\$ 14,510,000

UNIVERSITY HEIGHTS CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Capital Leases

1-2

Year ended June 30, 2022

NOT APPLICABLE

UNIVERSITY HEIGHTS CHARTER SCHOOL
Budgetary Comparison Schedule
Debt Service Fund

I-3

Year ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues					
Interest earned on debt service reserve funds	\$ -	\$ -	\$ -	\$ 542	\$ 542
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>542</u>	<u>542</u>
Expenditures					
Regular Debt Service:					
Interest - tax exempt bond series 2018A	828,400	(35,556)	792,844	792,844	-
Interest - taxable bond series 2018B	21,600	-	21,600	21,600	-
Other cost - repairs and replacement	-	46,395	46,395	24,000	22,395
Redemption of principal	-	210,000	210,000	210,000	-
Bond fees and expenses	-	-	-	331,760	(331,760)
Total expenditures	<u>850,000</u>	<u>220,839</u>	<u>1,070,839</u>	<u>1,380,204</u>	<u>(309,365)</u>
Excess/(deficiency) of revenues over/ (under) expenditures	<u>(850,000)</u>	<u>(220,839)</u>	<u>(1,070,839)</u>	<u>(1,379,662)</u>	<u>309,907</u>
Other financing sources:					
Transfer from General Fund - interest - tax exempt bond series 2018A	828,400	(22,756)	805,644	792,844	12,800
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	-
Transfer from General Fund - principal - taxable bond series 2018B	-	210,000	210,000	210,000	-
	<u>850,000</u>	<u>211,244</u>	<u>1,061,244</u>	<u>1,048,444</u>	<u>12,800</u>
Net change in fund balance	-	(9,595)	(9,595)	(331,218)	322,707
Fund balance, beginning of year	<u>1,419,405</u>	<u>-</u>	<u>1,419,405</u>	<u>1,419,405</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,419,405</u>	<u>\$ (9,595)</u>	<u>\$ 1,409,810</u>	<u>\$ 1,088,187</u>	<u>\$ 322,707</u>

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ (2,181,069)	\$ (2,075,007)	\$ (1,791,002)	\$ (1,433,410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,181,982	1,494,045	1,493,907	75,000	-	-	-	-	-	-
Unrestricted	(421,943)	(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
Total governmental activities net position	\$ (1,421,030)	\$ (1,935,157)	\$ (2,665,577)	\$ (3,808,143)	\$ (1,429,317)	\$ 382,942	\$ 1,250,161	\$ 1,086,910	\$ 1,406,235	\$ 1,408,170
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
Total business-type activities	\$ -	\$ -	\$ (60,076)	\$ -	\$ -	\$ 76,784	\$ 55,823	\$ 95,856	\$ 46,947	\$ 27,869
School-wide										
Invested in capital assets, net of related debt	\$ (2,181,069)	\$ (2,075,007)	\$ (1,791,002)	\$ (1,433,410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,181,982	1,494,045	1,493,907	75,000	-	-	-	-	-	-
Unrestricted	(421,943)	(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
Total charter school net position	\$ (1,421,030)	\$ (1,935,157)	\$ (2,725,653)	\$ (3,808,143)	\$ (1,429,317)	\$ 459,726	\$ 1,305,984	\$ 1,182,766	\$ 1,453,182	\$ 1,436,039

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,108,270	\$ 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
Support Services:										
General administration	6,110,500	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
School administrative services	4,749,778	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
On-behalf TPAF/FICA Reimbursements	1,051	1,748	2,247	875,357	847,106	847,301	7,964	378,801	199,382	168,616
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	309,742	328,064	321,271	321,271	18,322	8,333	8,333	8,333	-	-
Total governmental activities expenses	<u>17,279,341</u>	<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>
Business-type activities:										
Food service	713,706	455,996	490,248	686,316	534,819	347,770	358,586	325,215	342,285	192,167
Child Care	-	100	116,706	222,168	286,979	199,151	158,571	35,071	27,277	19,228
Total business-type activities expense	<u>713,706</u>	<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>
Total charter school expenses	<u>\$ 17,993,047</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 3,801,090	\$ 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
Capital grants and contributions	-	5,740	-	-	-	-	-	25,000	-	-
Total governmental activities program revenues	<u>3,801,090</u>	<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>
Business-type activities:										
Charges for services:										
Food service	31	53	8	13	22	32	2,144	15,535	42	10,512
Child care	-	1	69,663	238,874	247,149	124,584	179,751	81,341	46,355	26,110
Operating grants and contributions	578,805	348,710	477,207	553,193	406,810	413,478	295,229	312,319	257,536	173,883
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>578,836</u>	<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>
Total charter school program revenues	<u>\$ 4,379,926</u>	<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>

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (Expense)/Revenue										
Governmental activities	\$ (13,478,251)	\$ (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)
Business-type activities	(134,870)	(107,332)	(60,076)	(116,404)	(167,817)	(8,827)	(40,033)	48,909	(65,629)	(890)
Total charter school-wide net expense	<u>\$ (13,613,121)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 1,150,793	\$ 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
Grants and contributions	13,869,896	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
Miscellaneous income	259,083	28,746	274,859	381,299	72,000	107,356	127,299	13,447	4,957	4,951
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>15,279,772</u>	<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>
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>\$ 15,279,772</u>	<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>
Change in Net Position										
Governmental activities	\$ 1,801,521	\$ 1,694,892	\$ 2,006,130	\$ (1,996,773)	\$ (1,636,473)	\$ (875,553)	\$ 154,918	\$ 1,450,733	\$ 157,772	\$ 180,835
Business-type activities	(134,870)	(107,332)	(60,076)	(116,404)	(167,817)	(8,827)	(40,033)	48,909	(65,629)	(890)
Total charter school	<u>\$ 1,666,651</u>	<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>

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)

	Fiscal Year Ended June 30,									
	<u>2022</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>
General Fund										
Unreserved	\$ 5,477,733	\$ 4,685,630	\$ 2,183,231	\$ 124,691	\$ 1,843,881	\$ 2,718,968	\$ 2,711,870	\$ 1,976,801	\$ 1,408,170	\$ 1,408,170
Total general fund	<u>\$ 5,477,733</u>	<u>\$ 4,685,630</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>
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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Local tax levy	\$ 1,156,775	\$ 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
Miscellaneous	259,083	28,746	274,859	397,488	72,000	107,356	127,299	13,447	4,957	4,951
State sources	15,441,810	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
Federal sources	2,229,176	2,190,905	2,121,057	813,337	659,257	542,236	566,141	702,189	686,005	188,827
Total revenue	19,086,844	19,029,946	18,564,236	16,309,692	15,409,859	12,891,078	11,378,638	11,129,106	9,939,477	5,478,574
Expenditures										
Current										
Instruction	6,108,270	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
Administration	6,284,199	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
Support Services	4,750,829	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
Capital Outlay	-	26,120	-	13,464,408	73,287	-	-	25,000	-	-
Debt Service	331,760	844,744	873,639	925,982	-	-	-	-	-	-
Total expenditures	17,475,058	16,540,360	16,562,091	31,626,004	16,284,946	12,883,980	10,643,569	10,633,540	9,866,412	5,297,739
Excess (deficiency) of revenues										
over (under) expenditures before other financing sources	1,611,786	2,489,586	2,012,145	(15,316,312)	(875,087)	7,098	735,069	495,566	73,065	180,835
Other financing sources/(uses)										
Transfer to cover food deficit	(134,870)	(167,408)	-	(116,404)	-	-	-	-	-	-
Transfer - interest - tax exempt bond series 2018A	(792,844)	(799,144)	(805,644)	-	-	-	-	-	-	-
Transfer - interest - taxable bond series 2018B	(21,600)	(21,600)	(21,600)	-	-	-	-	-	-	-
Transfer - repairs and replacement reserves	(24,000)	(24,000)	-	-	-	-	-	-	-	-
Transfer - principal - taxable bond series 2018B	(210,000)	-	-	-	-	-	-	-	-	-
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)	(1,183,314)	(1,012,152)	(827,244)	15,045,476	-	-	-	-	-	-
Net change in fund balance	428,472	1,477,434	1,184,901	(270,836)	(875,087)	7,098	735,069	495,566	73,065	180,835
Debt service as a percentage of noncapital expenditures	1.90%	5.12%	5.27%	5.10%	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	2022	2021	2020	2019	Fiscal Year Ended June 30, 2018	2017	2016	2015	2014	2013
Other local revenues										
Miscellaneous	\$ 258,541	\$ 28,746	\$ 274,859	\$ 381,299	\$ 72,000	\$ 107,356	\$ 127,299	\$ 13,447	\$ 4,957	\$ 4,951
Total other local revenue	<u>\$ 258,541</u>	<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>

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			
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
2022	14,510,000	-	-	-	-	-	-	14,510,000	0.09%	242

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>
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%
2022	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

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

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Principal Employers
Current Year
(Unaudited)

2022

Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airline	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%
	103,126		73.67%

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2022</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>
Instruction										
Regular	55	55	55	53	53	53	50	47	42	26
Special education	9	9	9	9	9	9	8	8	7	5
Vocational										
Other instruction	20	20	20	20	20	20	19	17	17	8
Support Services:										
Student & instruction related services	6	6	6	6	6	6	6	6	6	3
General administration	1	1	1	1	1	1	1	1	5	2
School administrative services	5	5	5	5	5	5	5	5	7	3
Other administrative services										
Central services	4	4	4	4	4	4	4	4	2	2
Administrative Information Technology	3	3	3	3	3	3	3	3	1	1
Plant operations and maintenance	6	6	6	6	6	6	6	6	2	1
Pupil transportation										
Other support services	5	5	5	5	5	5	5	5	4	5
Special Schools										
Food Service	2	2	2	2	2	2	2	2	2	2
After Care	4	4	4	4	4	4	4	4	1	2
Total	<u>120</u>	<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>

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				
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%
2022	668	17,475,058	26,160	5.82%	84	1:12	1:12	641	600	-21.96%	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

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School Building Information
Last Ten Fiscal Years
(Unaudited)

	<u>2022</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>
	Fiscal Year Ended June 30,									
Square Feet	62,747	62,747	62,747	50,747	50,747	50,747	50,753	50,753	50,753	35,753
Capacity (students)	1,000	1,000	1,000	1,000	900	900	700	600	600	350
Enrollment	668	856	863	942	867	706	644	612	540	335

Source: School Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

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

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
2022	85,703
	-
Total	<u>\$ 697,625</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

Insurance Schedule

**June 30, 2022
(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

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Charter School Performance Framework Financial Indicators
New Term Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 4,584,298	\$ 4,482,755	\$ 2,816,135
Current assets	1,501,564	1,147,649	1,013,799
Capital assets, net			
Total assets	<u>6,085,862</u>	<u>5,630,404</u>	<u>3,829,934</u>
Current liabilities	586,684	1,085,520	1,782,693
Long term liabilities			
Total liabilities	<u>586,684</u>	<u>1,085,520</u>	<u>1,782,693</u>
Net position	<u>\$ 5,499,178</u>	<u>\$ 4,544,884</u>	<u>\$ 2,047,241</u>
Total revenue	\$ 19,659,698	\$ 19,391,523	\$ 19,111,114
Total expenses	(19,145,571)	(18,631,027)	(17,998,624)
Change in net position	<u>\$ 514,127</u>	<u>\$ 760,496</u>	<u>\$ 1,112,490</u>
Depreciation expense	\$ 309,742	\$ 328,064	\$ 321,271
Interest expense	814,444	820,744	827,244
Principal payments	210,000	-	-
Interest payments	814,444	820,744	827,244
Final average daily enrollment	668	856	863
March 30th budgeted enrollment	950	950	950

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Three Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	10.37	5.19	2.15	17.71
Unrestricted days cash	87.40	87.82	57.11	232.33
Enrollment variance	70%	90%	91%	84%
Default	Yes	No	No	No

Source: Charter School Records

UNIVERSITY HEIGHTS CHARTER SCHOOL
County of Essex, New Jersey

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Charter School Performance Framework Financial Indicators
Sustainability Indicators

June 30, 2022
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 4,584,298	\$ 4,482,755	\$ 2,816,135
Current assets	1,501,564	1,147,649	1,013,799
Capital assets, net	-	-	-
Total assets	<u>6,085,862</u>	<u>5,630,404</u>	<u>3,829,934</u>
Current liabilities	586,684	1,085,520	1,782,693
Long term liabilities	-	-	-
Total liabilities	<u>586,684</u>	<u>1,085,520</u>	<u>1,782,693</u>
Net position	<u>\$ 5,499,178</u>	<u>\$ 4,544,884</u>	<u>\$ 2,047,241</u>
Total revenue	\$ 19,659,698	\$ 19,391,523	\$ 19,111,114
Total expenses	(19,145,571)	(18,631,027)	(17,998,624)
Change in net position	<u>\$ 514,127</u>	<u>\$ 760,496</u>	<u>\$ 1,112,490</u>

Depreciation expense	\$ 309,742	\$ 328,064	\$ 321,271
Interest expense	814,444	820,744	827,244
Principal payments	210,000	-	-
Interest payments	814,444	820,744	827,244
	-	-	-
Final average daily enrollment	668	856	863
March 30th budgeted enrollment	950	950	950

	<u>2022</u>	<u>2021</u>	<u>2020</u>	Three Year Cumulative
SUSTAINABILITY INDICATORS:				
Total margin	2.6%	3.9%	5.8%	104.4%
Liabilities to asset	0.10	0.19	0.47	0.22
Cash flow	\$ 101,543	\$ 1,666,620	\$ 2,480,331	\$ 4,248,494
Debt service coverage ratio	2.012	2.326	2.733	3.50

Source: Charter School Records

Single Audit Section

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

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, 2022, 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, 2023.

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 identify certain deficiency in internal control, described in item # 2022-001 in the accompanying schedule of findings and questioned costs that we consider to be material weakness.

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*.

The Charter School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

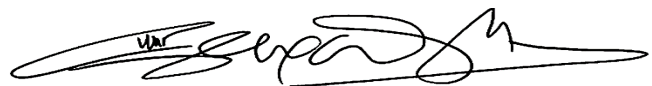
Purpose of this Report

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, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

Olugbenga Olabintan

Certified Public Accountant/Consultant

137 Camden Street, Suite #3
Newark, NJ 07103

Tel: (201) 230-7518
Fax: (973) 368-8268
E-mail: oolabintan@aol.com

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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 compliance requirements identified as subject to audit 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 Organization’s major federal and state programs for the year ended June 30, 2022. The Organization’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.

Qualified Opinion on New Jersey State Aid Public (Cluster)

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified section of our report, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on New Jersey State Aid Public – (Cluster) – Equalization Aid, Special Education Aid, Security Aid, State Adjustment Aid and Preschool Education Aid for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinion

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

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

Matter(s) Giving Rise to Qualified Opinion on New Jersey State Aid Public

As described in the accompanying schedule of findings and questioned costs, the Charter School did not comply with requirements regarding New Jersey State Aid Public (Cluster) programs as follows:

22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-085	State Adjustment Aid
22-495-034-5120-086	Preschool Education Aid

This was described in finding number 2022-002 for Eligibility and Reporting. Compliance with such requirements is necessary, in our opinion, for the Charter School to comply with the requirements applicable to those programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey 0MB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey 0MB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey 0MB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 federal and state programs on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal and state programs will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item # 2022-002 to be material weaknesses.

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 federal and state programs 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 U.S. 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, 2023
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



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

UNIVERSITY HEIGHTS CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grant/ Program Title	Federal C.F.D.A No.	Assistance Listing No.	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
Special Revenue Fund:															
U.S. Department of Education, Pass-Through Programs:															
Passed-Through New Jersey State Department of Education															
Title I Part A - FY 2021-2022	84.010A	S010A210030	7/1/21-9/30/22	\$ 490,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 490,883	\$ (490,883)	\$ -	\$ -	\$ -	\$ -
Title I SIA, Part A - FY 2021-2022	84.010A	S010A210030	7/1/21-9/30/22	101,700	-	-	-	-	-	101,700	(101,700)	-	-	-	-
Title IIA, Part A - FY 2021-2022	84.367A	S367A210029	7/1/21-9/30/22	46,866	-	-	-	-	-	46,866	(46,866)	-	-	-	-
Title IIIA, Part A - FY 2021-2022	84.365	S365A210030	7/1/21-9/30/22	11,609	-	-	-	-	-	11,609	(11,609)	-	-	-	-
Title III Immigrant - FY 2021-2022	84.365	S365A210030	7/1/21-9/30/22	6,089	-	-	-	-	-	6,089	(6,089)	-	-	-	-
Title IVA - FY 2021-2022	84.424	S424A210031	7/1/21-9/30/22	38,395	-	-	-	-	-	38,395	(38,395)	-	-	-	-
IDEA Part B - FY 2021-2022	84.027	H027A210100	7/1/21-9/30/22	214,688	-	-	-	-	-	28,920	(188,488)	-	(159,568)	-	-
IDEA Preschool - FY 2021-2022	84.173	H173A210114	7/1/21-9/30/22	9,117	-	-	-	-	-	-	(9,117)	-	(9,117)	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	444,804	(226,436)	-	-	-	-	249,476	(23,040)	-	-	-	-
ARP IDEA Basic - FY 2021-2022	84.027X	H027X210100	7/1/21-9/30/22	44,736	-	-	-	-	-	44,736	(44,736)	-	-	-	-
ARP IDEA Preschool - FY 2021-2022	84.173X	H173X210114	7/1/21-9/30/22	3,787	-	-	-	-	-	3,787	(3,787)	-	-	-	-
CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,724,109	-	-	-	-	-	792,517	(1,219,455)	-	(426,938)	-	-
CRRSA-Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	110,644	-	-	-	-	-	-	(43,436)	-	(43,436)	-	-
CRRSA-Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	-	-	-	-	-	-	(1,575)	-	(1,575)	-	-
Title I Part A - FY 2020-2021	84.010A	S010A200030	7/1/20-9/30/21	597,013	(143,580)	-	-	-	-	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	(42,770)	-	-	-	-	42,770	-	-	-	-	-
IDEA Part B - FY 2020-2021	84.027	H027A200100	7/1/20-9/30/21	197,931	(59,633)	-	-	-	-	69,835	-	-	-	-	10,202
Total for U.S. Department of Education, Pass-Through Programs					(493,651)	-	-	-	-	2,092,395	(2,229,176)	-	(640,634)	-	10,202
U.S. Homeland Security, Pass-Through Program:															
FEMA Public Assistance	97.036	Not Available	7/1/21-9/30/22	24,371	(24,371)	-	-	-	-	-	-	-	(24,371)	-	-
Total for U.S. Homeland Security, Pass-Through Program					(24,371)	-	-	-	-	-	-	-	(24,371)	-	-
Total Special Revenue Fund					(518,022)	-	-	-	-	2,092,395	(2,229,176)	-	(665,005)	-	10,202
Enterprise Fund:															
U.S. Department of Agriculture															
Passed-Through New Jersey Dept of Agriculture															
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	334,264	-	-	-	-	-	305,397	(334,264)	-	(28,867)	-	-
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	203,628	(16,803)	-	-	-	-	16,803	-	-	-	-	-
National School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	145,260	-	-	-	-	-	133,762	(145,260)	-	(11,498)	-	-
National School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	129,735	(10,758)	-	-	-	-	10,758	-	-	-	-	-
Emergency Operational Cost Program - CACFP	10.558	202121H170641	7/1/21-6/30/22	90,800	-	-	-	-	-	90,800	(90,800)	-	-	-	-
Healthy, Hunger Free Kids Act (HHFKA)	10.555	211NJ304N1099	7/1/20-6/30/21	4,038	(333)	-	-	-	-	333	-	-	-	-	-
Total Enterprise Fund/Total U.S. Department of Agriculture					(27,894)	-	-	-	-	557,853	(570,324)	-	(40,365)	-	-
Total Expenditures of Federal Awards					\$ (545,916)	\$ -	\$ -	\$ -	\$ -	\$ 2,650,248	\$ (2,799,500)	\$ -	\$ (705,370)	\$ -	\$ 10,202

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2021	Deferred Revenue at June 30, 2021	Due to Grantor at June 30, 2021	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2022	Deferred Revenue at June 30, 2022	Due to Grantor at June 30, 2022
State Department of Education														
General Fund:														
Equalization Aid	22-495-034-5121-078	7/1/21-6/30/22	\$ 8,109,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,109,269	\$ (7,955,498)	\$ -	\$(148,455)	\$ -	\$ 5,316
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	9,893,242	(81,723)	-	79,898	-	-	81,723	-	(79,898)	-	-	-
Special Education Aid	22-495-034-5121-089	7/1/21-6/30/22	297,359	-	-	-	-	-	297,359	(297,359)	-	-	-	-
Security Aid	22-495-034-5121-084	7/1/21-6/30/22	282,242	-	-	-	-	-	282,242	(282,242)	-	-	-	-
District Local Payroll Tax Transfer	22-495-034-5121-078	7/1/21-6/30/22	5,142	-	-	-	-	-	5,142	(5,142)	-	-	-	-
State Adjustment Aid	22-100-034-5121-085	7/1/21-6/30/22	4,732,565	-	-	-	-	-	4,732,565	(4,732,565)	-	-	-	-
TPAF/FICA Reimbursements	22-495-034-5094-003	7/1/21-6/30/22	353,199	-	-	-	-	-	318,778	(353,199)	-	(34,421)	-	-
TPAF/FICA Reimbursements	21-495-034-5094-003	7/1/20-6/30/21	331,774	(15,869)	-	-	-	-	15,869	-	-	-	-	-
TPAF Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	234,819	-	-	-	-	-	234,819	(234,819)	-	-	-	-
TPAF Pension Contribution - Normal & NCGI	22-495-034-5094-002	7/1/21-6/30/22	1,005,043	-	-	-	-	-	1,005,043	(1,005,043)	-	-	-	-
TPAF Pension Contribution - Long-Term Disability Insuran	22-495-034-5094-004	7/1/21-6/30/22	1,051	-	-	-	-	-	1,051	(1,051)	-	-	-	-
Total General Fund				<u>(97,592)</u>	<u>-</u>	<u>79,898</u>	<u>-</u>	<u>-</u>	<u>15,083,860</u>	<u>(14,866,918)</u>	<u>(79,898)</u>	<u>(182,876)</u>	<u>-</u>	<u>5,316</u>
Special Revenue Fund:														
Preschool Education Aid	22-495-034-5121-086	7/1/21-6/30/22	1,571,914	-	-	-	-	-	1,571,914	(1,571,914)	-	-	-	-
Charter & Renaissance School Project Emergent and Capital Maintenance Funds	22-495-034-5120-071	7/1/21-6/30/22	61,418	-	-	-	-	-	61,418	-	-	-	61,418	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,633,332</u>	<u>(1,571,914)</u>	<u>-</u>	<u>-</u>	<u>61,418</u>	<u>-</u>
Total State Department of Education				<u>(97,592)</u>	<u>-</u>	<u>79,898</u>	<u>-</u>	<u>-</u>	<u>16,717,192</u>	<u>(16,438,832)</u>	<u>(79,898)</u>	<u>(182,876)</u>	<u>61,418</u>	<u>5,316</u>
State Department of Agriculture														
Enterprise Fund:														
State School lunch program	22-100-010-3350-023	7/1/21-6/30/22	8,481	-	-	-	-	-	7,817	(8,481)	-	(664)	-	-
State School lunch program	21-100-010-3350-023	7/1/20-6/30/21	11,309	(1,214)	-	-	-	-	1,214	-	-	-	-	-
Total State Department of Agriculture/Enterprise Fund				<u>(1,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,031</u>	<u>(8,481)</u>	<u>-</u>	<u>(664)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ (98,806)</u>	<u>\$ -</u>	<u>\$ 79,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,726,223</u>	<u>(16,447,313)</u>	<u>\$ (79,898)</u>	<u>\$(183,540)</u>	<u>\$ 61,418</u>	<u>\$ 5,316</u>
Less Amounts Not Subject to Single Audit:														
TPAF Post Retirement Medical Contribution										234,819				
TPAF Pension Contribution - Normal & NCGI										1,005,043				
TPAF Pension Contribution - Long-Term Disability Insurance										1,051				
Total Expenditures of State Financial Assistance Subject to Single Audit										<u>\$(15,206,400)</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, 2022

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, 2022

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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 14,866,918	\$ 14,866,918
Special Revenue Fund	2,229,176	1,571,914	3,801,090
Enterprise Fund	570,324	8,481	578,805
Total	<u>\$ 2,799,500</u>	<u>\$ 16,447,313</u>	<u>\$ 19,246,813</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 \$353,199 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, 2022. 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 \$1,240,913 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2022.

6. On Behalf Programs Not Subject to State Single Audit

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

7. De Minimis Indirect Cost

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

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Modified
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:

Assistance Listing

<u>Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	S010210030	Title I, Part A
84.010A	S010210030	Title I, SIA
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D210027	Coronavirus Response and Relief Supplemental Act (CRRSA) ESSER II

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, 2022**

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: Modified

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>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-085	State Adjustment Aid
22-495-034-5120-086	Preschool Education Aid

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part II – Schedule of Financial Statement Findings

Material Weakness

2022-001 Charter Revocation/Going Concern
Automatic Immediate Maturity of the \$14.7M Bonds

Criteria:

The survival of an organization depends on its ability to manage its finances within its projected support and revenue and ensure liquidity such that current funds are available to meet current liabilities as they become due. The going concern ability of such organization would be materially impacted upon violation of the covenants of a long term loan.

Condition/Context:

In September 2018, the Charter School purchased one of its school facilities with long term bonds totaling \$14.7 million to mature in 30 years. There was evidence that the Charter School was meeting all of the current monthly loan payments. However, during the year ended June 30, 2022, the New Jersey Commissioner of Education revoked the Charter School's charter effective June 30, 2022. The charter revocation automatically triggered a violation of some of the loan covenants including immediate maturity of the entire amount due under the loan agreements.

Cause:

Charter revocation due to Charter School's failure to provide students with a high quality education and failure to demonstrate the capacity to effectively govern and maintain organizational stability.

Effect:

Inability to continue as a going concern. The Charter School ceased operations effective June 30, 2022.

Recommendation:

None. The Charter School ceased operations effective June 30, 2022.

Management's Response/Views of Responsible Officials and Planned Corrective Action:

None. The Charter School ceased operations effective June 30, 2022.

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part III – Schedule of Federal Awards

No findings and questioned costs related to the major federal award programs.

UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part III – Schedule of State Financial Assistance

2022-002 – Enrollment Counts Test Work - Limitations

Information on State Financial Assistance

New Jersey Department of Education - Cluster

<u>State Grant #</u>	<u>State Grant</u>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Aid
22-495-034-5120-084	Security Aid
22-495-034-5120-085	State Adjustment Aid
22-495-034-5120-086	Preschool Education Aid

Compliance Requirement –Eligibility

Material Non-Compliance

Material Weakness in Internal Control over Compliance

Criteria

New Jersey Administrative Code, Title 6A Chapter 6A:23A-15 establishes that charter schools are required to conduct enrollment counts on October 15 and the last day of school year. The annual auditors are required to conduct an audit of the two enrollment counts.

Condition/Context

As part of our audit we were required to conduct an audit of the two enrollment counts – October 15, 2021 and the last day of the school year in June 2022. The enrollment counts audit also included a review of the food program eligibility form for each student. All of the food program eligibility forms were not available for our audit. Further, special education folders for the special education students were not available for our audit. It is pertinent to note that the school's charter was revoked and it ceased operation as of June 30, 2022. This led to the return of all enrollment related documents to the respective resident districts of all students prior to June 30, 2022. Therefore, the documents were not available for the audit which was scheduled after June 30, 2022.

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Part III – Schedule of Federal Awards and State Financial Assistance

2022-002 – Enrollment Counts Test Work - Limitations

Questioned Costs

None

Cause

The cause is attributable to the non-renewal of the school’s charter and the cessation of operation as of June 30, 2022.

Recommendation

None

Management’s Response/Views of Responsible Officials and Planned Corrective Action

None

**UNIVERSITY HEIGHTS CHARTER SCHOOL
(County of Essex)
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2022**

There were no prior year's audit findings.