

**ACADEMY FOR URBAN LEADERSHIP
CHARTER SCHOOL**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

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

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

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DR. MARIO C. BARBIERE
Interim Lead Person

GAIL LONG
*School Business Administrator/
Board Secretary*



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

March 1, 2024

The Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Academy for Urban Leadership Charter School (Charter School) for the fiscal year ended June 30, 2023. This ACFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

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

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

Charter School Organization

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

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

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

The Academy for Urban Leadership Charter School provides a full range of educational services appropriate to Grades 7, 8, 9, 10, 11 and 12. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2022-2023 school year with an enrollment of 486 students. By every indicator, AULCHS is a successful young Charter School with great promise for the future. With a focus on leadership, civics, community service and academics, the Charter School is armed with a strong Board, experienced staff, significant seed funding, a well-developed mission and accompanying core values.

2. **MAJOR INITIATIVES:** Major initiatives for the 2022- 2023 school year continued to center on activities improving implementation of the Charter School's program and the health and educational challenges initially brought forth due to the Covid-19 pandemic. The following were areas of focus for operational activities:
 - 1) Increased district technological capacities in all areas (hardware/software) for remote learning
 - 2) Continued upgrades to the facility ventilation system, air handling and filtration system to Covid safety standards

- 3) Developed/Implemented Reopening Plan inclusive of PPE, Signage, Cleansing supplies/equipment
- 4) Designed/Implemented leadership mentoring and internship program per school Charter Continued fiscal controls, compliance, and fiscal stability
- 5) Continued search and goal setting for increasing student enrollment Continued expansion of staffing to accommodate program growth and student needs
- 6) Continued providing professional development to build staff competency
- 7) Continued expansion of dual enrollment with Middlesex College for student advancement Implementation of Pathway to Leadership program that addressed the Charter and development of a program at the middle grades to support student knowledge of the four academies at the High School.
- 8) Use grant money to support social emotional programming, staffing and school initiatives.
- 9) Utilized virtual learning to increase student graduation
- 10) Expand the virtual learning offerings to all students
- 11) Assess seventh and eighth grade students for learning styles and multiple intelligences to provide information to staff for differentiating instruction.
- 12) Perform curriculum audit Develop a five-year curriculum plan Continue 21st Century Program to promote after school programming.

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

3. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the NJ DOE. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

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

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

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

- 6. OTHER INFORMATION:**

Independent Audit

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

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

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

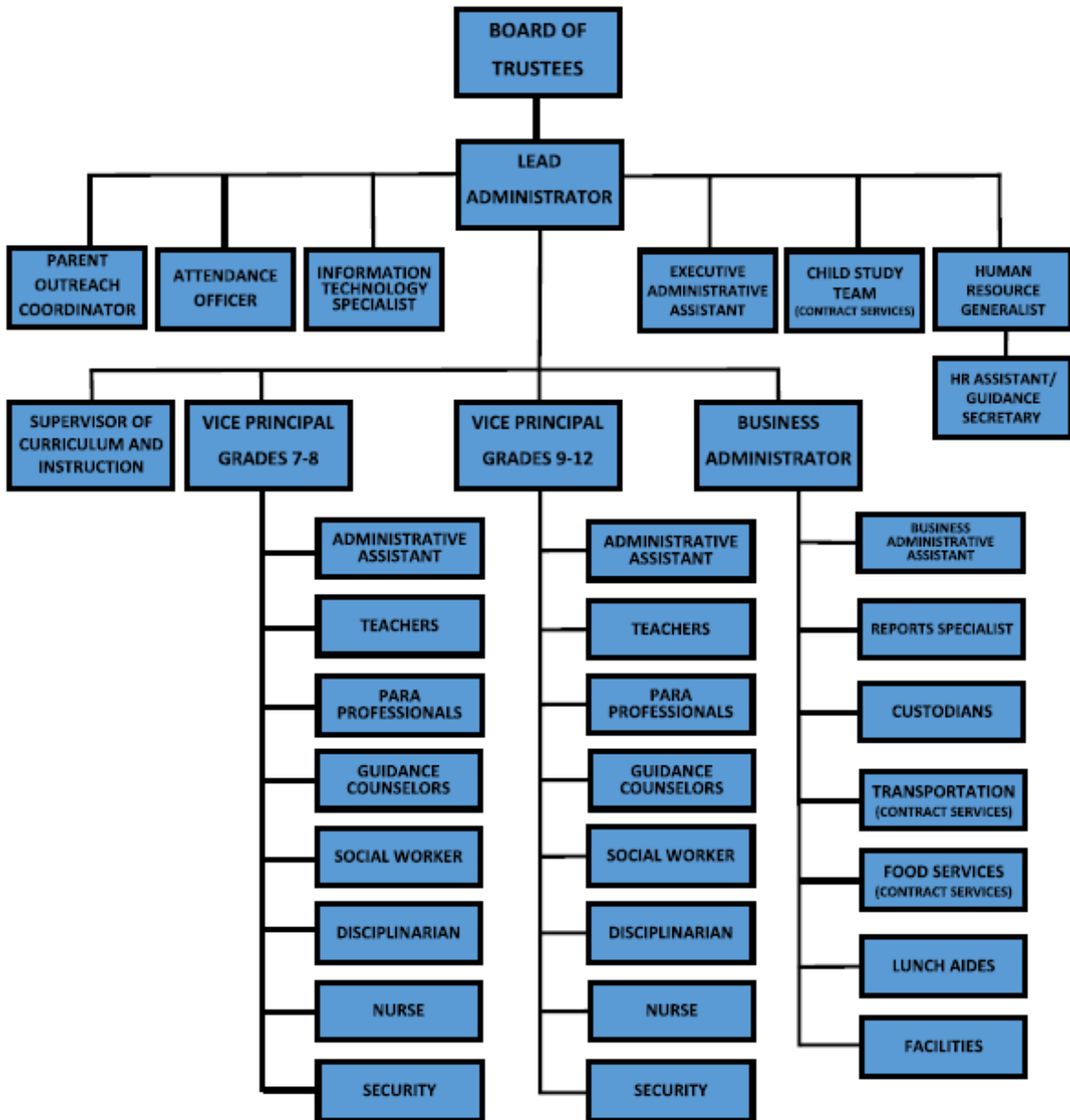
Respectfully submitted,



Bernadette Pinto
Interim School Business Administrator

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

ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2023

MEMBERS OF THE BOARD OF TRUSTEES

Joshua Bishop-Mbachu, President

Michelle Roman, Vice President

Saad Syed, Secretary

Elba Ceballo, Member

Eloisa Hernandez, Member

Karina Lascano, Member

Yadira Puntiel, Member

Ambiorix Ramirez, Nonvoting Member

OTHER OFFICIALS

Dr. Jeff White, Chief Lead Administrator

Bernadette Pinto, Interim School Business Administrator/Board Secretary

Patricia Bombelyn, Esq., Board Attorney

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

CONSULTANTS AND ADVISORS

Independent Auditors

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

Attorneys

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

Official Depositories

Investors Bank
101 JFK Parkway
Short Hills, New Jersey 07078

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit 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; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 2 to the financial statements during the fiscal year ended June 30, 2023, the Charter School adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Government Auditing Standards* and the audit requirements as 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, the *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

- Conclude whether, in our judgment, 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 a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the information listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Letter Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charter School's internal control over financial reporting and compliance.



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

March 1, 2024
Cream Ridge, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Introduction

This section of the Academy for Urban Leadership Charter School's (the "Charter School") annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key Financial highlights for the fiscal year 2023 are as follows:

- General revenues accounted for \$8.07 million or 69% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3.55 million or 31% of total revenues of \$11.62 million.
- The Charter School had \$10.90 million in expenses; only \$3.55 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8.07 million were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$9.87 million in total revenues and \$8.89 million in total expenditures and other financing uses.

Basic Financial Statements

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

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Fund Financial Statements

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

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

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

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

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

Statement of Net Position and Statement of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, “how did we do financially during fiscal year 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all the Charter School’s assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting takes into account all of the current year’s revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School’s net assets and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2023. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the Charter School where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two distinct kinds of activities:

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

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

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

Reporting the School Charter School’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Enterprise Fund

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole

The perspective of the Statement of Net Position is of the Charter School as a whole. The table below provides a summary of the Charter School’s net assets at June 30, 2023.

	Governmental Activities	Business Type Acvtivities	Total
Assets			
Current Assets	\$ 5,976,567	\$ 29,492	\$ 6,006,059
Capital Assets, net	836,864	-	836,864
Right-of-use Assets, net	1,000,180	-	1,000,180
Subscription Asset, net	93,493	-	93,493
Total Assets	<u>7,907,104</u>	<u>29,492</u>	<u>7,936,596</u>
Deferred outflow of resources	<u>519,815</u>	<u>-</u>	<u>519,815</u>
Liabilities			
Current Liabilities	603,643	23,255	626,898
Noncurrent Liabilities	3,427,403	-	3,427,403
Total Liabilities	<u>4,031,046</u>	<u>23,255</u>	<u>4,054,301</u>
Deferred inflow of resources	<u>334,012</u>	<u>-</u>	<u>334,012</u>
Net Position			
Invested in Capital Assets, net of related debt	836,864	-	836,864
Invested in Right-of-Use Assets, net of related debt	(421,718)	-	(421,718)
Invested in Subscription Asset, net of related debt	(3,522)	-	(3,522)
Restricted for:			
Student Activities	20,011	-	20,011
Unrestricted	<u>3,630,226</u>	<u>6,237</u>	<u>3,636,463</u>
Total Net Position	<u>\$ 4,061,861</u>	<u>\$ 6,237</u>	<u>\$ 4,068,098</u>

The total net position of the Charter School increased by \$0.47 million during the current fiscal year, which includes a decrease in net position at July 1, 2022 for prior period adjustment related to GASB 96 and GASB 87 amounting to \$0.25 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The table that follows reflects the change in net position for fiscal year 2023 and 2022.

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charge for Services	\$ 26,187	\$ 12,648	\$ 293	\$ 24	\$ 26,480	\$ 12,672
Operating grants and Contributions	<u>3,348,749</u>	<u>236,028</u>	<u>173,300</u>	<u>252,005</u>	<u>3,522,049</u>	<u>488,033</u>
Total Program Revenues	<u>3,374,936</u>	<u>248,676</u>	<u>173,593</u>	<u>252,029</u>	<u>3,548,529</u>	<u>500,705</u>
General Revenues:						
Local Aid	966,911	1,083,431	-	-	966,911	1,083,431
State Sources	7,057,684	11,475,679	-	-	7,057,684	11,475,679
Miscellaneous	44,653	14,540	-	94	44,653	14,634
Transfers	<u>(23,000)</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenues	<u>8,046,248</u>	<u>12,573,650</u>	<u>23,000</u>	<u>94</u>	<u>8,069,248</u>	<u>12,573,744</u>
Total Revenues	<u>11,421,184</u>	<u>12,822,326</u>	<u>196,593</u>	<u>252,123</u>	<u>11,617,777</u>	<u>13,074,449</u>
Expenditures:						
Instructions	4,861,240	4,699,918	-	-	4,861,240	4,699,918
Administrative	2,176,978	3,969,074	-	-	2,176,978	3,969,074
Support services	2,984,524	2,737,785	-	-	2,984,524	2,737,785
Unallocated						
Interest on Long Term Debt	-	131,181	-	-	-	131,181
Capital outlay	25,230	-	-	-	25,230	-
Depreciation	383,138	-	-	-	383,138	-
Amortization of right-of-use assets	222,435	485,088	-	-	222,435	485,088
Amortization of subscription asset	18,699	-	-	-	18,699	-
Food Service	<u>-</u>	<u>-</u>	<u>227,541</u>	<u>269,087</u>	<u>227,541</u>	<u>269,087</u>
Total Expenditures	<u>10,672,244</u>	<u>12,023,046</u>	<u>227,541</u>	<u>269,087</u>	<u>10,899,785</u>	<u>12,292,133</u>
Changes in Net Position	<u>748,940</u>	<u>799,280</u>	<u>(30,948)</u>	<u>(16,964)</u>	<u>717,992</u>	<u>782,316</u>
Net position at beginning of year, as reported	3,559,160	2,922,175	37,185	54,149	3,596,345	2,976,324
Prior period adjustment	<u>(246,239)</u>	<u>(162,295)</u>	<u>-</u>	<u>-</u>	<u>(246,239)</u>	<u>(162,295)</u>
Net position at beginning of year, as restated	<u>3,312,921</u>	<u>2,759,880</u>	<u>37,185</u>	<u>54,149</u>	<u>3,350,106</u>	<u>2,814,029</u>
Net position at end of year (A-1)	<u>\$4,061,861</u>	<u>\$ 3,559,160</u>	<u>\$ 6,237</u>	<u>\$ 37,185</u>	<u>\$4,068,098</u>	<u>\$3,596,345</u>

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

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, 2023.

	<u>Total Cost of Services</u>	<u>Charges for Services</u>	<u>Grants/ Contributions</u>	<u>Net Cost of Services</u>
Instruction	\$ 4,861,240	\$ -	\$ 1,713,356	\$ (3,147,884)
Administrative	2,176,978	-	467,430	(1,709,548)
Support services	2,984,524	26,187	1,146,613	(1,811,724)
Unallocated:				
Capital outlay	25,230	-	21,350	(3,880)
Depreciation	383,138	-	-	(383,138)
Amortization of right-of-use assets	222,435	-	-	(222,435)
Amortization of subscription asset	18,699	-	-	(18,699)
Total Expenses	<u>\$ 10,672,244</u>	<u>\$ 26,187</u>	<u>\$ 3,348,749</u>	<u>\$ (7,297,308)</u>

Business-Type Activity

The business-type activities of the Charter School are the food service operations. These programs had revenues of \$0.20 million and operating expenses of \$0.23 million for the fiscal year 2023.

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 \$11.27 million and expenditures of \$10.29 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget but provide flexibility for Charter School management teams.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

For the General Fund, final budgeted revenues were \$8.02 million which included a local tax levy of \$0.97 million. Expenditures and other financing uses were budgeted at \$8.40 million. The Charter School anticipated a decrease in fund balance of \$0.38 million. In fiscal year 2022-2023, actual revenues were \$9.86 million and expenditures and other financing uses were \$8.88 million.

The State of New Jersey reimbursed the Charter School \$0.18 million during the year ended June 30, 2023 for the employer’s share of social security contributions for TPAF members while on-behalf TPAF payments for post-retirement medical benefits and long-term disability insurance were \$1.62 million. These unbudgeted amounts are included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2023, the Charter School had \$0.83 million invested in capital assets as follow:

	Governmental Activities	Business Type Activities	Total
Leasehold improvements	\$ 3,854,489	\$ -	\$ 3,854,489
Equipment	<u>575,035</u>	<u>-</u>	<u>575,035</u>
Total Capital Assets	4,429,524	-	4,429,524
Less: Accumulated Depreciation	<u>(3,592,660)</u>	<u>-</u>	<u>(3,592,660)</u>
Totals	<u>\$ 836,864</u>	<u>\$ -</u>	<u>\$ 836,864</u>

Right-of-Use Assets

At the end of fiscal year 2023, the Charter School had \$1.00 million in right-of-use assets, net of accumulated amortization of \$2.17 million, which pertains to leased school building and copiers.

Subscription Asset

At the end of fiscal year 2023, the Charter School had \$0.09 million in subscription assets, net of accumulated amortization of \$0.03 million for its cloud backup license.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Long-term Liabilities

At the end of fiscal year 2023, long-term liabilities are as follows:

Net pension liability	\$ 1,908,490
Lease liabilities	1,421,898
Subscription liability	<u>97,015</u>
Total	<u>\$ 3,427,403</u>

Economic Factors and Next Year’s Budget

The State of New Jersey continues to face serious budgetary constraints. These impacts the amount of state aid allocated to Charter Schools. This reality was taken into account when adopting the general fund budget for 2022-2023. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey’s Core Curriculum Content Standards.

Contacting the Charter School’s Financial Management

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

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

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,187,201	\$ 2,632	\$ 4,189,833
Restricted cash	75,000	-	75,000
Accounts receivable	1,714,366	26,860	1,741,226
Total Current Assets	<u>5,976,567</u>	<u>29,492</u>	<u>6,006,059</u>
Capital assets:			
Equipment	575,035	3,540	578,575
Leasehold improvements	3,854,489	-	3,854,489
	4,429,524	3,540	4,433,064
Less: Accumulated depreciation	<u>(3,592,660)</u>	<u>(3,540)</u>	<u>(3,596,200)</u>
Net capital assets	<u>836,864</u>	<u>-</u>	<u>836,864</u>
Right-of-use assets:			
Right-of-use assets	3,169,898	-	3,169,898
Less: Accumulated amortization	<u>(2,169,718)</u>	<u>-</u>	<u>(2,169,718)</u>
Net right-of-use assets	<u>1,000,180</u>	<u>-</u>	<u>1,000,180</u>
Subscription asset:			
Subscription asset	127,774	-	127,774
Less: Accumulated amortization	<u>(34,281)</u>	<u>-</u>	<u>(34,281)</u>
Net subscription asset	<u>93,493</u>	<u>-</u>	<u>93,493</u>
Total assets	<u>7,907,104</u>	<u>29,492</u>	<u>7,936,596</u>
Deferred Outflow of Resources	<u>519,815</u>	<u>-</u>	<u>519,815</u>
Liabilities			
Current Liabilities:			
Accounts payable	306,218	16,165	322,383
Payroll deductions and withholdings payable	79,300	-	79,300
Interfund payables (internal)	(7,090)	7,090	-
Intergovernmental payable:			
State	207,171	-	207,171
Deferred revenues	18,044	-	18,044
	<u>603,643</u>	<u>23,255</u>	<u>626,898</u>
Noncurrent Liabilities:			
Due within one year	526,585	-	526,585
Due in more than one year	2,900,818	-	2,900,818
Total noncurrent liabilities	<u>3,427,403</u>	<u>-</u>	<u>3,427,403</u>
Total liabilities	<u>4,031,046</u>	<u>23,255</u>	<u>4,054,301</u>
Deferred Inflows of Resources	<u>334,012</u>	<u>-</u>	<u>334,012</u>
Net Position			
Invested in capital assets, net of related debt	836,864	-	836,864
Invested in right-of-use assets, net of related debt	(421,718)	-	(421,718)
Invested in subscription assets, net of related debt	(3,522)	-	(3,522)
Restricted for:			
Student activities	20,011	-	20,011
Unrestricted (Deficit)	<u>3,630,226</u>	<u>6,237</u>	<u>3,636,463</u>
Total Net Position	<u>\$ 4,061,861</u>	<u>\$ 6,237</u>	<u>\$ 4,068,098</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
Instruction	\$ 4,861,240	\$ -	\$ 1,713,356	\$ (3,147,884)	\$ -	\$ (3,147,884)
Administrative cost	2,176,978	-	467,430	(1,709,548)	-	(1,709,548)
Support services	2,984,524	26,187	1,146,613	(1,811,724)	-	(1,811,724)
Unallocated:						
Capital outlay	25,230	-	21,350	(3,880)	-	(3,880)
Amortization of right-of-use assets	222,435	-	-	(222,435)	-	(222,435)
Amortization of subscription assets	18,699	-	-	(18,699)	-	(18,699)
Depreciation	383,138	-	-	(383,138)	-	(383,138)
Total governmental activities	10,672,244	26,187	3,348,749	(7,297,308)	-	(7,297,308)
Business-type activities:						
Food Service	227,541	293	173,300	-	(53,948)	(53,948)
Total primary government	\$ 10,899,785	\$ 26,480	\$ 3,522,049	(7,297,308)	(53,948)	(7,351,256)
General revenues, transfers and special items:						
Local sources				\$ 966,911	\$ -	\$ 966,911
State sources				7,057,684	-	7,057,684
Miscellaneous				44,653	-	44,653
Transfers				(23,000)	23,000	-
Total general revenues, transfers and special items				8,046,248	23,000	8,069,248
Changes in net position				748,940	(30,948)	717,992
Net position - beginning, as previously reported				3,559,160	37,185	3,596,345
Prior period adjustments				(246,239)	-	(246,239)
Net position - beginning				3,312,921	37,185	3,350,106
Net position - ending (A-1)				\$ 4,061,861	\$ 6,237	\$ 4,068,098

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,153,357	\$ 33,844	\$ 4,187,201
Restricted cash	75,000	-	75,000
Interfunds accounts receivable	847,649	-	847,649
Accounts receivables:			
Federal	-	1,012,339	1,012,339
State	644,159	4,442	648,601
Other	53,426	-	53,426
Total assets	<u>\$ 5,773,591</u>	<u>\$ 1,050,625</u>	<u>\$ 6,824,216</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 207,775	\$ 98,443	\$ 306,218
Payroll deductions and withholdings payable	79,300	-	79,300
Intergovernmental payable			
State	133,603	73,568	207,171
Interfund accounts payable	-	840,559	840,559
Deferred revenue	-	18,044	18,044
Total liabilities	<u>420,678</u>	<u>1,030,614</u>	<u>1,451,292</u>
Fund balances:			
Restricted:			
Student activities	-	20,011	20,011
Assigned	123,777	-	123,777
Unassigned	5,229,136	-	5,229,136
Total fund balances	<u>5,352,913</u>	<u>20,011</u>	<u>5,372,924</u>
Total liabilities and fund balances	<u>\$ 5,773,591</u>	<u>\$ 1,050,625</u>	

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

Capital assets and right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 4,429,524
Accumulated depreciation	<u>(3,592,660)</u>
	836,864

Right-of-use assets	3,169,898
Accumulated amortization	<u>(2,169,718)</u>
	1,000,180

Subscription asset	127,774
Accumulated amortization	<u>(34,281)</u>
	93,493

Deferred outflow and deferred inflow of resources and amortized in the statement of activities

Deferred amounts on net pension liability	<u>185,803</u>
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Long-term liabilities, including lease liabilities and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Net pension liability	(1,908,490)
Lease liabilities	(1,421,898)
Subscription liabilities	<u>(97,015)</u>
	<u>(3,427,403)</u>

Net position of governmental activities - A-1

\$ 4,061,861

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total
Revenues			
Local Sources:			
Local tax levy	\$ 966,911	\$ -	\$ 966,911
Grant and contribution	-	4,537	4,537
Miscellaneous	44,653	26,187	70,840
Total revenues - local sources	<u>1,011,564</u>	<u>30,724</u>	<u>1,042,288</u>
Federal sources	-	1,361,299	1,361,299
State sources	7,057,684	4,442	7,062,126
Reimbursed TPAF - Social Security (non-budgeted)	184,786	-	184,786
On-behalf Teachers' Pension and Annuity Fund pension contributions (non-budgeted)	1,280,080	-	1,280,080
On-behalf Teachers' Pension and Annuity Fund post-retirement medical (non-budgeted)	336,274	-	336,274
On-behalf Teachers' Pension and Annuity Fund non-contributory insurance (non-budgeted)	1,254	-	1,254
Total revenues	<u>9,871,642</u>	<u>1,396,465</u>	<u>11,268,107</u>
Expenditures			
Current expense:			
Regular instruction	2,541,456	728,808	3,270,264
Other Special Instruction	70,018	-	70,018
Other Instruction	95,039	-	95,039
Support services and undistributed costs:			
Student and instruction related services	545,639	651,898	1,197,537
Other administrative services	614,317	-	614,317
School administrative services	885,683	-	885,683
Plant operations and maintenance	923,738	-	923,738
Pupil transportation	24,870	-	24,870
Personal services - employee benefits	2,803,101	-	2,803,101
Capital outlay	3,880	21,350	25,230
Total expenditures	<u>8,507,741</u>	<u>1,402,056</u>	<u>9,909,797</u>
Excess of revenue over expenses before financing sources (uses)	<u>1,363,901</u>	<u>(5,591)</u>	<u>1,358,310</u>
Other financing sources/(uses):			
Transfers out - Food service	(23,000)	-	(23,000)
Principal payments on leases	(266,212)	-	(266,212)
Principal payments on subscription liability	(17,056)	-	(17,056)
Interest payments on leases	(71,339)	-	(71,339)
Interest payments on subscription liability	(4,520)	-	(4,520)
Total other financing sources (uses)	<u>(382,127)</u>	<u>-</u>	<u>(382,127)</u>
Excess revenues over expenditures	981,774	(5,591)	976,183
Fund balances at beginning of year, as reported	4,371,139	25,602	4,396,741
Prior period adjustments	-	-	-
Fund balances at beginning of the year	<u>4,371,139</u>	<u>25,602</u>	<u>4,396,741</u>
Fund balances at end of year	<u>\$ 5,352,913</u>	<u>\$ 20,011</u>	<u>\$ 5,372,924</u>

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

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

YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds (B-2) \$ 976,183

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period.

Depreciation expense	(383,138)
Amortization expense	(241,134)

Repayment of capital lease obligations are expenditures in the governmental funds, but the repayment reduces noncurrent liabilities in the Statement of Net Assets and are not reported in the Statement of Activities.

Lease liabilities	266,212
Subscription liability	17,056

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

Pension costs	<u>113,761</u>
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Change in net position of governmental activities (A-2) \$ 748,940

PROPRIETARY FUNDS

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

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$	2,632
Accounts receivable:		
Federal		26,113
State		747
		<u>26,860</u>

Capital assets

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

Total assets	\$	<u><u>29,492</u></u>
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Liabilities

Current liabilities:

Accounts payable	\$	16,165
Interfund payable - General Fund		<u>7,090</u>
		23,255

Net position

Unrestricted		<u>6,237</u>
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Total liabilities and net position	\$	<u><u>29,492</u></u>
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**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2023

Operating revenues:		
Charges for services:		
Daily sales - nonreimbursable programs	\$	-
Miscellaneous revenue		293
Total operating revenues		<u>293</u>
Operating expenses:		
Cost of sales - reimbursable programs		185,632
Salaries		31,687
Employee benefits		-
Professional/technical service		8,730
Supplies and materials		592
Miscellaneous		900
Total operating expenses		<u>227,541</u>
Operating loss		<u>(227,248)</u>
Nonoperating revenues:		
State sources:		
State School Lunch Program		3,278
Federal sources:		
National School Lunch Program		115,022
National School Breakfast Program		21,607
Food Distribution Program		33,393
Total nonoperating revenues		<u>173,300</u>
Loss before transfers		(53,948)
Transfers from General Fund		<u>23,000</u>
Change in net position		(30,948)
Total net position at beginning of year		<u>37,185</u>
Total net position at end of year	\$	<u><u>6,237</u></u>

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

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Cash flows from operating activities

Operating loss	\$ (227,248)
Adjustment to reconcile operating loss to net cash from operating activities:	
Depreciation	-
Changes in assets and liabilities:	
Accounts receivable	59,973
Accounts payable	(31,178)
Intergovernmental payable	(139)
Net cash from operating activities	<u>(198,592)</u>

Cash flows from noncapital financing activities

Cash received from state and federal reimbursements	173,300
Transfer in from General Fund	<u>23,000</u>
Net cash from noncapital financing activities	196,300
Net increase in cash and cash equivalents	(2,292)
Cash and cash equivalents at beginning of the year	<u>4,924</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,632</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

B. Component Units

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

C. Basis of Presentation

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

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

The financial statements include:

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

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

D. Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements - Continued

Fund Financial Statements

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

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

E. Governmental Funds

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - Continued

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, 2023, there was no Capital Projects Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2023, there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds:

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

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

Internal Service (Self-Insurance) Fund:

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds

Fiduciary funds are classified as follows:

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School's own programs. Three trust fund types discussed below are used to account for resources held and administered by the Charter School when it is acting in a fiduciary capacity for individuals, private organizations or other governmental units. These funds are distinguished from custodial funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

H. Measurement Focus and Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting - 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 noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

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

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

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

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control - Continued

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

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

J. Assets, Liabilities, and Equity

Deposits, Investments and Risk Disclosure

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity - Continued

Deposits, Investments and Risk Disclosure - Continued

Deposits

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

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

Investments

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

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

As of June 30, 2023, the Charter School did not hold any investments.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Assets, Liabilities, and Equity - Continued

Risk Category

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

As of June 30, 2023, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

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

Prepaid Expenses

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

There was no prepayment as of June 30, 2023.

Interfund Assets/Liabilities

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

Fixed Assets

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Fixed Assets - Continued

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 - 50 years
Machinery and Equipment	5 - 10 years
Land Improvements	10 - 20 years
Leasehold improvements	lease term or useful life, whichever is shorter

Right-of-Use Assets

Right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the lease term or the life of the asset, whichever is shorter.

Subscription Assets

In the charter school-wide financial statements, subscription assets are measured as the sum of (1) present value of subscription payments expected to be made during the subscription term plus (2) payments made before commencement of the subscription term, and (3) any capitalizable implementation costs, less any incentives received at or before the commencement of the subscription term in the charter school-wide and proprietary fund financial statements and is amortized on a straight-line basis over the subscription term. Short-term SBITAs, which have a maximum possible term of 12 months, including any options to extend, regardless of their probability of being exercised are recognized as outflows of resources in the period paid.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Compensated Absences

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

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School’s personnel policy. Upon termination, employees are paid for accrued vacation. The Charter School’s policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the Charter School for the unused sick leave in accordance with the Charter School’s agreements with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, there is no liability for compensated absences in the Food Service Fund.

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Charter School recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the Charter School’s fiscal year-end or the Charter School’s proportionate share thereof in the case of a cost-sharing multi-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience, are amortized over the weighted average remaining service life of all participants, including retirees, in the

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Pensions – Continued

respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Lease Liabilities

Lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives).

Subscription Liabilities

In the charter school-wide financial statements, subscription liabilities are reported and measured as the present value of subscription payments at the charter school's incremental borrowing rate.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

The deferred outflows of resources and deferred inflows of resources in the Charter School-wide governmental activities pertain to pensions.

Fund Balance and Equity

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Fund Balance and Equity – Continued

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

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

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

Net Position

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Assets, Liabilities, and Equity – Continued

Net Position – Continued

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

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

Contributed Capital

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

K. Interfund Transactions

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

L. Use of Estimates

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

M. Accounting for Uncertainty in Income Taxes

The Charter School recognizes the effect of income tax positions only of those positions are more likely than not of being sustained. Management has determined that the Charter School had no uncertain tax positions that would require financial statement recognition. The Charter School is no longer subject to audits by the applicable taxing jurisdictions for tax periods prior to 2020.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. On-Behalf Payments

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

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure as/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 1, 2024.

NOTE 2 ACCOUNTING PRONOUNCEMENTS

A. *Accounting Pronouncement Adopted During the Year*

GASB Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Charter School is not a party to a conduit debt obligation, and therefore, the adoption of this standard did not have an effect on the Charter School's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides new definitions and guidance for accounting and financial reporting for public-private, public-public partnerships (PPPs) and availability payment arrangements (APAs).

A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time, in an exchange or exchange-like transaction.

An APA is an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time, in an exchange or exchange-like transaction. In an APA, a government procures a capital asset or service, rather than receiving compensation to allow another entity to provide public services. During the process of evaluating the impact of this statement, it was confirmed that the Charter School is not involved in APA arrangements.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS – CONTINUED

A. Accounting Pronouncement Adopted During the Year - Continued

The Charter School do not have a PPP nor APA type of agreements, and thus the adoption of Statement No. 93 had no impact on the Charter School's current accounting practices nor its financial reporting.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosures which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources.

The Charter School has implemented Statement No.96 and it became evident that a majority of the Charter School's subscription arrangements are perpetual agreements and mainly to access content. As a result of adopting the new standard, the charter school-wide financial statements reflected a cumulative effect for the change in accounting principle to recognize the net subscription assets of \$112,192 and subscription liabilities of \$114,071, which caused a restatement to decrease the net position at July 1, 2022 of \$1,879. Additional disclosures of the Charter School's implementation with respect to Statement No. 96 are included in Notes to the Financial Statements.

GASB Statement No. 92, *Omnibus 2022*, addresses a variety of practice issues, such as requirements related to derivatives, leases, PPPs and SBITAs that were identified during implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years.

The Charter School implemented some of the requirements of this statement in its fiscal year ended June 30, 2023 financials, and the residual items in the current fiscal year and found that there were no material impacts to the Charter School's financial statements. Additionally, the Charter School does not have derivative or hedging instruments and other investment instruments as defined by Statement No. 99.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING PRONOUNCEMENTS – CONTINUED

B. Accounting Pronouncements Issued but not Yet Adopted

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Charter School upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
99	Omnibus 2022	2024
100	Accounting Changes and Error Corrections— an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024

NOTE 3 CASH AND CASH EQUIVALENTS

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

As of June 30, 2023, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Operating Account	\$ 4,153,357	\$ 33,844	\$ 2,632	\$ 4,189,833
Restricted cash	75,000	-	-	75,000
Total	<u>\$ 4,228,357</u>	<u>\$ 33,844</u>	<u>\$ 2,632</u>	<u>\$ 4,264,833</u>

Operating cash accounts are held in the Charter School's name by Investors Bank. At June 30, 2023, the Charter School's carrying amount of deposits was \$4,264,833 and the bank balance was \$4,524,530. Of the bank balance, up to a maximum of \$250,000 of the Charter School's cash deposits on June 30, 2023 were secured by federal deposit insurance and \$4,274,530 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").

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 3 CASH AND CASH EQUIVALENTS -CONTINUED

Restricted Cash

The Charter School has established and funded an Escrow Account pursuant to an agreement signed with the New Jersey Department of Education. The required minimum is \$75,000, which is fully funded at June 30, 2023. 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.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental Activities			
<i>Capital assets not being depreciated:</i>			
Leasehold improvements in-progress	\$ 875,687	\$ (875,687)	\$ -
<i>Capital assets being depreciated:</i>			
Cost			
Leasehold Improvements	\$ 2,978,802	\$ 875,687	\$ 3,854,489
Equipment	575,035	-	575,035
Total at Historical Cost	3,553,837	875,687	4,429,524
Less: Accumulated depreciation			
Leasehold Improvements	2,754,137	316,896	3,071,033
Equipment	455,385	66,242	521,627
Total Accumulated Depreciation	3,209,522	383,138	3,592,660
<i>Capital assets being depreciated, net of accumulated depreciation</i>	344,315	492,549	836,864
Government Activity Capital assets, net	\$ 1,220,002	\$ (383,138)	\$ 836,864

NOTE 5 LEASES

A lease is defined as a contractual agreement that conveys control of the right to use another entity’s nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Charter School leases a significant amount of nonfinancial assets such as school buildings and copiers. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As a lessee, the associated right-of-use asset as of June 30, 2023 on the government-wide Statement of Net Position is as follow:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 5 LEASES - CONTINUED

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Right-of-use assets being depreciated:			
Leased school buildings	\$ 3,031,386	\$ -	\$ 3,031,386
Leased copiers	138,512	-	138,512
Total	3,169,898	-	3,169,898
Less: Accumulated amortization	(1,947,283)	(222,435)	(2,169,718)
Right-of-use assets, net	<u>\$ 1,222,615</u>	<u>\$ (222,435)</u>	<u>\$ 1,000,180</u>

The amortization of right-of-use assets for the year ended June 30, 2023, recognized in the Charter School-wide statement of activities amounted to \$222,435.

The lease liabilities as of June 30, 2023, recognized in the Charter School-wide statement of financial position is \$1,421,898.

The Charter School does not have of variable payment clauses, within its lease arrangements. The Charter School did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

Key estimates and judgements related to leases include how the Charter School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Charter School uses the interest rate charged by the lessor as the discount rate when available. In the absence of the lessor's interest rate, the Charter School uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, limited to the Charter School's latest charter renewal term. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Charter School is reasonably certain to exercise.

The Charter School monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the right-of-use asset and lease liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Furthermore, the Charter School has no commitment for leases that have not commenced as of June 30, 2023.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The Charter School's SBITA pertain to its cloud backup license. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining subscription term. The associated subscription liabilities as of June 30, 2023, on the government-wide Statement of Net Position is as follow:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental Activities			
<i>Subscription asset being amortized:</i>			
Cloud backup license	\$ 127,774	\$ -	\$ 127,774
Less: Accumulated amortization	<u>(15,582)</u>	<u>(18,699)</u>	<u>(34,281)</u>
Right-of-use assets, net	<u>\$ 112,192</u>	<u>\$ (18,699)</u>	<u>\$ 93,493</u>

The amortization for the year ended June 30, 2023, recognized in the Charter School-wide statement of activities amounted to \$18,699.

The Charter School does not have variable payment clauses with its SBITA. The Charter School did not incur expenses on its SBITA related to residual value guarantees, termination penalties or impairment losses. Furthermore, the Charter School has no commitment for SBITA that has not commenced as of June 30, 2023.

The subscription liabilities as of June 30, 2023, recognized in the Charter School-wide statement of financial position is \$97,015.

NOTE 7 LONG TERM LIABILITIES

During the fiscal year ended June 30, 2023, noncurrent liabilities are reported in the statement of net position, pertain to the following:

Non-current Liabilities	Balance July 1, 2022	Additions	Retired	Balance June 30, 2023	Due within One Year
Governmental Activities					
Net pension liability	\$ 1,484,216	\$ 424,274	\$ -	\$ 1,908,490	\$ 216,740
Lease liabilities	1,688,110	-	239,793	1,421,898	269,382
Subscription liabilities	<u>114,071</u>	<u>-</u>	<u>17,056</u>	<u>97,015</u>	<u>40,463</u>
	<u>\$ 3,286,397</u>	<u>\$ 424,274</u>	<u>\$ 256,849</u>	<u>\$ 3,427,403</u>	<u>\$ 526,585</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 LONG TERM LIABILITIES - CONTINUED

Net Pension Liability

The net pension liability classified as due within one year amounting to \$216,740 represents pension contributions for fiscal year 2023 due and payable on April 1, 2024.

Lease Liabilities

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

On August 9, 2017, the school rented additional space from the Hispanic Christian Center Inc. at 293 (parking lot) 295 and 299 Barclay Street, Perth Amboy for the period August 1, 2017 to June 31, 2019 with a two 5-year renewal options.

There are four equipment agreements executed on between 2019 and 2021, to lease a copy machines and requiring 48 monthly payments.

Principal and interest payments on these leases recognized in the governmental funds for the year ended June 30, 2023 amounted to \$337,551. Lease liabilities at June 30, 2023 amounted to \$1,421,898.

There are no variable payment components of these leases.

As of June 30, 2023, the Charter School's minimum principal and interest payment requirements for its leasing activities, with a remaining term in excess of one year, is as follows:

Fiscal Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 269,382	\$ 59,266	\$ 328,648
2025	271,068	46,878	317,946
2026	279,106	34,427	313,533
2027	293,341	21,431	314,772
2028	<u>309,001</u>	<u>7,740</u>	<u>316,741</u>
Total	<u>\$ 1,421,898</u>	<u>\$ 169,742</u>	<u>\$ 1,591,640</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 7 LONG TERM LIABILITIES - CONTINUED

Subscription Liabilities

As of June 30, 2023, the Charter School's minimum principal and interest payment requirements for its subscription liabilities, with a remaining term in excess of one year, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 17,785	\$ 3,791	\$ 21,576
2025	18,566	3,010	21,576
2026	19,370	2,206	21,576
2027	20,210	1,366	21,576
2028	21,084	491	21,575
Total	<u>\$ 97,015</u>	<u>\$ 10,864</u>	<u>\$ 107,879</u>

NOTE 8 NET POSITION

As of June 30, 2023, the net position consisted of the following components:

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

Capital assets, net	\$ 836,864
Less: Long-term obligations	<u>-</u>
	<u>836,864</u>

**INVESTMENT IN RIGHT-OF-USE ASSETS,
NET OF RELATED DEBT**

Right-of-use assets, net	1,000,180
Less: Lease liabilities	<u>(1,421,898)</u>
	<u>(421,718)</u>

**INVESTMENT IN SUBSCRIPTION ASSET,
NET OF RELATED DEBT**

Subscription asset, net	93,493
Less: Subscription liabilities	<u>(97,015)</u>
	<u>(3,522)</u>

RESTRICTED

Student Activity Fund	<u>20,011</u>
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UNRESTRICTED

Net position not restricted above	<u>3,636,463</u>
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NET POSITION	<u><u>\$ 4,068,098</u></u>
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**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS

A. Description of Plans

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

i. Public Employees' Retirement System (PERS)

The Public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

ii. Teachers Pension and Annuity Fund (TPAF)

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS – CONTINUED

B. Vesting and Benefit Provisions

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

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

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

C. Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also

receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS – CONTINUED

C. Significant Legislation - Continued

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

D. Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS and 7.06% for TPAF of the employee's

annual compensation. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Charter School.

The Charter School's contribution to PERS paid during the year ended June 30, 2023 was \$159,475.

The State of New Jersey was required to contribute for TPAF on behalf of the Charter School, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) and post-retirement medical contribution amounting to \$1,616,354. In addition, for fiscal year 2023, the State of New Jersey contributed \$1,254 for LTDI.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$184,786 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS – CONTINUED

D. Contribution Requirement - Continued

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

E. GASB 68 Disclosures

i. Public Employees' Retirement System (PERS)

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

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

At June 30, 2023, the Charter School reported in the Charter School-wide statement of net position a liability of \$1,908,490 for its proportionate share of the PERS net pension liability. The total pension liability was measured as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Charter School's proportionate share of the net pension liability was based on the ration of contributions as an individual employer to the total contributions to the PERS as of June 30, 2022 measurement date. The results of the June 30, 2022 measurement date was used to determine pension values for fiscal year 2022 as allowed by GASB Statement No. 68.

At June 30, 2022 measurement date, the Charter School's proportionate share was 0.0126462274% which is an increase from the proportionate share of 0.0125287309% at June 30, 2021 measurement date.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) – Continued

For the year ended June 30, 2023, the Charter School recognized pension expense of \$184,667. The Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and differences between Charter School contributions and proportionate share contributions	\$ 519,815	\$ 334,012

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

	<u>Year Ending June 30</u>
2024	\$16,616
2025	30,523
2026	13,930
2027	124,585
2028	149

Actuarial assumptions. The collective total pension liability for the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 6.55% based on years of service
Investment rate of return	7.00%

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

F. GASB 68 Disclosures - Continued

ii. Public Employees' Retirement System (PERS) – Continued

Pre-retirement mortality rates were based on Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 measurement date, are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

i. Public Employees' Retirement System (PERS) – Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7% as of June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions from local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	<u>\$ 2,472,615</u>	<u>\$ 1,908,490</u>	<u>\$ 1,458,315</u>

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

ii. Teacher's Pension and Annuity Fund (TPAF)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures - Continued

iii. Teacher's Pension and Annuity Fund (TPAF) - continued

For the year ended June 30, 2023, the Charter School recognized pension expense and related revenue of \$444,428 in the Charter School-wide financial statements for its proportionate share in the special funding support provided by the State for its TPAF members. The results of the June 30, 2022 measurement date was used to determine pension values for fiscal year 2023 as allowed by GASB Statement No. 68.

The State's proportionate share of the net pension liability attributable to the Charter School was based on the ratio on the State's contribution as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF for the June 30, 2022 and 2021 measurement dates, respectively. At June 30, 2023 and 2022, the State's proportion of the net pension liability attributable to Charter School was 0.031993691% and 0.0354613789%, respectively.

Actuarial Assumptions. The total pension liability for the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality were based on Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

ii. Teacher’s Pension and Annuity Fund (TPAF) - Continued

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

Long-term Expected Rate of Return. In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2022 measurement date, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
Total	<u>100.00%</u>	

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 9 PENSION PLANS - CONTINUED

E. GASB 68 Disclosures – Continued

ii. Teacher’s Pension and Annuity Fund (TPAF) - Continued

Discount rate. The discount rate used to measure the total pension liability was 7.0% June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability attributable to the Charter School	<u>\$ 19,385,584</u>	<u>\$ 16,506,958</u>	<u>\$ 14,130,513</u>

NOTE 10 POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State’s contribution is a matter of State law.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 POST-RETIREMENT BENEFITS - CONTINUED

General Information about the OPEB Plan - continued

State Health Benefit State Retired Employees Plan - continued

Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021.

Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 POST-RETIREMENT BENEFITS - CONTINUED

State Health Benefit State Retired Employees Plan - Continued

Total OPEB Liability

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

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

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation 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:

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75% to 4.25% Based on years of service	2.75% to 4.25% Based on years of service	2.75% to 4.25% Based on years of service

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 POST-RETIREMENT BENEFITS - CONTINUED

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially is 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount rate

The discount rate for used for June 30, 2022 measurement dates was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB liability of the State for Charter School retirees:

Balance at 6/30/21 measurement date	\$ 4,365,263
Changes for the year	
Service cost	849,218
Interest	104,572
Change of benefit terms	-
Differences between expected and actual experience	(214,297)
Changes in assumptions and other inputs	(1,058,539)
Benefit payments	(103,582)
Contributions from the member	<u>3,323</u>
Net Change	<u>(419,305)</u>
Balance at 6/30/22 measurement date	<u>\$ 3,945,958</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 POST-RETIREMENT BENEFITS – CONTINUED

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

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 4,638,059	\$ 3,945,958	\$ 3,391,274

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

	<u>1% Decrease</u>	<u>Current Health Cost Trend Rate</u>	<u>1% Increase</u>
Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the Charter School retirees	\$ 3,261,575	\$ 3,945,958	\$ 4,844,936

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

For the year ended June 30, 2023, the Charter School recognize OPEB revenue and expense of \$1.01 million as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 10 POST-RETIREMENT BENEFITS – CONTINUED

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired Charter School employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 704,510	\$ 1,204,747
Difference between expected and actual experience	682,945	1,342,989
Changes in proportion	<u>2,301,849</u>	<u>1,043,022</u>
	<u>\$ 3,689,304</u>	<u>\$ 3,590,758</u>

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

	Year Ending June 30
2024	\$ 144,960
2025	144,960
2026	144,960
2027	148,024
2028	174,881
Thereafter	(659,239)

NOTE 11 DEFERRED COMPENSATION

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

NOTE 12 RISK MANAGEMENT

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 12 RISK MANAGEMENT - CONTINUED

A. Property and Liability Insurance

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

B. New Jersey Unemployment Compensation

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

NOTE 13 INTERFUND RECEIVABLES AND PAYABLES

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

At June 30, 2023, the interfund balances consisted of the following components:

	<u>RECEIVABLE (PAYABLE)</u>		
	General Fund	Special Revenue Fund	Enterprise Fund
General fund	\$ 847,649	(840,559)	\$ (7,090)
GASB No 34 mandated eliminations within governmental activities	<u>(840,559)</u>	<u>840,559</u>	<u>-</u>
Net interfund balances reported as follows: Entity-wide (eliminated in total column)	<u>\$ 7,090</u>	<u>\$ -</u>	<u>\$ (7,090)</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 14 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2023, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2023.

Litigation

There is a lawsuit filed against the Charter School former Charter School employee. The Charter School management is contesting the claim and will continue to vigorously defend its position. In the opinion of the Charter School's management and legal counsel, the Charter School will prevail on the claim.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 966,911	\$ -	\$ 966,911	\$ 966,911	\$ -
Miscellaneous	-	-	-	44,653	44,653
Total - local sources	966,911	-	966,911	1,011,564	44,653
State sources:					
Equalization aid	5,559,520	-	5,559,520	5,559,520	-
Categorical special education aid	172,338	-	172,338	172,338	-
Categorical security aid	186,997	-	186,997	186,997	-
Adjustment aid	1,138,829	-	1,138,829	1,138,829	-
On-Behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	1,280,080	1,280,080
On-Behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	336,274	336,274
On-Behalf T.P.A.F. pension contributions - long-term disability insurance (non-budgeted)	-	-	-	1,254	1,254
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	184,786	184,786
Total - state sources	7,057,684	-	7,057,684	8,860,078	1,802,394
Total revenues	8,024,595	-	8,024,595	9,871,642	1,847,047
Expenditures					
Current expense:					
Regular programs - instruction:					
Grade 6-8	315,403	-	315,403	434,775	(119,372)
Grades 9-12 - salaries of teachers	2,224,222	(544,160)	1,680,062	1,514,072	165,990
Regular programs - home instruction:					
Salaries of Teachers	4,000	41,940	45,940	45,940	-
Purchased professional - educational services	20,000	(10,000)	10,000	560	9,440
Regular programs - undistributed instruction:					
Other Salaries for Instruction	-	40,000	40,000	28,162	11,838
Purchased professional - educational services	165,153	178,240	343,393	342,393	1,000
Other purchased services (400-500 series)	103,526	11,472	114,998	101,488	13,510
General supplies	201,053	(120,514)	80,539	64,750	15,789
Textbooks	10,000	-	10,000	141	9,859
Other objects	14,738	20,518	35,256	9,175	26,081
Total regular programs - instruction	3,058,095	(382,504)	2,675,591	2,541,456	134,135
Bilingual education - instruction:					
Salaries of teachers	92,156	-	92,156	70,018	22,138
General supplies	15,000	(10,000)	5,000	-	5,000
Total bilingual education - instruction	107,156	(10,000)	97,156	70,018	27,138
School-sponsored cocurricular/extracurricular activities - Instruction:					
Salaries	26,000	6,427	32,427	32,427	-
Total school-sponsored cocurricular / extracurricular Activities - instruction	26,000	6,427	32,427	32,427	-
School-sponsored athletics - instruction:					
Salaries	58,000	-	58,000	58,000	-
Purchased services (300-500 series)	5,000	-	5,000	900	4,100
Supplies and materials	4,000	-	4,000	862	3,138
Other objects	8,000	-	8,000	2,850	5,150
Total school-sponsored athletics - instruction	75,000	-	75,000	62,612	12,388
Total instruction	3,266,251	(386,077)	2,880,174	2,706,513	173,661
Undistributed expenditures - attendance and social work:					
Salaries	124,848	4,235	129,083	78,818	50,265
Salaries of family liaisons/comm parent inv. spe	117,375	-	117,375	86,115	31,260
Other purchased services (400-500 series)	20,000	-	20,000	17,954	2,046
Total undistributed expenditures - attendance and social work	262,223	4,235	266,458	182,887	83,571
Undistributed expenditures - health services:					
Salaries	136,846	8,822	145,668	145,668	-
Purchased professional and technical services	15,000	-	15,000	10,000	5,000
Supplies and materials	2,200	-	2,200	596	1,604
Total undistributed expenditures - health services	154,046	8,822	162,868	156,264	6,604
Undistributed expenditures - guidance:					
Students - regular:					
Salaries of other professional staff	136,385	-	136,385	95,895	40,490
Other purchased services (400-500 series)	3,200	200	3,400	-	3,400
Total undistributed expenditures - guidance	139,585	200	139,785	95,895	43,890
Undistributed expenditures - child study team:					
Salaries of other professional staff	96,000	14,468	110,468	110,468	-
Purchased Professional - Educational Services	5,000	-	5,000	-	5,000
Total undistributed expenditures - child study team	101,000	14,468	115,468	110,468	5,000
Undistributed expenditures - instructional staff training service:					
Other purchased services (400-500 series)	-	125	125	125	-
Total undistributed expenditures - instructional staff training service	-	125	125	125	-
Undistributed expenditures - support services - general Administration:					

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Salaries	231,248	23,696	254,944	254,944	-
Unused Vacation Payment to Terminated / Retired Staff	-	2,987	2,987	2,987	-
Legal services	160,580	-	160,580	152,823	7,757
Audit fees	35,000	-	35,000	31,000	4,000
Purchased Technical Services	-	20,000	20,000	3,609	16,391
Communications / telephone	35,060	-	35,060	11,210	23,850
BOE other purchased services	1,825	(1,770)	55	-	55
Miscellaneous purchased services (400-500)	9,249	-	9,249	889	8,360
General supplies	4,000	10,154	14,154	6,838	7,316
Miscellaneous expenditures	16,187	52	16,239	16,180	59
BOE membership dues and fees	2,500	-	2,500	-	2,500
Total undistributed expenditures - support services - general	495,649	55,119	550,768	480,480	70,288
Administration					
Undistributed expenditures - support services - school					
Administration:					
Salaries of principals / assistant principals	340,930	-	340,930	224,372	116,558
Salaries of secretarial and clerical assistants	88,400	4,230	92,630	92,630	-
Purchased professional and technical services	36,000	57,400	93,400	65,977	27,423
Other purchased services (400-500 series)	38,946	(15,513)	23,433	13,006	10,427
Other objects	2,000	-	2,000	-	2,000
Total undistributed expenditures - support services - school	506,276	46,117	552,393	395,985	156,408
Administration					
Undistributed Expenditures - Central Services:					
Salaries	381,872	12,000	393,872	336,036	57,836
Purchased Professional Services	41,555	118,000	159,555	108,870	50,685
Purchased Technical Services	18,000	8,770	26,770	22,576	4,194
Misc. Purchased Services (400-500) [O/T 594]	17,815	-	17,815	15,764	2,051
Supplies and Materials	10,000	-	10,000	6,452	3,548
Total Undistributed Expenditures - Central Services	469,242	138,770	608,012	489,698	118,314
Undistributed expenditures - administration information					
Technology:					
Salaries	115,293	10,340	125,633	125,633	-
Purchased technical services	153,917	(110,372)	43,545	6,639	36,906
Supplies and materials	4,700	-	4,700	1,565	3,135
Total undistributed expenditures - administration information	273,910	(100,032)	173,878	133,837	40,041
Technology					
Undistributed expenditures - custodial services					
Salaries	318,865	11,501	330,366	299,849	30,517
Salaries of non-instructional aides	15,113	64,864	79,977	79,977	-
Purchased professional and technical services	10,000	-	10,000	4,300	5,700
Rental of land & bldg. oth. than lease pur agrmt	15,407	-	15,407	4,056	11,351
Other purchased property services	51,450	30,652	82,102	58,762	23,340
Insurance	149,331	-	149,331	116,742	32,589
General supplies	26,444	20,000	46,444	16,320	30,124
Energy (electricity)	84,600	-	84,600	56,026	28,574
Other objects	618	-	618	428	190
Total undistributed expenditures - custodial services	671,828	127,017	798,845	636,460	162,385
Undistributed expenditures - care and upkeep of grounds:					
Cleaning, repair, and maintenance services	9,000	-	9,000	7,170	1,830
Undistributed expenditures - security:					
Salaries	228,405	42,387	270,792	270,792	-
Cleaning, Repair, and Maintenance Services	35,749	-	35,749	6,708	29,041
General supplies	12,000	-	12,000	2,608	9,392
Total undistributed expenditures - security	276,154	42,387	318,541	280,108	38,433
Total undistributed expenditures - operation and maintenance of plant services	956,982	169,404	1,126,386	923,738	202,648
Undistributed expenditures - student transportation services:					
Contracted Services - (Between Home and School) - Vendors	27,000	370	27,370	24,170	3,200
Contracted services - (other than between home and School) - vendors	30,000	(10,000)	20,000	700	19,300
Total undistributed expenditures - student transportation services	57,000	(9,630)	47,370	24,870	22,500
Unallocated benefits - employee benefits:					
Group insurance	-	41,729	41,729	41,729	-
Social security contributions	180,000	16,750	196,750	196,750	-
Other retirement contributions - PERS	145,000	-	145,000	-	145,000
Unemployment compensation	75,000	-	75,000	35,045	39,955
Workmen's compensation	77,880	-	77,880	73,219	4,661
Health benefits	770,000	-	770,000	653,964	116,036
Total unallocated benefits - employee benefits	1,247,880	58,479	1,306,359	1,000,707	305,652
On-behalf T.P.A.F. pension contributions - normal cost (non-budgeted)	-	-	-	1,280,080	(1,280,080)
On-behalf T.P.A.F. pension contributions - post-retirement medical (non-budgeted)	-	-	-	336,274	(336,274)
On-behalf T.P.A.F. pension contributions - long-term disability Insurance (non-budgeted)	-	-	-	1,254	(1,254)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	-	-	-	184,786	(184,786)
Total on-behalf contributions	-	-	-	1,802,394	(1,802,394)

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
Total personal services - employee benefits	1,247,880	58,479	1,306,359	2,803,101	(1,496,742)
Total undistributed expenditures	4,663,793	386,077	5,049,870	5,797,348	(747,478)
Total general current expense	7,930,044	-	7,930,044	8,503,861	(573,817)
Capital outlay:					
Equipment:					
Grades 9-12	16,419	-	16,419	-	16,419
Undistributed expenditures:					
Non-instruction services	19,718	-	19,718	3,880	15,838
Total equipment	36,137	-	36,137	3,880	32,257
Facilities acquisition and construction services:					
Construction services	48,600	-	48,600	-	48,600
Total capital outlay	84,737	-	84,737	3,880	80,857
Total expenditures	8,014,781	-	8,014,781	8,507,741	(492,960)
Excess (deficiency) of revenues over expenditures	9,814	-	9,814	1,363,901	1,354,087
Other financing sources (uses):					
Transfers to cover deficit (enterprise fund)	(23,000)	-	(23,000)	(23,000)	-
Principal payments on leases	(266,212)	-	(266,212)	(266,212)	-
Principal payments on subscription liabilities	(17,056)	-	(17,056)	(17,056)	-
Interest payments on leases	(71,339)	-	(71,339)	(71,339)	-
Interest payments on subscription liabilities	(4,520)	-	(4,520)	(4,520)	-
Total other financing sources (uses)	(382,127)	-	(382,127)	(382,127)	-
Excess (deficiency) of revenues and other financing sources					
Over (under) expenditures and other financing uses	(372,313)	-	(372,313)	981,774	1,354,087
Fund balances at beginning of year	4,371,139	-	4,371,139	4,371,139	-
Fund balances at end of year	<u>\$ 3,998,826</u>	<u>\$ -</u>	<u>\$ 3,998,826</u>	<u>\$ 5,352,913</u>	<u>\$ 1,354,087</u>
Recapitulation:					
Assigned:					
Designated for Subsequent Year's Expenditures				\$ 123,777	
Unassigned				5,229,136	
				5,352,913	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2023 Last State Aid Payments not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,352,913</u>	

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

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues					
Local	\$ 44,733	\$ -	\$ 44,733	\$ 30,724	\$ (14,009)
Federal	3,821,728	-	3,821,728	1,361,299	(2,460,429)
State	114,273	-	114,273	4,442	(109,831)
Total revenues - all sources	<u>3,980,734</u>	<u>-</u>	<u>3,980,734</u>	<u>1,396,465</u>	<u>(2,474,438)</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries	924,365	(19,014)	905,351	447,835	457,516
Purchased professional and technical services:	554,770	(10,000)	544,770	212,429	332,341
Other purchased services	12,607	-	12,607	2,657	9,950
Supplies and materials	180,884	183,716	364,600	49,201	315,399
Miscellaneous	18,896	-	18,896	16,686	2,210
Total instruction	<u>1,691,522</u>	<u>154,702</u>	<u>1,846,224</u>	<u>728,808</u>	<u>1,117,416</u>
Support services					
Salaries	684,842	(42,640)	642,202	269,609	372,593
Employee benefits	320,302	(39,517)	280,785	95,518	185,267
Purchased professional educational services	698,139	(7,209)	690,930	108,087	582,843
Other purchase services	142,284	(2,130)	140,154	102,306	37,848
Supplies	112,001	(16,443)	95,558	15,703	79,855
Other Objects	75,403	(25,703)	49,700	28,897	20,803
Student activities	32,181	-	32,181	31,778	403
Total support services	<u>2,065,152</u>	<u>(133,642)</u>	<u>1,931,510</u>	<u>651,898</u>	<u>1,279,612</u>
Capital Outlay:					
Facilities acquisition and construction services					
Building	91,060	(21,060)	70,000	21,350	48,650
Noninstructional equipment	133,000	-	133,000	-	133,000
Total facilities acquisition and construction serv	<u>224,060</u>	<u>(21,060)</u>	<u>203,000</u>	<u>21,350</u>	<u>181,650</u>
Total Expenditures	<u>3,980,734</u>	<u>-</u>	<u>3,980,734</u>	<u>1,402,056</u>	<u>2,578,678</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,591)</u>	<u>\$ 104,240</u>
Fund balance at beginning of year				<u>25,602</u>	
Fund balance at end of year				<u>\$ 20,011</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 20,011</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART II

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 9,871,642		[C-2] 1,396,465
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		-
Last State aid payment recognized for budgetary purposes only.	-		-
General Fund contribution to Early Childhood Program Aid.	-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>9,871,642</u>		[B-2] <u>1,396,465</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 8,507,741		[C-2] 1,402,056
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund	-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 8,507,741</u>		[B-2] <u>\$ 1,402,056</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

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

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

LAST TEN FISCAL YEARS (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Charter School's proportion of the net pension liability (asset)	0.0126462274%	0.0125287309%	0.0110619360%	0.0114448831%	0.0070152717%	0.0070152717%	0.0028157814%	0.0035734400%	0.0014681237%
Charter School's proportionate share of the net pension liability (asset)	\$ 1,908,490	\$ 1,484,216	\$ 1,803,912	\$ 2,062,194	\$ 1,633,043	\$ 1,633,043	\$ 833,954	\$ 802,166	\$ 274,873
Charter School's covered-employee payroll	\$ 2,262,687	\$ 1,045,464	\$ 1,437,254	\$ 4,219,562	\$ 1,083,817	\$ 1,083,817	\$ 793,855	\$ 333,428	\$ 194,890
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	84.35%	141.97%	125.51%	48.87%	150.68%	150.68%	105.05%	240.58%	141.04%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	51.52%	58.32%	56.27%	53.60%	48.10%	40.14%	38.21%	40.71%

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

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

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

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

LAST TEN FISCAL YEARS (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 159,475	\$ 146,726	\$ 121,012	\$ 111,325	\$ 78,864	\$ 64,989	\$ 25,015	\$ 30,722	\$ 12,103
Contributions in relation to the contractually required contribution	<u>(159,475)</u>	<u>(146,726)</u>	<u>(121,012)</u>	<u>(111,325)</u>	<u>(78,864)</u>	<u>(64,989)</u>	<u>(25,015)</u>	<u>(30,722)</u>	<u>(12,103)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	\$ 4,219,562	\$ 1,045,464	\$ 4,219,532	\$ 4,219,562	\$ 1,169,826	\$ 1,083,817	\$ 793,855	\$ 333,428	\$ 194,890
Contributions as a percentage of covered-employee payroll	3.78%	14.03%	2.87%	2.64%	6.74%	6.00%	3.15%	9.21%	6.21%

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

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

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

LAST TEN FISCAL YEARS (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportionate share of the net pension liability (asset) attributable to Charter School	0.0319936910%	0.0354613789%	0.0329283853%	0.0249584703%	0.0230974867%	0.0180243825%	0.0222152124%	0.0117350545%	0.0108171438%
State's proportionate share of the net pension liability (asset) attributable to Charter School	16,506,958	17,048,125	\$ 21,682,945	15,317,249	\$ 14,694,125	\$ 12,152,689	\$ 17,475,901	\$ 7,417,056	\$ 5,781,411
Charter School's covered-employee payroll	\$ 2,910,476	\$ 3,019,235	\$ 3,891,268	\$ 4,219,562	\$ 4,374,464	\$ 3,947,450	\$ 3,157,382	\$ 1,757,843	\$ 1,980,905
State's proportionate share of the net pension liability (asset) attributable to Charter School as a percentage of its covered-employee payroll	567%	565%	557%	363%	336%	308%	553.49%	421.94%	291.86%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.48%	26.49%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

YEAR ENDED JUNE 30, 2023

25 Public Employees Retirement System (PERS)

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability did not change at 7.00%.

Teachers Pension and Annuity Fund (TPAF)

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

Change in assumptions. The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability did not change at 7.00%.

Other Post-employment Benefits (OPEB)

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

Change in assumptions. The calculation of the discount rate used to measure the total nonemployer OPEB liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. The discount rate used to measure the total pension liability changed from 2.16% to 3.54% in the current measurement date. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 75. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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

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

LAST TEN FISCAL YEARS (1)

	Fiscal Year Ended June 30,				
	2023	2022	2021	2020	2019
Charter School's proportion of the Total OPEB Liability (Asset)	0%	0%	0%	0%	0%
State's proportionate share of the Total OPEB Liability (Asset) associated with the Charter School	\$ 3,945,958	\$ 4,365,263	\$ 6,356,254	\$ 3,082,350	\$ 1,948,054
Charter School Covered-employee payroll ⁽²⁾	\$ 5,173,162	\$ 4,064,699	\$ 5,328,522	\$ 8,439,123	\$ 5,031,267
Charter School's proportionate share of the Total OPEB Liability (Asset) as a percentage of its covered-employee payroll	76%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB Liability	0%	0%	0%	0%	0%
Total State OPEB Liability Attributable to Charter School					
Service cost	\$ 849,218	\$ 1,216,050	\$ 640,892	\$ 410,382	\$ 357,407
Interest	104,572	113,240	128,452	89,512	93,615
Effect on Changes of Benefit Terms	-	(4,646)	-	-	-
Difference between expected and actual experience	(214,297)	(3,233,636)	1,450,794	680,258	(511,579)
Changes in assumptions and other inputs	(1,058,539)	4,307	1,161,069	45,958	(223,549)
Member contributions	3,323	2,895	3,354	2,805	1,800
Benefit payments	(103,582)	(89,201)	(110,657)	(94,619)	(52,090)
Net Change in Total State OPEB Liability Attributable to Charter School	(419,305)	(1,990,991)	3,273,904	1,134,296	(334,396)
Total State OPEB Liability Attributable to Charter School:					
At beginning of year	\$ 4,365,263	\$ 6,356,254	\$ 3,082,350	\$ 1,948,054	\$ 2,282,450
At end of year	\$ 3,945,958	\$ 4,365,263	\$ 6,356,254	\$ 3,082,350	\$ 1,948,054
Total State OPEB liability as a percentage of Charter School covered-employee payroll	76.28%	107.39%	119.29%	36.52%	38.72%

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

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURE:
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2023

	Every Student Succeeds Act (E.S.S.A.)			COVID-19 Grants				Climate Awareness Education Grant	PAPERS Grant	21st Century Grant - 2023	21st Century Grant - 2022	Local Sources	Student Activities	Total
	Title I, Part A	Title II, Part A	Title III, Part A	IDEA, Part B Basic	CRRSA Act - ESSER II	CRRSA Act - Mental Health	CRRSA Act - Learning Acceleration							
Revenues														
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,537	\$ 26,187	\$ 30,724
Federal sources	209,073	14,334	25,341	107,314	324,491	29,165	1,040	159,611	-	16,957	397,002	76,971	-	1,361,299
State Sources	-	-	-	-	-	-	-	-	4,442	-	-	-	-	4,442
Total revenues	209,073	14,334	25,341	107,314	324,491	29,165	1,040	159,611	4,442	16,957	397,002	76,971	4,537	1,396,465
Expenditures														
Instruction:														
Salaries- Instruction- Sal of Teache	157,451	-	4,111	51,138	9,719	-	-	7,211	-	10,640	158,960	48,605	-	447,835
Purchased Services- Instruction	-	-	-	-	198,619	-	-	-	-	-	13,810	-	-	212,429
Other Purchased Services- Instruction (400-500 ser	-	-	-	-	-	-	-	600	-	-	-	2,057	-	2,657
Instructional Supplies- Instructor	8,792	-	13,652	-	-	-	1,040	-	542	1,970	22,165	1,040	-	49,201
Other Objects-Instruction	-	-	-	-	-	-	-	-	3,400	-	13,205	81	-	16,686
Total instruction	166,243	-	17,763	51,138	208,338	-	1,040	7,811	3,942	12,610	208,140	51,783	-	728,808
Support services:														
Salaries-Support	-	-	5,000	-	-	12,960	-	145,607	-	-	89,119	16,923	-	269,609
Benefits	42,830	-	-	15,604	-	5,184	-	-	-	1,847	25,040	5,013	-	95,518
Professional Tech Services-Suppor	-	-	1,000	40,572	21,000	8,021	-	-	500	2,500	32,100	2,394	-	108,087
Other Purchased Services _Support	-	12,635	1,578	-	73,803	-	-	-	-	-	14,290	-	-	102,306
Supplies and Materials-Suppor	-	1,699	-	-	-	3,000	-	-	-	-	5,609	858	4,537	15,703
Other Objects-Support	-	-	-	-	-	-	-	6,193	-	-	22,704	-	-	28,897
Student Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	31,778
Total support services	42,830	14,334	7,578	56,176	94,803	29,165	-	151,800	500	4,347	188,862	25,188	4,537	651,898
Facilities acquisition and construction services:														
Building	-	-	-	-	21,350	-	-	-	-	-	-	-	-	21,350
Total expenditures	209,073	14,334	25,341	107,314	324,491	29,165	1,040	159,611	4,442	16,957	397,002	76,971	4,537	1,402,056
Excess (deficiency) of revenues: Over (under) expenditure:	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,591)
Fund Balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	25,602
Fund Balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,011

CAPITAL PROJECTS FUND

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

ENTERPRISE FUNDS

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

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

ENTERPRISE FUND

COMBINING SCHEDULE OF NET POSITION

JUNE 30, 2023

	FOOD SERVICE
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,632
Accounts receivable:	
Federal	26,113
State	747
	<u>26,860</u>
Capital assets:	
Machinery and equipment	3,540
Less: Accumulated depreciation	<u>(3,540)</u>
Net capital assets	<u>-</u>
Total assets	<u>\$ 29,492</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 16,165
Interfund payable - General Fund	7,090
Total current liabilities	<u>23,255</u>
Net assets	
Unrestricted	<u>6,237</u>
Total liabilities and net position	<u>\$ 29,492</u>

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

ENTERPRISE FUND

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

YEAR ENDED JUNE 30, 2023

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ -
Miscellaneous revenue	293
Total operating revenues	<u>293</u>
Operating expenses:	
Cost of sales - reimbursable programs	185,632
Salaries	31,687
Professional/Technical service	8,730
Supplies and materials	592
Miscellaneous	900
Total operating expenses	<u>227,541</u>
Operating loss	<u>(227,248)</u>
Nonoperating revenues:	
State sources:	
State School Lunch Program	3,278
Federal sources:	
National School Lunch	115,022
National School Breakfast	21,607
Supply Chain Assistance	33,393
Total nonoperating revenues	<u>173,300</u>
Loss before transfers	(53,948)
Transfers in - General fund	<u>23,000</u>
Changes in net position	(30,948)
Total net position at beginning of year	<u>37,185</u>
Total net position at end of year	<u>\$ 6,237</u>

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

ENTERPRISE FUND

COMBINING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	FOOD SERVICE
Cash flows from operating activities	
Operating loss	\$ (227,248)
Adjustment to reconcile operating loss to net cash from operating activities	
Depreciation expense	-
Changes in assets and liabilities:	
Accounts receivable	59,973
Accounts payable	(31,178)
Intergovernmental payable	<u>(139)</u>
Net cash from operating activities	(198,592)
Cash flows from noncapital financing activities	
Cash received from state and federal reimbursements	173,300
Transfer in from General Fund	<u>23,000</u>
Net cash from noncapital financing activities	196,300
Net increase in cash and cash equivalents	(2,292)
Cash and cash equivalents at beginning of the year	<u>4,924</u>
Cash and cash equivalents at end of year	<u>\$ 2,632</u>

FIDUCIARY FUNDS

Trust Fund. Accounts for assets held in a trustee capacity for others and therefore cannot be used to support the Charter School's own programs which are as follow:

- a. Pension and Other Employee Benefit Trust. Accounts for resources held in trust for the members and beneficiaries of various employee benefit plans.
- b. Investment Trust Fund. Accounts for the portion of investment pools reported by the sponsoring district.
- c. Private Purpose Trust Fund. Accounts for all other trust arrangements, such as a scholarship fund to benefit individual students.

Custodial Fund. Accounts for resources held by the Charter School in a purely custodial capacity that involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Charter School must maintain the financial integrity of the individual agencies through a separate accounting of each activity for which the Charter School is acting as an agent. Custodial funds would include parent-teacher organizations.

At June 30, 2023, the Charter School do not have a Trust Fund nor Custodial Fund.

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long-term liabilities of the charter school. This includes the outstanding principal balance on leases, subscription liabilities, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding or mortgage note payable.

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

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER LEASES

YEAR ENDED JUNE 30, 2023

Purpose	Date of Original Issue	Term of Lease	Amount of Original Lease		Interest Rate	Balance			Balance June 30, 2023
			Principal	Interest		June 30, 2022	Issued	Retired	
Building Lease (Amboy Avenue)	7/1/2010	18 years	\$ 2,277,649	\$ 1,131,271	4.25%	\$ 1,143,849	\$ -	\$ (171,028)	\$ 972,821
Building Lease (Barclay Street)	7/1/2017	11 years	753,737	250,040	5.25%	489,509	-	(66,808)	422,701
Copier Lease	11/30/2021	5 years	<u>138,512</u>	<u>15,433</u>	4.25%	<u>54,752</u>	-	<u>(28,376)</u>	<u>26,376</u>
Total Liabilities			<u>\$ 3,169,898</u>	<u>\$ 1,396,744</u>		<u>\$ 1,688,110</u>	<u>\$ -</u>	<u>\$ (266,212)</u>	<u>\$ 1,421,898</u>

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

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

YEAR ENDED JUNE 30, 2023

Purpose	Date of Original Issue	Term of Lease	Amount of Original Subscription		Interest Rate	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
			Principal	Interest					
Cloud Backup License	9/1/2021	7 years	\$ 127,774	\$ 19,662	4.25%	\$ 114,071	\$ -	\$ (17,056)	\$ 97,015

STATISTICAL SECTION (UNAUDITED)

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

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

INTRODUCTION TO THE STATISTICAL SECTION

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	85
Revenue Capacity	These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity	These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	89
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	91

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

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

NET POSITION BY COMPONENT
Last Ten Fiscal Years (1)

(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 836,864	\$ 2,484,057	\$ 1,278,554	\$ 1,773,897	\$ 1,766,908	\$ 1,611,493	\$ 2,006,119	\$ 2,312,643	\$ 1,424,047	\$ 542,238
Invested in right-of-use assets, net of related debt	(421,718)	-	-	-	-	-	-	-	-	-
Invested in subscription asset, net of related debt	(3,522)	-	-	-	-	-	-	-	-	-
Restricted	20,011	130,199	370,539	-	-	-	-	-	-	-
Unrestricted	<u>3,630,226</u>	<u>944,904</u>	<u>1,275,686</u>	<u>741,397</u>	<u>1,655,768</u>	<u>2,378,648</u>	<u>1,977,101</u>	<u>1,444,330</u>	<u>2,105,508</u>	<u>2,387,155</u>
Total governmental activities net position	<u>\$ 4,061,861</u>	<u>\$ 3,559,160</u>	<u>\$ 2,924,779</u>	<u>\$ 2,515,294</u>	<u>\$ 3,422,676</u>	<u>\$ 3,990,141</u>	<u>\$ 3,983,220</u>	<u>\$ 3,756,973</u>	<u>\$ 3,529,555</u>	<u>\$ 2,929,393</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>6,237</u>	<u>37,185</u>	<u>54,149</u>	<u>22,412</u>	<u>42,467</u>	<u>5,572</u>	<u>61,633</u>	<u>34,033</u>	<u>43,750</u>	<u>13,164</u>
Total business-type activities net position	<u>\$ 6,237</u>	<u>\$ 37,185</u>	<u>\$ 54,149</u>	<u>\$ 22,412</u>	<u>\$ 42,467</u>	<u>\$ 5,572</u>	<u>\$ 61,633</u>	<u>\$ 34,033</u>	<u>\$ 43,750</u>	<u>\$ 13,164</u>
Charter School-wide										
Invested in capital assets, net of related debt	\$ 836,864	\$ 2,484,057	\$ 1,278,554	\$ 1,773,897	\$ 1,766,908	\$ 1,611,493	\$ 2,006,119	\$ 2,312,643	\$ 1,424,047	\$ 542,238
Invested in right-of-use assets, net of related debt	(421,718)	-	-	-	-	-	-	-	-	-
Invested in subscription asset, net of related debt	(3,522)	-	-	-	-	-	-	-	-	-
Restricted	20,011	130,199	370,539	-	-	-	-	-	-	-
Unrestricted	<u>3,636,463</u>	<u>982,089</u>	<u>1,329,835</u>	<u>763,809</u>	<u>1,698,235</u>	<u>2,384,889</u>	<u>2,038,734</u>	<u>1,478,363</u>	<u>2,149,258</u>	<u>2,400,319</u>
Total Charter School net position	<u>\$ 4,068,098</u>	<u>\$ 3,596,345</u>	<u>\$ 2,978,928</u>	<u>\$ 2,537,706</u>	<u>\$ 3,465,143</u>	<u>\$ 3,996,382</u>	<u>\$ 4,044,853</u>	<u>\$ 3,791,006</u>	<u>\$ 3,573,305</u>	<u>\$ 2,942,557</u>

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

CHANGES IN NET POSITION
Last Ten Fiscal Years (1)
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction	\$ 4,861,240	\$ 4,699,918	\$ 6,323,074	\$ 6,357,483	\$ 5,869,317	\$ 5,470,176	\$ 4,853,474	\$ 3,561,031	\$ 3,149,476	\$ 2,659,103
Administrative	2,176,978	3,969,074	2,131,511	1,270,852	1,625,568	1,607,864	1,810,924	1,272,532	904,298	881,210
Support Services	2,984,524	2,737,785	3,038,309	3,690,066	2,997,050	3,310,705	2,240,211	1,923,959	1,403,253	1,269,078
Unallocated										
Capital outlay	25,230	-	7,614	-	116,444	135,212	93,507	206,045	-	59,474
Interest on long-term debt	-	131,181	-	-	-	-	-	-	-	-
Amortization of right-of-use assets	222,435	-	-	-	-	-	-	-	-	-
Amortization of subscription asset	18,699	-	-	-	-	-	-	-	-	-
Depreciation	383,138	485,088	644,797	668,068	620,169	483,559	498,176	28,039	21,046	13,760
Total governmental activities expenses	10,672,244	12,023,046	12,145,305	11,986,469	11,228,548	11,007,516	9,496,292	6,991,606	5,478,073	4,882,625
Business-type activities:										
Food service	227,541	269,087	117,628	298,918	263,837	239,360	168,605	164,617	125,685	134,258
Total district expenses	10,899,785	12,292,133	12,262,933	12,285,387	11,492,385	11,246,876	9,664,897	7,156,223	5,603,758	5,016,883
Program Revenues										
Governmental activities:										
Charges for services:	26,187	12,648	5,800	-	-	-	-	-	-	-
Operating grants and contributions	3,348,749	236,028	4,201,861	2,786,200	2,214,339	2,431,773	2,247,435	1,355,982	676,208	498,171
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	3,374,936	248,676	4,207,661	2,786,200	2,214,339	2,431,773	2,247,435	1,355,982	676,208	498,171
Business-type activities:										
Charges for services										
Food service	293	24	1,072	3,065	1,923	15,166	18,816	14,224	23,115	26,220
Operating grants and contributions	173,300	252,005	148,293	275,798	298,140	167,425	176,682	139,968	132,448	113,187
Total business-type activities program revenues	173,593	252,029	149,365	278,863	300,063	182,591	195,498	154,192	155,563	139,407
Total district program revenues	3,548,529	500,705	4,357,026	3,065,063	2,514,402	2,614,364	2,442,933	1,510,174	831,771	637,578
Net (Expense)/Revenue										
Governmental activities	(7,297,308)	(11,774,370)	(7,937,644)	(9,200,269)	(9,014,209)	(8,575,743)	(7,248,857)	(5,635,624)	(4,801,865)	(4,384,454)
Business-type activities	(53,948)	(17,058)	31,737	(20,055)	36,226	(56,769)	26,893	(10,425)	29,878	5,149
Total district-wide net expense	(7,351,256)	(11,791,428)	(7,905,907)	(9,220,324)	(8,977,983)	(8,632,512)	(7,221,964)	(5,646,049)	(4,771,987)	(4,379,305)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	966,911	1,083,431	1,138,207	1,163,604	1,123,626	1,034,449	874,554	752,864	733,532	767,001
Grants and contributions	7,057,684	11,475,679	7,074,987	6,980,494	7,188,775	7,493,461	6,559,742	5,110,178	4,998,493	5,092,003
Investment earnings	-	5,265	-	-	-	-	-	-	-	-
Miscellaneous income	44,653	9,275	89,958	148,789	134,343	54,754	40,808	-	-	-
Total governmental activities	8,046,248	12,573,650	8,303,152	8,292,887	8,446,744	8,582,664	7,475,104	5,863,042	5,732,025	5,859,004
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	23,000	94	-	-	-	-	-	-	-	-
Total business-type activities	23,000	94	-	-	-	-	-	-	-	-
Total charter school-wide	8,069,248	12,573,744	8,303,152	8,292,887	8,446,744	8,582,664	7,475,104	5,863,042	5,732,025	5,859,004
Changes in Net Position										
Governmental activities	748,940	799,280	365,508	(907,382)	(567,465)	6,921	226,247	227,418	930,160	1,474,550
Business-type activities	(30,948)	(16,964)	31,737	(20,055)	36,226	(56,769)	26,893	(10,425)	29,878	5,149
Total charter school-wide	\$ 717,992	\$ 782,316	\$ 397,245	\$ (927,437)	\$ (531,239)	\$ (49,848)	\$ 253,140	\$ 216,993	\$ 960,038	\$ 1,479,699

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

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(Modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Assigned	\$ 123,777	\$ 196,587	\$ 336,907	\$ 268,294	\$ 897,033	\$ 577,555	\$ 133,755	\$ 111,115	\$ 767,064	\$ 1,579,040
Unassigned	<u>5,229,136</u>	<u>4,174,552</u>	<u>2,938,942</u>	<u>1,853,819</u>	<u>1,762,470</u>	<u>2,557,325</u>	<u>2,343,542</u>	<u>1,767,657</u>	<u>1,681,412</u>	<u>808,115</u>
Total general fund	<u>\$ 5,352,913</u>	<u>\$ 4,371,139</u>	<u>\$ 3,275,849</u>	<u>\$ 2,122,113</u>	<u>\$ 2,659,503</u>	<u>\$ 3,134,880</u>	<u>\$ 2,477,297</u>	<u>\$ 1,878,772</u>	<u>\$ 2,448,476</u>	<u>\$ 2,387,155</u>
All Other Governmental Funds										
Restricted, reported in:										
Special revenue fund	<u>20,011</u>	<u>25,602</u>	<u>33,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,372,924</u>	<u>\$ 4,396,741</u>	<u>\$ 3,309,481</u>	<u>\$ 2,122,113</u>	<u>\$ 2,659,503</u>	<u>\$ 3,134,880</u>	<u>\$ 2,477,297</u>	<u>\$ 1,878,772</u>	<u>\$ 2,448,476</u>	<u>\$ 2,387,155</u>

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

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

Function	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Local Sources:										
Local tax levy	\$ 966,911	\$ 1,083,431	\$ 1,138,207	\$ 1,163,604	\$ 1,123,626	\$ 1,034,449	\$ 874,554	\$ 752,864	\$ 733,532	\$ 767,001
Student activity collections	26,187	-	6,578	-	-	-	-	-	-	-
Interest	-	5,265	-	-	-	-	-	-	-	-
Miscellaneous	49,190	21,923	95,758	159,566	146,593	77,004	40,808	18,712	-	78,645
State sources	8,860,078	8,977,158	7,339,471	8,323,278	8,255,223	8,340,816	7,150,661	5,665,508	5,308,953	5,378,322
Federal sources	1,361,299	1,326,711	1,105,407	696,720	393,625	332,757	546,184	506,926	118,098	133,207
Total Revenues	11,263,665	11,414,488	9,685,421	10,343,168	9,919,067	9,785,026	8,612,207	6,944,010	6,160,583	6,357,175
Current expense										
Instruction	3,435,321	3,318,004	3,782,803	4,155,471	4,147,475	3,742,167	3,464,642	2,738,280	2,441,822	2,251,172
Administrative cost	2,500,707	2,548,401	916,121	2,108,716	1,983,115	1,794,583	1,891,028	1,430,653	1,195,216	1,090,293
Support services	2,146,145	2,417,535	2,040,139	2,630,906	2,333,248	2,519,193	1,839,967	1,666,771	1,312,854	1,181,607
Capital outlay	25,230	2,140,690	157,068	675,056	892,028	224,145	227,124	1,122,680	838,910	249,260
TPAF - FICA Reimbursement	184,786	236,028	264,484	300,608	308,366	272,152	217,563	165,680	146,299	162,558
TPAF - On-behalf payments	1,617,608	1,649,142	1,381,415	1,009,801	730,212	575,203	373,356	389,650	164,161	123,761
Total Expenditures	9,909,797	12,309,800	8,542,030	10,880,558	10,394,444	9,127,443	8,013,680	7,513,714	6,099,262	5,058,651
Excess (Deficiency) of Revenues Over Expenditures	1,353,868	(895,312)	1,143,391	(537,390)	(475,377)	657,583	598,527	(569,704)	61,321	1,298,524
Other financing sources(uses):										
Principal payments on leases	(266,212)	-	-	-	-	-	-	-	-	-
Principal payments on subscription liability	(17,056)	-	-	-	-	-	-	-	-	-
Interest payments on leases	(71,339)	-	-	-	-	-	-	-	-	-
Interest payments on subscription liability	(4,520)	-	-	-	-	-	-	-	-	-
Lease proceeds	#REF!	2,144,867	#REF!	#REF!	-	-	-	-	-	-
Total other financing sources/(uses)	#REF!	2,144,867	#REF!	#REF!	-	-	-	-	-	-
Net change in fund balances	#REF!	\$ 1,249,555	#REF!	#REF!	\$ (475,377)	\$ 657,583	\$ 598,527	\$ (569,704)	\$ 61,321	\$ 1,298,524
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Charter school's records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2023	**	**	**	**
2022	55,357	**	**	3.70%
2021	55,291	\$ 3,882,589,311	\$ 70,221	10.30%
2020	51,309	3,419,231,760	66,640	15.70%
2019	51,370	3,259,786,090	63,457	5.50%
2018	51,658	3,151,757,896	61,012	6.40%
2017	51,810	3,019,953,090	58,289	7.20%
2016	51,758	2,932,401,248	56,656	7.80%
2015	51,706	2,845,226,062	55,027	9.30%
2014	51,832	2,797,062,048	53,964	10.60%
2013	51,722	2,714,111,950	52,475	15.50%

** Data not available

Source:

^a U.S. Census Bureau, Population Division

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

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

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

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

PRINCIPAL EMPLOYERS
 Current Year and Eight Years Ago

Employer	2023			2022		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

Information not available

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

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

<u>Function/Program</u>	<u>2023</u>	<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>	<u>2012</u>
Instruction	34	34	49	57	59	49	46	35	36	33	32	17
Administrative	6	4	6	5	6	5	5	4	2	4	3	4
Support Services	37	30	25	32	32	34	19	17	15	10	6	5
Food Service	<u>2</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>79</u>	<u>72</u>	<u>80</u>	<u>94</u>	<u>97</u>	<u>88</u>	<u>70</u>	<u>56</u>	<u>53</u>	<u>47</u>	<u>41</u>	<u>26</u>

Source: Charter School's personnel records

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

OPERATING STATISTICS

Last Ten Fiscal Years (1)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Grade 7 - 8	Grade 9 - 12				
2023	377	\$ 8,889,868	\$ 23,581	11.31%	34.00	13:1	11:1	371.3	348.90	-10.75%	93.97%
2022	416	8,812,830	21,185	16.11%	34.00	8:1	8:1	416.0	386.26	-14.28%	92.85%
2021	486	8,866,948	18,245	-7.44%	45.00	11:1	11:1	485.3	438.40	-20.98%	90.34%
2020	544	10,880,558	19,711	1.26%	52.00	11:1	11:1	549.0	526.00	-5.19%	95.81%
2019	552	10,394,444	18,831	-3.26%	59.00	10:1	10:1	554.0	542.92	-2.14%	98.00%
2018	564	9,127,443	16,183	1.09%	49.00	10:1	12:1	566.1	554.78	14.71%	98.00%
2017	493	8,013,680	16,255	25.96%	46.00	10:1	11:1	493.5	483.63	26.63%	98.00%
2016	386	7,513,714	19,466	21.59%	35.00	N/A	11:1	389.7	381.91	-0.59%	98.00%
2015	381	6,099,262	16,009	24.05%	36.00	N/A	11:1	392.0	384.16	0.00%	98.00%
2014	392	5,058,651	12,905	7.05%	33.00	N/A	12:1	392.0	384.16	49.48%	98.00%
2013	297	3,580,256	12,055	5.32%	32.00	N/A	9:1	297.0	257.00	51.18%	86.53%
2012	199	2,277,742	11,446	N/A	17.00	N/A	11:1	199.0	170.00	N/A	85.43%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Teaching staff includes only full-time equivalents of certificated staff.
- ^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Charter School Building</u>											
612 Amboy Avenue											
Square Feet	28,007	28,007	28,007	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (students)	600	600	600	600	600	600	600	600	600	600	600
Enrollment	286	325	384	384	388	286	278	277	278	289	386
High Street											
Square Feet	N/A	N/A	N/A	N/A	3,000	3,000	3,000	3,000	3,000	3,000	N/A
Capacity (students)	N/A	N/A	N/A	N/A	115	115	115	115	115	115	N/A
Enrollment	N/A	N/A	N/A	N/A	108 ¹	108	108	109	108	97	N/A
404 Division St											
Square Feet	N/A	N/A	N/A	N/A	4,000	4,000	4,000	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	200	200	200	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	99 ²	99	99	N/A	N/A	N/A	N/A
Barclay Street											
Square Feet	17,899	17,899	17,899	23,000	23000	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	200	200	200	200	200	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	91	91	102	173	173 ³	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School's Records

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

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

⁽³⁾ Occupied beginning March 2019.

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

INSURANCE SCHEDULE

June 30, 2023

	<u>Coverage</u>		<u>Deductible</u>
PACKAGE POLICY^a			
Property			
Locations			
Blanket Limit - Agreed Amount	\$ 11,095,339		
Loc#1) 612 Amboy Avenue			
Building I&B	1,737,437		
Building	4,887,448		
Business Personal Property	1,125,509		
Loc#2) 401 Hall Avenue			
Building	732,193		
Business Personal Property	562,755		
Building I&B	1,737,437		
Loc#3) 293-299 Barclay Street			
Business Personal Property	562,755		
Building I&B	982,620		
Loss of Income	300,000		
Extra Expense	300,000		
Equipment Breakdown	12,328,154		
Commercial Crime			
Employee Theft - per loss	250,000	\$	500
Forgery or Alteration - per occurrence	250,000		500
Computer & Funds Transfer Fraud - per occurrence	250,000		500
Money Orders or Fraudulent Imperso - per occurrence	250,000		500
Inland Marine			
Scheduled Equipment			
EDP Equipment (including Software)	500,000		1,000
Portable Computers	200,000		1,000
Commercial General Liability			
Each Occurrence	1,000,000		
Damage to Premises Rented to You - Any One Premises	1,000,000		
Medical Expense per Person	10,000		
Personal & Advertising Injury	1,000,000		
General Aggregate	3,000,000		
Products-Completed Ops Aggregate	3,000,000		
Employee Benefits Liability			
Employee Benefits Programs - each employee	1,000,000		
Employee Benefits Programs - aggregate	2,000,000		
Abuse or Molestation Liability Coverage			
Abuse or Molestation Liability - each act	1,000,000		
Abuse or Molestation Liability - aggregate	3,000,000		
Apecial Supplementary Payment	10,000		
Abuse or Molestation Alleged Participant Coverage - each act	500,000		
Abuse or Molestation Alleged Participant Coverage - aggregat	1,000,000		
Crisis Management and Public Relations Expense			
Aggregate Limit	300,000		
Crisis Management Expense - Each Crisis Event	300,000		
Public Relations Expense:			
Resulting from A Crisis Event - Each Crisis Event	50,000		
Resulting from an Adverse Event - Each Adverse Event	25,000		2,500
Educators Legal Liability			
Coverage A			
Each Wrongful Act or Offense	1,000,000		5,000
Aggregate	3,000,000		
Coverage B			
Each Action	100,000		5,000
Aggregate	300,000		
Retroactive Date	40,739		

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

INSURANCE SCHEDULE

June 30, 2023

	<u>Coverage</u>	<u>Deductible</u>
BUSINESS AUTO^b		
Hired & Non-Owned Auto Liability	1,000,000	
EXCESS LIABILITY^b		
Each Occurrence Limit	10,000,000	
Aggregate Limit	10,000,000	
CYBER LIABILITY^c		
Limit	Varies	Varies
WORKERS' COMPENSATION^d		
Part A - Workers' Compensation	Statutory	
Part B - Employer's Liability		
Bodily Injury by Accident - each accident	3,000,000	
Bodily Injury by Disease - each employee	3,000,000	
Bodily Injury by Disease - aggregate limit	3,000,000	
SUPPLEMENTAL INDEMNITY^e		
Maximum Weekly Benefit	2,500	
Maximum Benefit Period	52 Weeks	
Elimination Period	7 Days	
Aggregate Limit Per Accident	100,000	
CAP EXCESS LIABILITY^f		
Each Occurrence	25,000,000	
Aggregate	25,000,000	
STUDENT ACCIDENT^g		
All Students (Interscholastic Athletics included except Football)		
Accident Medical Max. Benefit	1,000,000	
Benefit Period	5 Years	
Non-Employee Volunteers		
Accident Medical Max. Benefit	50,000	
Benefit Period	1 Year	
Non-Enrolled Campers		
Accident Medical Max. Benefit	50,000	
Benefit Period	1 Year	
PUBLIC OFFICIAL BONDS^h		
School Business Administrator	184,000	
School Business Administrator	200,000	
Treasurer	184,000	

Source: Charter School's Records

^a American Southern Home Insurance Co.

^b American Family Home Insurance Co.

^c CFC Underwriting Limited (Lloyd's)

^d NJSIG

^e Federal Insurance Co. (Chubb)

^f Fireman's Fund Insurance Co.

^g Zurich American Insurance Co.

^h Selective

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

CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE
FISCAL RATIOS

Multi-Year Information

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	\$ 2,788,264	\$ 3,637,193	\$ 4,189,833	Audit: Exhibit A-1
Current Assets (include cash)	3,780,788	5,327,875	6,006,059	Audit: Exhibit A-1
Current Liabilities	417,158	893,949	626,898	Audit: Exhibit A-1
Total Expenses	12,262,966	12,265,100	10,672,244	Audit: Exhibit A-2
Change in Net Position	397,245	782,316	717,992	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	485	416	372	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	525	416	416	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	644,797	485,088	383,138	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators		2021	2022	2023	3 YR CUM	Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	9.06	5.96	9.58		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	83	108	143		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	92%	100%	89%	92%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	1,672,853	848,929	552,640	1,401,569	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	N/A	N/A		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
 ** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 *** 2021 =2021 Cash - 2020 Cash; 2020 =2020 Cash-2019 Cash; 2019 =2019 Cash-2018 Cash
 **** Refer to NJ Performance Framework

Meets Standard
Does Not Meet Standard
Falls Far Below Standard

SINGLE AUDIT SECTION



EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy for Urban Leadership Charter School (the Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated March 1, 2024.

Report on 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) as a basis for designing 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did, however, identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be significant deficiencies.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.


However, we noted certain matters that we have reported to the Board of Trustees of Academy for Urban Leadership Charter School in the County of Essex, New Jersey in a separate *Auditor’s Management Report on Administrative Findings - Financial, Compliance and Performance*, dated March 1, 2024.

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Galleros Robinson CPAs, LLP
Certified Public Accountants

March 1, 2024
Cream Ridge, New Jersey

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

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

Report on Compliance for Each Major Federal and State Programs

Opinion on Each Major Federal and State Programs

We have audited the Academy for Urban Leadership Charter School's (the Charter School) in the County of Middlesex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2023. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis of Opinion on Each Major Federal and State Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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 program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statute, regulations, rules and provisions of contracts or grant agreements applicable to its 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*, the Uniform Guidance and the New Jersey OMB Circular Letter 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 omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Uniform Guidance and the New Jersey OMB Circular Letter 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.

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

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which we are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Findings 2023-002 to be significant deficiencies.

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.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Agency'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 the Uniform Guidance and the New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



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Public School Accountant
PSA No. 20CS00239400



Galleros Robinson CPAs, LLP
Certified Public Accountants

March 1, 2024
Cream Ridge, New Jersey

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

EXHIBIT K-3
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grant/ Pass-Through Grantor/ Program Title	Federal Assistance Listing No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor
Special Revenue Fund:														
U.S. Department of Education:														
Passed-through New Jersey State Department of Education														
Title I Part A, Grants to Local Educational Agencies	84.010	S010A220030	ESSA-6032-23	\$ 209,073	7/1/2022	9/30/2023	\$ -	\$ -	\$ 56,493	\$ (209,073)	\$ -	\$ (152,580)	\$ -	\$ -
Title I Part A, Grants to Local Educational Agencies	84.010	S010A210030	ESSA-6032-22	237,516	7/1/2021	6/30/2022	(67,557)	-	67,557	-	-	-	-	-
Subtotal Title I Part A							(67,557)	-	124,050	(209,073)	-	(152,580)	-	-
Title II Part A, Supporting Effective Instruction State Grant	84.367	S367A220029	ESSA-6032-23	20,518	7/1/2022	9/30/2023	-	-	11,744	(14,334)	-	(2,590)	-	-
Title II Part A, Supporting Effective Instruction State Grant	84.367	S367A210029	ESSA-6032-22	7,779	7/1/2021	9/30/2022	(2,580)	1,434	1,146	-	-	-	-	-
Subtotal Title II Part A							(2,580)	1,434	12,890	(14,334)	-	(2,590)	-	-
Title III Part A, English Language Acquisition Grant	84.365	S365A220030	ESSA-6032-23	25,341	7/1/2022	6/30/2023	-	-	-	(25,341)	-	(25,341)	-	-
Title III Part A, English Language Acquisition Grant	84.365	S365A210030	ESSA-6032-22	19,768	7/1/2021	9/30/2022	(8,244)	-	8,244	-	-	-	-	-
Subtotal Title III Part A							(8,244)	-	8,244	(25,341)	-	(25,341)	-	-
Special Education Cluster Individuals with Disabilities - States Grant	84.027A	H027A220100	IDEA-6032-23	204,271	7/1/2022	9/30/2023	-	-	50,918	(107,314)	-	(56,396)	-	-
Individuals with Disabilities - States Grant	84.027A	H027A210100	IDEA-6032-22	86,288	7/1/2021	6/30/2022	(30,370)	-	30,370	-	-	-	-	-
Subtotal Special Education Cluster							(30,370)	-	81,288	(107,314)	-	(56,396)	-	-
COVID-19 - Education Stabilization Fund COVID-19 - CRRSA Act Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	S425D210027	N/A	706,897	3/13/2020	9/30/2023	(284,701)	7,500	255,645	(324,491)	-	(346,047)	-	-
COVID-19 - CRRSA Act ESSER II - Learning Acceleration	84.425D	S425D210027	N/A	45,366	3/13/2020	9/30/2023	(9,043)	-	-	(1,040)	-	(10,083)	-	-
COVID-19 - CRRSA Act ESSER II - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/2020	9/30/2023	-	-	1,500	(29,165)	-	(27,665)	-	-
COVID-19 - American Rescue Plan (ARP) - ESSER	84.425U	S425U210027	N/A	1,588,706	3/13/2020	9/30/2024	(104,540)	6,371	(6,371)	(159,611)	-	(264,151)	-	-
Subtotal COVID-19 - Education Stabilization Fund							(398,284)	13,871	250,774	(514,307)	-	(647,946)	-	-
Other Special Revenue Funds FEMA Covid Funding	N/A	N/A	N/A	20,287	3/13/2020	9/30/2022	(20,287)	-	-	-	-	(20,287)	-	-
21st Century Community Learning Centers	84.287	S287C220030	N/A	500,000	9/1/2022	8/31/2023	-	-	292,344	(397,002)	-	(104,658)	-	-
21st Century Community Learning Centers	84.287	S287C210030	N/A	500,000	7/1/2021	6/30/2022	(62,832)	11,728	128,075	(76,971)	-	-	-	-
Subtotal Other Special Revenue Funds							(83,119)	11,728	420,419	(473,973)	-	(124,945)	-	-
Total U.S. Department of Education							(690,154)	27,033	897,665	(1,344,342)	-	(1,009,798)	-	-
Direct from U.S. Environmental Protection Agency Environmental Education Grant (PAPERS Grant)	66.951	96256819	N/A	100,000	9/1/2019	8/31/2022	(47,076)	-	64,033	(16,957)	-	-	-	-
Technology Repairs Grant	N/A	96251320	N/A	150,000	9/1/2020	8/31/2022	(2,541)	-	-	-	-	(2,541)	-	-
Subtotal							(49,617)	-	64,033	(16,957)	-	(2,541)	-	-
Total Special Revenue Fund							(639,771)	27,033	961,698	(1,361,299)	-	(1,012,339)	-	-
U.S. Department of Agriculture														
Passed-through New Jersey State Department of Agriculture														
Enterprise Fund:														
School Breakfast Program	10.553	231NJ304N1099	N/A	21,607	7/1/2022	6/30/2023	-	-	16,136	(21,607)	-	(5,471)	-	-
School Breakfast Program	10.553	221NJ304N1099	N/A	42,230	7/1/2021	6/30/2022	(15,883)	-	15,833	-	-	(50)	-	-
National School Lunch Program	10.555	231NJ304N1099	N/A	115,022	7/1/2022	6/30/2023	-	-	94,430	(115,022)	-	(20,592)	-	-
National School Lunch Program	10.555	221NJ304N1099	N/A	173,734	7/1/2021	6/30/2022	(69,355)	-	69,355	-	-	-	-	-
Supply Chain Assistance (SCA)	10.555	221NJ344N8903	N/A	33,393	7/1/2022	6/30/2023	-	-	33,393	(33,393)	-	-	-	-
Total U.S. Department of Agriculture							(85,238)	-	229,147	(170,022)	-	(26,113)	-	-
Total Expenditures of Federal Awards							\$ (725,009)	\$ 27,033	\$ 1,190,845	\$ (1,531,321)	\$ -	\$ (1,038,452)	\$ -	\$ -

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

EXHIBIT K-4
SCHEDULE B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022				Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments Repayment Prior Year's Balances	Balance at June 30, 2023			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Intergovernmental (Accounts Receivable)				Deferred Revenue/ Intergovernmental Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditure	
New Jersey State Department of Education															
General Fund:															
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 5,559,520	\$ -	\$ -	\$ -	\$ 5,284,582	\$ (5,559,520)	\$ -	\$ (374,304)	\$ -	\$ 99,366	\$ 374,304	\$ 5,559,520	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	5,719,645	(548,773)	62,302	-	525,141	-	(49,292)	(23,632)	-	13,010	23,632	-	
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	6,071,612	(21,243)	-	-	-	-	-	(21,243)	-	-	21,243	-	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	6,333,243	(129,220)	-	-	-	-	-	(129,220)	-	-	129,220	-	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	6,430,746	(33,146)	21,227	-	-	-	-	(33,146)	-	21,227	33,146	-	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	4,904,944	(16,146)	-	-	-	-	-	(16,146)	-	-	16,146	-	
Adjustment Aid	23-495-034-5120-085	7/1/22-6/30/23	1,138,829	-	-	-	1,138,829	(1,138,829)	-	-	-	-	-	1,138,829	
Special Education Categorical Aid	23-495-034-5120-089	7/1/22-6/30/23	172,338	-	-	-	172,338	(172,338)	-	-	-	-	-	172,338	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	186,997	-	-	-	186,997	(186,997)	-	-	-	-	-	186,997	
Reimbursed Social Security Tax	23-495-034-5094-003	7/1/22-6/30/23	184,786	-	-	-	138,318	(184,786)	-	(46,468)	-	-	-	-	
Reimbursed Social Security Tax	22-495-034-5094-003	7/1/21-6/30/22	86,661	(86,661)	-	-	86,661	-	-	-	-	-	-	-	
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002	7/1/22-6/30/23	1,280,080	-	-	-	1,280,080	(1,280,080)	-	-	-	-	-	1,280,080	
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	336,274	-	-	-	336,274	(336,274)	-	-	-	-	-	336,274	
On-Behalf- Teachers' Pension and Annuity Fund – Non-contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	1,254	-	-	-	1,254	(1,254)	-	-	-	-	-	1,254	
Total General Fund				(835,189)	83,529	-	9,150,474	(8,860,078)	(49,292)	(644,159)	-	133,603	597,691	8,675,292	
Special Revenue Fund:															
Climate Change Awareness Education	23-WB01-G02	4/1/23-6/30/23	6,660	-	-	-	-	(4,442)	-	(4,442)	-	-	4,442	4,442	
Charter and Renaissance School Project Emergent and Capital Maintenance	N/A	7/1/22-6/30/23	73,568	-	-	-	73,568	-	-	-	-	73,568	-	-	
				-	-	-	73,568	(4,442)	-	(4,442)	-	73,568	4,442	4,442	
Enterprise Fund:															
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	3,278	-	-	-	2,531	(3,278)	-	(747)	-	-	-	3,278	
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	4,497	(1,596)	-	-	1,596	-	-	-	-	-	-	-	
Total Enterprise Fund				(1,596)	-	-	4,127	(3,278)	-	(747)	-	-	-	3,278	
Total Expenditures of State Financial Assistance				\$ (836,785)	\$ 83,529	\$ -	\$ 9,228,169	\$ (8,867,798)	\$ (49,292)	\$ (649,348)	\$ -	\$ 207,171	\$ 602,133	\$ 8,683,012	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf Teachers' Pension and Annuity Fund	23-495-034-5094-002							1,280,080							
On-Behalf-Teachers' Pension and Annuity Fund – Post Retirement Medical	23-495-034-5094-001							336,274							
On-Behalf- Teachers' Pension & Annuity Fund – Non-contributory Insurance	23-495-034-5094-004							1,254							
								1,617,608							
Total for State Financial Assistance-Major Program Determination								\$ (7,250,190)							

**ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL
(COUNTY OF MIDDLESEX, NEW JERSEY)****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE****FISCAL YEAR ENDED JUNE 30, 2023****NOTE 1 GENERAL**

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with the amounts reported in the Charter School's basic financial statements. The basic financial statements present the special revenue fund on both GAAP and budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

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

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS - CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 7,242,470	\$ 7,242,470
Special Revenue Fund	1,361,299	4,442	1,365,741
Enterprise Fund	<u>170,022</u>	<u>3,278</u>	<u>173,300</u>
Total	<u>\$ 1,531,321</u>	<u>\$ 7,250,190</u>	<u>\$ 8,781,511</u>

NOTE 4 RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5 ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents reimbursements in the amount of \$184,786 by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023. The State had also made on-behalf TPAF payments for post-retirement medical benefits in the amount of \$1,617,608.

NOTE 6 ON BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7 DE MINIMIS INDIRECT COST

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes None reported

Significant deficiency(ies) identified not considered
to be material weaknesses?

Yes No

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Dollar threshold used to determine Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

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

Unmodified

Internal control over compliance:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified not considered
to be material weakness(es)?

Yes No

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a)?

Yes No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION I – SUMMARY OF AUDITOR’S RESULTS - CONTINUED

Federal Awards – continued

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Federal Program</u>
84.287	21st Century Community Learning Centers
COVID-19, 84.425	Education Stabilization Fund
84.425D	CRRSA Act Elementary and Secondary School Emergency Relief Fund (ESSER) II
84.425D	CRRSA Act ESSER II – Learning Acceleration
84.425D	CRRSA Act ESSER II – Mental Health
84.425U	American Rescue Plan (ARP) - ESSER

State Financial Assistance

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

Auditee qualified as low-risk auditee? Yes No

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

Internal control over compliance:

Material weakness(es) identified? Yes No

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION I – SUMMARY OF AUDITOR’S RESULTS - CONTINUED

State Financial Assistance - continued

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
State Aid Public Cluster:	
23-495-034-5120-078	Equalization Aid
23-495-034-5120-084	Security Aid
23-495-034-5120-089	Special Education Aid
23-495-034-5120-085	Adjustment Aid

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS

Internal Control over Financial Reporting

Finding 2023-001 Timely and Accurate Financial Information

Criteria

Timely and accurate financial reports are prescribed by N.J.S.A.18A:17-9 and 18A:17-36 to be presented to the Board. In accordance with N.J.S.A 18A:17-9, the chief school administrator or board designee other than the secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

Condition

During the audit we noted the following:

- a. Some Board Secretary's Reports and the Treasurer's Reports were presented late to the board as prescribed (N.J.S.A.18A:17-9 and 18A:17-36). The reports for the months of July 2022 to October 2022 were only presented at the January 2023 meeting, and the November 2022 report was only presented at the February 2023 meeting.
- b. Interfund balances at June 30, 2023 does not reconcile and the book balance of two (2) bank accounts did not agree with the reconciled Treasurer's Report.
- c. A budgetary line account was over-expended during the fiscal year and at June 30 despite the Board Secretary's monthly certification to the contrary (N.J.A.C. 6A:23A-16.10).
- d. The revenue, expenses and receivables of Special Revenue Fund balances were not timely reconciled to reimbursements. As a result, there were several trial balance revisions to correct various account balances.
- e. Delay in submission of grant reimbursements. Claims for grant expenses incurred for fiscal year 2021 and 2022 were only submitted on September 2023.

Context

Timely review of activities and tracking of deadlines were not done.

Cause

Staff turnovers, including School Business Administrators during fiscal year 2022 was the main reason for the issues noted.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION II - FINANCIAL STATEMENT FINDINGS - CONTINUED

Internal Control over Financial Reporting - continued

Finding 2023-001 Timely and Accurate Financial Information - continued

Effect

The books and records were not complete and supporting documents for some transactions were not readily available.

Recommendation

The Charter School must prioritize accurate financial reporting and reconciliation. To achieve this, we recommend the following actions:

1. Timely Monthly Closing Procedures
 - a. Establish a systematic process for monthly closing procedures.
 - b. Ensure that all transactions are reviewed, recorded, and reconciled promptly at the end of each month.
 - c. Assign responsibility for this task to a designated staff member.
2. Continuous Reconciliation Throughout the Year
 - a. Reconciliation should not be limited to month-end closing.
 - b. Regularly reconcile accounts, including bank statements, fund balances, and revenue/expenses.
 - c. Address discrepancies promptly to maintain accuracy.

Views of Responsible Official and Planned Corrective Actions

AUL has fully implemented timely monthly closing procedures and will continue to ensure compliance with the establishment of a systematic process for monthly closing procedures. This ensures that all transactions are reviewed, recorded, and reconciled promptly at the end of each month. The assignment of such a responsibility has been designated the bookkeeper with direct oversight from the current Business Administrator.

In addition, AUL has continuously reconciled throughout the year this includes reconciliation not being limited to month-end closing and regularly reconcile accounts, including bank statements, fund balances, and revenue/expenses. This will ensure we address discrepancies promptly to maintain accuracy.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III - FEDERAL AWARDS

Assistance

Listing Number

Federal Program

84.287

21st Century Community Learning Centers

COVID-19, 84.425

Education Stabilization Fund

84.425U

American Rescue Plan (ARP) - ESSER

Criteria

In accordance with the Uniform Guidance 2 CFR 200.302(a), "Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450."

Condition

Some supporting schedules for expenses claimed for ESF and 21st Century Grant for the year ended June 30, 2023, were not readily available.

Context

Supporting schedule cannot be located.

Cause

Procedures to monitor proper filing of supporting documents were not adhered to consistently.

Effect

Complete records of claims were not maintained.

Questioned Cost

None identified.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III - FEDERAL AWARDS - CONTINUED

Recommendation

The Charter School needs to ensure that supporting schedules and documents for claims are readily available and ensure proper safekeeping of pertinent documents. In addition, the Charter School is responsible for maintaining supporting documentation for seven (7) years and for making it available to the NJDOE, the U.S. Department of Education, and/or their authorized representatives upon request.

Views of Responsible Official and Planned Corrective Actions

With the organization of the Business Office under the new Business Administrator, AUL Charter School has implemented a system that utilizing docuware support to ensure that supporting schedules and documents for claims are readily available and ensure proper safekeeping of pertinent documents. In addition, this supports that AUL Charter School maintains supporting documentation for seven (7) years and making it available to the NJDOE, the U.S. Department of Education, and/or their authorized representatives upon request.

SECTION IV - STATE AWARDS

None noted.

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

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

FISCAL YEAR ENDED JUNE 30, 2023

None.