

***QUEEN CITY ACADEMY CHARTER SCHOOL***

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2021***

***QUEEN CITY ACADEMY CHARTER SCHOOL***

***Queen City Academy Charter School  
Board of Trustees  
Plainfield, New Jersey***

***Annual Comprehensive Financial Report  
For The Fiscal Year Ended June 30, 2021***

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
OF THE  
QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Prepared by  
Queen City Academy Charter School  
Finance Department**

**And**

**Barre & Company LLC, CPAs**

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**Angelica Allen-McMillan, Ed.D, Acting Commissioner  
Secretary, State Board of Education**

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***INTRODUCTORY SECTION***



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Plainfield, New Jersey 07063  
Phone 908.753.4700 Fax 908.753.4816  
[www.queencity.edu](http://www.queencity.edu)

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March 15, 2022

Honorable President and  
Members of the Board of Trustees  
The Queen City Academy Charter School  
815 West 7<sup>th</sup> Street  
Plainfield, New Jersey 07063

Dear Board Members:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of The Queen City Academy Charter School (Charter School) for the fiscal year ended June 30, 2021. This ACFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this 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 stakeholders of The Queen City Academy Charter School 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 Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to

this single audit, including the 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**

An elected six-member Board of Education (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The CEO of the Charter School is responsible to the Board for total educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the Charter School, 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 Queen City Academy Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NGCA Statement No. 3. All funds and account groups of The Queen City Academy Charter School are included in this report. The Queen City Academy Charter School Board of Trustees and its school constitute the Charter School’s entity.

The Charter School provided a full range of educational services appropriate to regular students grade levels K through 8. The Queen City Academy Charter School completed the 2020-2021 fiscal year with an enrollment of 324 regular students. The following details the changes in the student enrollment of The Queen City Academy Charter School.

Average Daily Enrollment

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2020-2021	324	0%
2019-2020	324	0%
2018-2019	324	0%
2017-2018	324	0%
2016-2017	324	-1.57%
2015-2016	324	22.80
2014-2015	249	-0.48%
2013-2014	250	2.16
2011-2012	249	5%
2010-2011	236	4%

## **2. ECONOMIC CONDITION AND OUTLOOK:**

The City of Plainfield tax rate has been stable or slightly increased over the past several years. Economic development activities are evident in the downtown area. The housing market for existing homes has seen a decline in recent times, as has the rest of the state. The Queen City Academy Charter School occupies a space in a suburban type location in the western end of Plainfield.

## **3. MAJOR INITIATIVES:**

In 2020 QCACS was granted approval of its high school and in September of 2021 the first 9th grade class was enrolled. The high school will continue to grow a grade per year until completely enrolled. The high school has a dual enrollment partnership with Union County College allowing scholar to begin college matriculation in 9th grade.

With the addition of the high school it was necessary to build out the organization's leadership capacity. Therefore, the organizational structure moved to add a CEO, Elementary Director, and High School Director; along with two Dean positions that both hold an administrative certificate. Rounding out the Leadership with the addition of a Development Associate allows the organization to focus on development in a way that it has not previously.

For the 2020-2021 Academic Year QCACS continued to offer a robust curriculum that was inclusive of the arts. While maintaining true to the schools mission of offering a culturally relevant curriculum.

The Queen City Academy Charter School received accreditation from the Middle States Commissions on Elementary and Secondary Schools in October 2011.

The Queen City Academy Charter School continues to provide an ESL program directed at students with English as a second language.

## **4. INTERNAL ACCOUNTING CONTROLS:**

Management of The Queen City Academy Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of The Queen City Academy Charter School are protected from loss, theft or misuse and to ensure that the adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: The cost of control should not exceed the benefits likely to be derived; and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, The Queen City Academy Charter School also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by The Queen City Academy Charter School management.

As part of The Queen City Academy Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that The Queen City Academy Charter School has complied with applicable laws and regulations.

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by The Board. Annual appropriated budget is adopted for the general fund and is approved by the Board of Trustees of The Queen City Academy Charter School.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of The Queen City Academy Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

#### **7. FINANCIAL INFORMATION AT FISCAL YEAR END**

As demonstrated by the various statements and schedules included in the financial section of this report, The Queen City Academy Charter School continues to meet its responsibility for sound financial management.

#### **8. DEBT ADMINISTRATION:**

At June 30, 2021 the Charter School had outstanding debt totaling \$1,553,095. The Charter School purchased the school building located at 815 West 7<sup>th</sup> Street, Plainfield, New Jersey, in April, 2013 for a total purchase price of \$2,550,000; the amount financed was \$2,050,000. In July 2015, the Charter School incurred additional debt in the form of a construction loan in the amount of \$700,000, to help finance the significant facilities expansion to the school. The Charter School has taken an aggressive approach towards paying off the construction loan well before its full maturity date.

#### **9. CASH MANAGEMENT:**

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Queen City Academy Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit

Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution 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.

#### **10. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in the NJSBA Insurance Group.

#### **11. ANTI-BULLYING:**

On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act (“Act”) requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff, and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. The Charter School has utilized the services of Strauss Esmay Associates, in providing Harassment, Intimidation, and Bullying Prevention Training Program, to assist in complying with the training requirements of the Act.

#### **12. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, LLC, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

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

**13. ACKNOWLEDGEMENTS:**

We would like to express appreciation to the members of The Queen City Academy Charter School Board of Trustees for their commitment to provide fiscal accountability to the citizens and taxpayers of the respective communities of Plainfield and North Plainfield and thereby contributing their full support to the maintenance of the Charter School's financial operation.

Respectfully submitted,



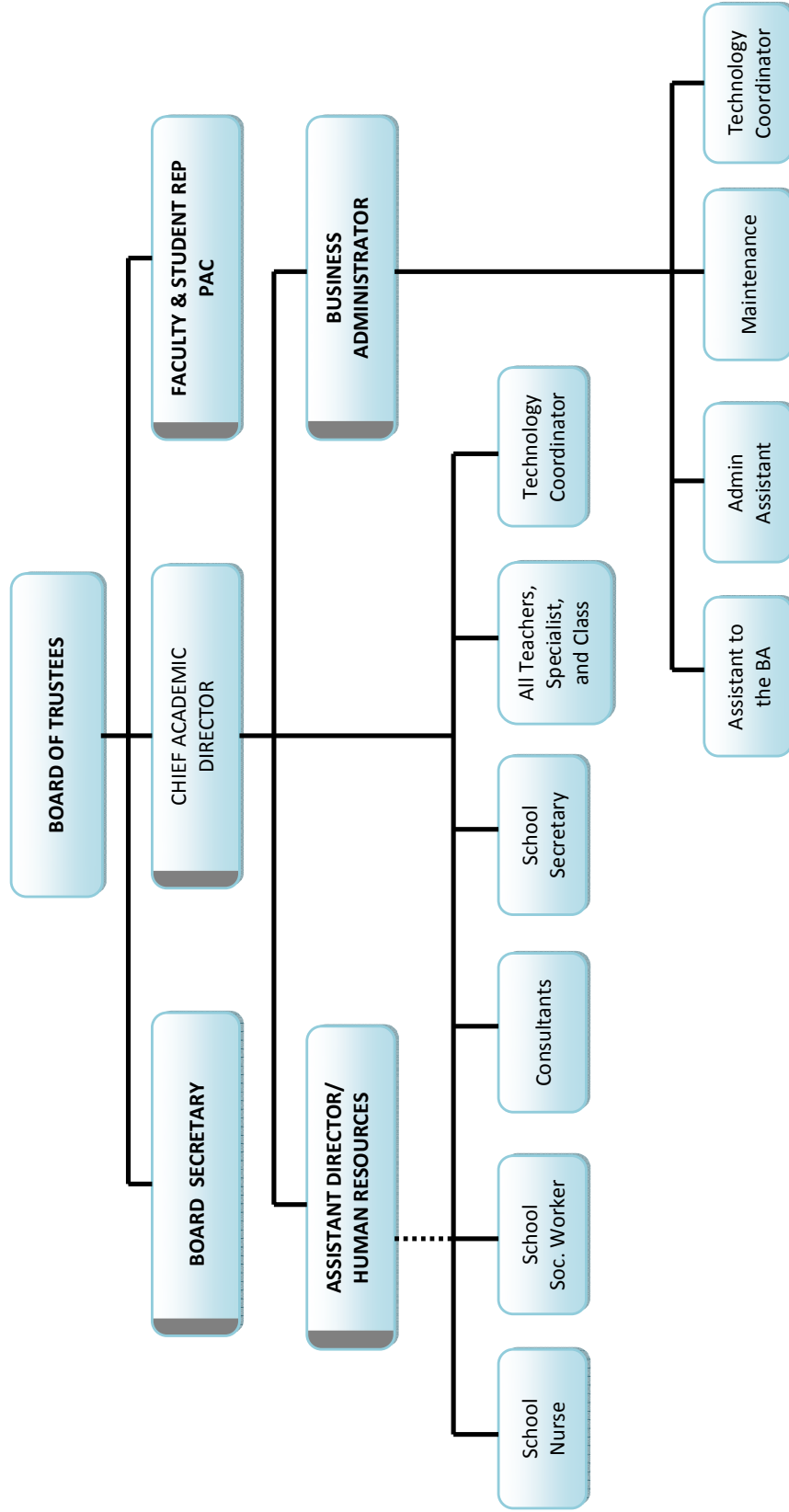
Danielle West  
Chief Academic Administrator/Director



Christopher Lessard  
Business Administrator/  
Board Secretary

# THE QUEEN CITY ACADEMY CHARTER SCHOOL

## ORGANIZATION CHART





**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2021**

<b><u>MEMBERS OF THE BOARD OF TRUSTEES</u></b>	<b><u>TERM EXPIRES</u></b>
Karen Moore, President	2023
Henry McCloud, Vice-President	2023
Ingrid Belle, Member	2023
Chanard Cooper, Member	2024
Kalshiela Lloyd, Member	2023
Gail Pester, Member	2023

**OTHER OFFICIALS**

Danielle West, Chief School Administrator/Director

Christopher Lessard – Business Administrator / Board Secretary

Karen Johnson – Treasurer of School Monies

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company, LLC  
Certified Public Accountants  
2204 Morris Avenue, Suite 206  
Union, New Jersey 07083

***Attorneys***

*Labor Relations*  
Scarinci Hollenbeck, LLC  
1100 Valley Brook Ave.,  
P.O. Box 790  
Lyndhurst, NJ 07071

AND

*General Counsel*  
Bush Law Group  
450 Main Street  
Metuchen, NJ 08840

***Official Depository***

TD Bank North  
1701 Route 70 East  
Cherry Hill, New Jersey 08034

Fulton Bank of New Jersey  
40 North Main Street  
Manville, New Jersey 08835

***FINANCIAL SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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**Independent Auditor's Report**

Honorable President  
Members of the Board of Trustees  
Queen City Academy Charter School  
County of Union  
Plainfield, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Queen City Academy Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

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

### ***Emphasis of Matter***

#### *Adoption of New Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

#### *Consistency of Financial Statements*

Because of the implementation of GASB Statement No. 84, several funds of the Charter School that were reported as fiduciary fund types in the prior fiscal year are now reported in governmental activities and governmental fund types. Our opinion is not modified with respect to this matter.

#### *Prior Period Restatement*

In addition, because of the implementation of GASB Statement No. 84, net position and fund balance as of July 1, 2020 on the statement of activities and statement of revenues, expenditures, and changes in fund balances, have been restated, as discussed in Note 1 to the financial statements. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Charter School's proportionate share of the net pension liability, schedule of the Charter School's pension contributions, and schedule of changes in the Charter School's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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 State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively; are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated March 15, 2022 on our consideration of the Queen City Academy Charter School's internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountant



Richard M. Barre, CPA  
Public School Accountant  
PSA Number CS-01181

Union, New Jersey  
March 15, 2022

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***



**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED**

The discussion and analysis of Queen City Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- ❖ General revenues accounted for \$5,002,584 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$247,146 or 5% percent of total revenues of \$5,249,730.
- ❖ The Charter School had \$4,573,990 in expenses; only \$247,146 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$5,002,584 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,889,022 in revenues and \$4,305,348 in expenditures. The General Fund's fund balance increased \$583,674 from 2020. This increase was anticipated by the Board of Trustees.

**Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Queen City Academy Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other funds presented in total in one column. In the case of Queen City Academy Charter School, the General Fund is by far the most significant fund.

**Reporting the Charter School as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of 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 ask the question, "How did we do financially during 2021?" The *Statement of*

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED  
(CONTINUED)**

**Statement of Net Position and the Statement of Activities (Continued)**

*Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the Charter School's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

**Governmental Funds**

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. 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 statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer 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 governmental funds are reconciled in the financial statements.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED  
(CONTINUED)**

**Enterprise Fund**

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 36 of this report.

**The Charter School as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net position was \$3,371,961 for 2021 and \$2,696,221 for 2020.

**Governmental Activities**

The Charter School's total revenues were \$5,122,981 for 2021 and \$5,634,686 for 2020. This includes \$520,956 for 2021 and \$496,410 for 2020 of state reimbursed TPAF pension and TPAF social security contributions.

The total cost of all program and services was \$4,443,932 for 2021 and \$5,218,209 for 2020. Instruction comprises 60% for 2021 and 56% for 2020 of Charter School expenditures.

**Business-Type Activities**

Revenues for the Charter School's business-type activities were comprised of charges for services and federal and state reimbursements.

**FOOD SERVICE**

- ❖ Expenses exceeded revenues by \$3,309 for 2021, while expenses exceeded revenues by \$8,524 for 2020.
- ❖ Charges for services represent \$9,336 for 2021 and \$11,531 for 2020 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were \$117,413 for 2021 and \$169,189 for 2020.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED  
(CONTINUED)**

**Governmental Activities**

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased under the \$2,000 threshold.

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,122,981 for 2021 and \$5,279,198 for 2020 and expenditures were \$4,539,307 for 2021 and \$4,925,437 for 2020. The net change in fund balance was most significant in the general fund, as there was an increase of \$583,674 for 2021, while there was an increase of \$353,761 for 2020.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Local Sources	857,544	15.38%	105,943	14.10%
State Sources	4,232,003	75.91%	83,267	2.01%
Federal Sources	485,734	8.71%	263,090	118.17%
<b>Total</b>	<b>\$ 5,575,281</b>	<b>100.00%</b>	<b>\$ 452,300</b>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year amounts.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2020</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 1,989,811	40.40%	\$ 133,005	7.16%
Administration	1,911,040	38.80%	218,508	12.91%
Support Services	806,781	16.38%	85,427	11.84%
Capital Outlay	218,066	4.42%	55,711	34.31%
<b>Total</b>	<b>\$ 4,925,698</b>	<b>100.00%</b>	<b>\$ 492,651</b>	

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

**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.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets (Net of Depreciation)**

The Charter School had \$3,220,172 invested in capital assets at the end of the fiscal year 2021.

**For the Future**

The Queen City Academy Charter School is currently in good financial condition. There are several grants that will continue to impact the future of the school; the No Child Left Behind Grant (NCLB) and the Individuals with Disabilities Education Act Grant (IDEA). The Queen City Academy Charter School continues to provide a quality education experience and will increase the use of technology, utilizing new laptop computers purchased for classroom learning. The Charter School and its administration will continue to seek sound financial methods to insure that the operation of the Charter School remains efficient, while providing strong academic programming.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED  
(CONTINUED)**

**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 show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Christopher Lessard, School Business Administrator/Board Secretary at Queen City Academy Charter School, 815 West 7th Street, Plainfield, New Jersey 07063.

***BASIC FINANCIAL STATEMENTS***

## **SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

*The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.*



**QUEEN CITY ACADEMY CHARTER SCHOOL**

Statement of Net Position  
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents:			
Unrestricted	\$ 3,164,519	\$ 10,356	\$ 3,174,875
Restricted	75,000		75,000
Internal Balances	2,259	(2,259)	-
Receivables	375,310	13,072	388,382
Prepaid Expenses	36,000		36,000
Capital Assets, Net	3,082,867	1,542	3,084,409
Total Assets	6,735,955	22,711	6,758,666
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions	281,610		281,610
Total Deferred Outflows of Resources	281,610		281,610
<b>LIABILITIES:</b>			
Payable to State Government	44,998		44,998
Accounts Payable	216,986	4,071	221,057
Accrued Expenses (Interest)	47,601		47,601
Unearned Revenue	19,529		19,529
Noncurrent Liabilities:			
Due Within One Year	75,179		75,179
Due Beyond One Year:			
Other Long-Term Liabilities	1,584,181		1,584,181
Net Pension Liability	592,668		592,668
Total Liabilities	2,581,142	4,071	2,585,213
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions	411,758		411,758
Total Deferred Inflows of Resources	411,758		411,758
<b>NET POSITION:</b>			
Net Investment in Capital Assets	1,423,507	1,542	1,425,049
Restricted for:			
Other Purposes	76,350		76,350
Unemployment Compensation	5,538		5,538
Scholarships	1,485		1,485
Student Activities	13,827		13,827
Unrestricted	2,503,958	17,098	2,521,056
Total Net Position	\$ 4,024,665	\$ 18,640	\$ 4,043,305

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Statement of Activities  
For The Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 2,016,912	\$ 760,430	\$ -	\$ 126,071	\$ -	\$ (2,651,271)	\$ -	\$ (2,651,271)
Administration	1,283,516	292,686				(1,576,202)		(1,576,202)
Support Services	806,781	55,649	7,989 *	250 *		(854,191)		(854,191)
Capital Outlay	109,273					(109,273)		(109,273)
Total Governmental Activities	4,216,482	1,108,765	7,989	126,321	-	(5,190,937)	-	(5,190,937)
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food Service	64,228		199	66,249			2,220	2,220
Total Business-Type Activities	64,228		199	66,249			2,220	2,220
Total Primary Government	\$ 4,280,710		\$ 8,188	\$ 192,570	\$ -	\$ (5,190,937)	\$ 2,220	\$ (5,188,717)
<b>GENERAL REVENUES</b>								
General Purposes						\$ 833,227	\$ -	\$ 833,227
Federal and State Aid Not Restricted						4,996,681		4,996,681
Investment Earnings						517		517
Miscellaneous Income						15,561		15,561
Total General Revenues						5,845,986	-	5,845,986
Change in Net Position						655,049	2,220	657,269
Net Position - July 1						3,355,541	16,420	3,371,961
Prior Period Adjustments						14,075	-	14,075
Net Position - July 1 (Restated)						3,369,616	16,420	3,386,036
Net Position - June 30						4,024,665	18,640	4,043,305

\* student activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"

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

**SECTION B – FUND FINANCIAL STATEMENTS**

*The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.*

***GOVERNMENTAL FUNDS***

**QUEEN CITY ACADEMY CHARTER SCHOOL**

Governmental Funds

Balance Sheet

June 30, 2021

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,148,773 *	\$ 15,746 *	\$ 3,164,519
Restricted	75,000		75,000
Receivables:			
Interfund Account Receivables:			
Special Revenue Fund	147,807		147,807
Enterprise Fund	2,259		2,259
Receivables From Other Governments	392	235,891	236,283
Receivables, Other	139,027		139,027
Other Assets	36,000		36,000
	<u>\$ 3,549,258</u>	<u>\$ 251,637</u>	<u>\$ 3,800,895</u>
<b>Total Assets</b>			
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Interfund Accounts Payable (General Fund)	\$ -	\$ 147,807	\$ 147,807
Intergovernmental Accounts Payable	44,998		44,998
Accounts Payable	143,205	68,989	212,194
Unearned Revenue		19,529	19,529
Unemployment Compensation Claims Payable	4,792 **		4,792
	<u>192,995</u>	<u>236,325</u>	<u>429,320</u>
<b>Total Liabilities</b>			
<b>Fund Balances:</b>			
<b>Assigned To:</b>			
Encumbrances	1,350		1,350
<b>Restricted For:</b>			
Escrow Fund	75,000		75,000
Unemployment Compensation	5,538		5,538
Scholarships		1,485	1,485
Student Activities		13,827	13,827
<b>Unassigned:</b>			
General Fund	3,274,375		3,274,375
	<u>3,356,263</u>	<u>15,312</u>	<u>3,371,575</u>
<b>Total Fund Balances</b>			
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,549,258</u>	<u>\$ 251,637</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$3,988,555 and the accumulated depreciation is \$905,688.

3,082,867

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

(1,706,961)

Net pension liability of \$592,668, deferred inflows of resources of \$411,758 less deferred outflows of resources of \$281,610 related to pensions are not reported in the governmental funds

(722,816)

Net Position of Governmental Activities

\$ 4,024,665

\* Include former fiduciary fund cash and cash equivalents

\*\* Include unspent employee payroll unemployment contributions

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 For The Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 833,227	\$ -	\$ 833,227
Interest on Investments	517		517
Miscellaneous	15,561	8,239 *	23,800
Total Local Sources	849,305	8,239	857,544
State Sources	4,232,003		4,232,003
Federal Sources		485,734	485,734
Total Revenues	5,081,308	493,973	5,575,281
<b>EXPENDITURES:</b>			
Current:			
Instruction	1,610,659	379,152	1,989,811
Administration	1,911,040		1,911,040
Support Services	702,852	103,929 **	806,781
Capital Outlay	213,949	4,117	218,066
Total Expenditures	4,438,500	487,198	4,925,698
NET CHANGE IN FUND BALANCES	642,808	6,775	649,583
FUND BALANCES, JULY 1	2,707,917	-	2,707,917
PRIOR PERIOD ADJUSTMENTS	5,538 ***	8,537 ****	14,075
FUND BALANCES, JULY 1, RESTATED	2,713,455	8,537	2,721,992
FUND BALANCE, JUNE 30	\$ 3,356,263	\$ 15,312	\$ 3,371,575

\* Special revenue fund now includes revenues from scholarships and student activities

\*\* Special revenue fund now includes expenditures from scholarships and student activities

\*\*\* Unemployment Fund Net Position as of June 30, 2020

\*\*\*\* Scholarship Fund and Student Activity Fund Net Position as of June 30, 2020

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For The Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental fund (from B-2)	\$ 649,583
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 exceeded capital outlays in the current fiscal year.</p>	
Depreciation Expense	(135,506)
<p>Repayment of mortgage principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>	
	108,793
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is normally a deduction in the reconciliation.</p>	
	(47,601)
<p>Reversal of prior year accrued interest inasmuch as it was accrued in the prior but reversed and charged as an expense in the current year. This amount must be added back in order to reconcile to the beginning balance.</p>	
	53,244
<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the the current and prior year net pension liability is recognized</p>	
	<u>26,536</u>
Change in net position of governmental activities	<u>\$ 655,049</u>

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

***PROPRIETARY FUNDS***



**QUEEN CITY ACADEMY CHARTER SCHOOL**

Proprietary Fund  
Statement of Net Position  
June 30, 2021

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service Programs</u>
	<u>School Nutrition</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,356
Intergovernmental Accounts Receivable:	
Federal	12,442
State	<u>630</u>
Total Current Assets	<u>23,428</u>
Noncurrent Assets:	
Machinery and Equipment	19,840
Less Accumulated Depreciation	<u>(18,298)</u>
Total Noncurrent Assets	<u>1,542</u>
Total Assets	<u>24,970</u>
<b>LIABILITIES AND NET POSITION:</b>	
Liabilities:	
Interfund Accounts Payable	2,259
Accounts Payable	<u>4,071</u>
Total Liabilities	<u>6,330</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	1,542
Unassigned	<u>17,098</u>
Total Net Position	<u>\$ 18,640</u>

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund
	Food Service Programs
	School Nutrition
	Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Program (Reimbursable Program) Meals	\$ 199
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	-
	199
<b>Total Operating Revenues</b>	<b>199</b>
<b>OPERATING EXPENSES:</b>	
Cost of Sales - Program (Reimbursable Program) Meals	46,127
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	-
Salaries	15,329
Supplies and Materials	2,259
Depreciation Expense	257
Miscellaneous Expenses	256
	64,228
<b>Total Operating Expenses</b>	<b>64,228</b>
<b>OPERATING LOSS</b>	<b>(64,029)</b>
<b>NONOPERATING REVENUES:</b>	
State Source:	
State School Lunch Program	1,721
Federal Source:	
National School Breakfast Program	25,644
National School Lunch Program	38,884
	66,249
<b>Total Nonoperating Revenues</b>	<b>66,249</b>
<b>CHANGE IN NET POSITION</b>	<b>2,220</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>16,420</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 18,640</b>

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Proprietary Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund
	Food Service Programs
	School Nutrition
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ (8,230)
Cash Payments to Suppliers and Employees	(143,029)
	(151,259)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	66,249
	66,249
Net Cash Provided By Noncapital Financing Activities	66,249
Net Decrease In Cash And Cash Equivalents	(85,010)
Cash And Cash Equivalents, Beginning Of Year	95,366
Cash And Cash Equivalents, End Of Year	\$ 10,356
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss Used In Operating Activities	\$ (64,029)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	257
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(8,429)
Decrease In Interfund Accounts Payable	(79,273)
Increase In Accounts Payable	215
	(151,259)
Net Cash Used In Operating Activities	\$ (151,259)

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

***NOTES TO THE FINANCIAL STATEMENTS***

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Queen City Academy Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

**A. Reporting Entity**

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's 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.

**B. Basis of Presentation, Basis of Accounting**

The Charter School's basic financial statements consist of Charter School-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*Charter school-wide 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 overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

The statement of Net Position presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

*Fund Financial Statements:* During the fiscal year, 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. The fund financial statements provide information about the Charter School's funds including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those 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 subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Not applicable.

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government, including New Jersey school districts and their charter schools. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or fiscal year 2020-2021. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. After considering the criteria and guidance, it was determined that payroll, payroll agency, and unemployment compensation insurance, previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

Additionally, the Charter School previously reported the activity of the student activity fund as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements:* The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Charter Schools also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to November 30, 1989.

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are



**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

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/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) 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 the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)		\$ 493,973
Adjustments:		
Less Encumbrances at June 30, 2021		-
Plus Encumbrances at June 30, 2020		-
Total Revenues and Expenditures (GAAP Basis)		\$ 493,973

**D. Encumbrances Accounting**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrances Accounting (Continued)**

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**E. Assets, Liabilities, and Equity**

**Interfund Transactions:**

Transfers between governmental and business-type activities on the Charter School – wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Capital Assets:**

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	39
Building Improvements	20
Electrical/Plumbing	20
Office & Computer Equipment	5-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

**Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the Charter School – wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Net Position:**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues — Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Revenues — Exchange and Nonexchange Transactions: (Continued)

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**F. PENSIONS**

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 pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES**

During fiscal years 2021 through 2022, the Charter School has adopted the following GASB statements.

Statement No. 84, *Fiduciary Activities*, will be effective with the fiscal year-ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

Recently Issued Accounting Pronouncements

Other GASB Statements that the Charter School is currently reviewing for applicability and potential impact on the financial statements include:

Statement No. 87, *Leases*, implementation postponed will be effective with the fiscal year-ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.

GASB No. 96, *Subscription Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES (CONTINUED)**

Recently Issued Accounting Pronouncements (Continued)

costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBIT A and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

*GASB No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASE Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes 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. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS (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.

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 Board 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.



**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

**Risk Category (Continued)**

As of June 30, 2021, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating				
Account	\$ 3,223,773	\$ 15,746	\$ 10,356	\$ 3,249,875

The carrying amount of the Board’s cash and cash equivalents at June 30, 2021 was \$2,577,258 and the bank balance was \$1,524,738. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**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. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board’s name.

Category 2 — Collateralized with securities held by the pledging public depository’s trust department or agent in the Board’s name.

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

As of June 30, 2021, 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 are classified as Category 1, both at year-end and throughout the year.

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State”

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**New Jersey Cash Management Fund (Continued)**

participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2021, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2021 consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Funds	
	General Fund	Special Revenue Fund
State Aid	\$ 139,419	\$ -
Federal Aid	-	235,891
Other	-	-
Gross Receivables	139,419	235,891
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	\$ 139,419	\$ 235,891

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 150,066	\$ -
Special Revenue Fund		147,807
Proprietary Fund		2,259
Total	\$ 150,066	\$ 150,066

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ 153,452	\$ -	\$ -	\$ 153,452
Total Capital Assets Not Being Depreciated	<u>153,452</u>	<u>-</u>	<u>-</u>	<u>153,452</u>
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 3,802,247	-	-	3,802,247
Machinery and Equipment	32,856	-	-	32,856
Totals at Historical Cost	<u>3,835,103</u>	<u>-</u>	<u>-</u>	<u>3,835,103</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	746,757	131,732	-	878,489
Machinery and Equipment	23,425	3,774	-	27,199
Total Accumulated Depreciation	<u>770,182</u>	<u>135,506</u>	<u>-</u>	<u>905,688</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>3,064,921</u>	<u>(135,506)</u>	<u>-</u>	<u>2,929,415</u>
Government Activity Capital Assets, Net	<u>\$ 3,218,373</u>	<u>\$ (135,506)</u>	<u>\$ -</u>	<u>\$ 3,082,867</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 19,840	\$ -	\$ -	\$ 19,840
Less Accumulated Depreciation	(18,041)	(257)	-	(18,298)
Enterprise Fund Capital Assets, Net	<u>\$ 1,799</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ 1,542</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense of \$135,506 was charged to governmental expenses as follows:

Instruction	\$ 25,746
Administration	<u>109,760</u>
	<u>\$ 135,506</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

A substantial number of the Charter School’s employees participate in one of the following defined benefit pension plans: the Teachers’ Pension and Annuity Fund (“TPAF”) and the Public Employees’ Retirement System (“PERS”), which are administered by the New Jersey Division of Pensions and Benefits (the “Division”). In addition, several Charter School employees participate in the Defined Contribution Retirement Program (“DCRP”), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>.

**A. Public Employees’ Retirement System (PERS)**

**Plan Description**

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Descriptions</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Benefits Provided (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$42,130 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

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

At June 30, 2021, the Charter School reported a liability of \$592,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2019 which was rolled forward to June 30, 2020. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. For the June 30, 2020 measurement date, the Charter School's proportion was 0.0036343540%, which was an increase of 0.0008228142% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$18,019, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

At June 30, 2021, 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>
Difference Between Expected and Actual Experience	\$ 10,792	\$ 2,096
Changes in Assumptions	19,227	248,156
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	20,258	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	231,333	161,506
Charter School Contributions Subsequent to the Measurement Date	<u>42,130</u>	<u>-</u>
	<u>\$ 323,740</u>	<u>\$ 411,758</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$42,130, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (74,369)
2022	(67,802)
2023	(38,747)
2024	(15,669)
2025	(3,388)
	\$ (199,975)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The amortization of the other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72 years	-
June 30, 2016	5.57 years	-
June 30, 2017	5.48 years	-
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2020	5.16 years	-
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44 years	-
June 30, 2015	5.72 years	-
June 30, 2016	5.57 years	-
June 30, 2017	-	5.48 years
June 30, 2018	-	5.63 years
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00 years	-
June 30, 2016	5.00 years	-
June 30, 2017	5.00 years	-
June 30, 2018	5.00 years	-
June 30, 2019	5.00 years	-
June 30, 2020	5.00 years	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44 years	-
June 30, 2015	5.72 years	-



**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00 - 6.00%
	based on years of service

Thereafter	3.00 - 7.00%
	based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 01, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Long-Term Expected Rate of Return**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Public Employees' Retirement System (PERS) (Continued)**

**Discount Rate (Continued)**

bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the Charter School's proportionate share of the collective 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:

	Measurement Date June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 751,937	\$ 597,328	\$ 466,139

**Pension Plan Fiduciary Net Position**

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 respective fiduciary net position of the PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about PERS, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**B. Teacher’s Pension Annuity Fund (TPAF)**

**Pension Description**

The State of New Jersey, Teacher’s Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division’s Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**Vesting and Benefit Provisions**

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 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 members’ accounts. The following represents the membership tiers for TPAF:

<b>Tier</b>	<b>Descriptions</b>
<b>1</b>	Members who were enrolled prior to July 1, 2007
<b>2</b>	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
<b>3</b>	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
<b>4</b>	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
<b>5</b>	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 or more years of service credit before age 62, and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Contributions**

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2020, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the Charter School must disclose the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$49,787 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$389,011.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The State's proportionate share of the net pension liability, attributable to the Charter School is as follows:

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State of New Jersey 's Proportionate Share of the Net Pension Liability Associated with the Charter School		<u>11,304,318</u>
Total	\$	<u><u>11,304,318</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. For the June 30, 2020 measurement date, the Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2020, Charter School's proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2020 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Charter School was 0.0171670829%, which was a decrease of 0.0003193157% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the Charter School recognized \$702,951 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

The State reported the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2020:

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: PENSION PLANS**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,815,939,253	\$ 14,241,964,752
Difference Between Expected and Actual Experience	986,767,511	182,357,860
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	656,175,235	-
	<b>\$ 9,458,881,999</b>	<b>\$ 14,424,322,612</b>

The amortization of the deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	8.50 years
June 30, 2015	8.30 years	-
June 30, 2016	-	8.30 years
June 30, 2017	8.30 years	-
June 30, 2018	8.29 years	-
June 30, 2019	-	8.04 years
June 30, 2020	-	7.99 years
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	8.50 years	-
June 30, 2015	8.30 years	-
June 30, 2016	8.30 years	-
June 30, 2017	-	8.30 years
June 30, 2018	-	8.29 years
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00 years	-
June 30, 2016	5.00 years	-
June 30, 2017	5.00 years	-

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense excluding that attributable to employer-paid member contributions as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45%
	based on years of service
Thereafter	2.75% - 5.65%
	based on years of service
Investment Rate of Return	7.00%

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



**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Teacher’s Pension Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the July 01, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2020 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%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

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**NOTE 6: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2020, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 5.40%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLANS**

**Teacher's Pension Annuity Fund (TPAF) (Continued)**

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

Measurement Date June 30, 2020

	<u>1% Decrease (4.40%)</u>	<u>Current Discount Rate (5.40%)</u>	<u>1% Increase (6.40%)</u>
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	<u>13,307,424</u>	<u>11,329,159</u>	<u>9,686,542</u>
	<u>\$ 13,307,424</u>	<u>\$ 11,329,159</u>	<u>\$ 9,686,542</u>

**Pension Plan Fiduciary Net Position**

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 respective fiduciary net position of the TPAF and additions to/deductions from TPAF's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**C. Defined Contribution Retirement Program (DCRP)**

**Plan Description**

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of

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**NOTE 6: PENSION PLANS**

**Defined Contribution Retirement Program (DCRP) (Continued)**

**Plan Description (Continued)**

IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually (The minimum salary in 2019 is \$8,400 and is subject to adjustment in future years); and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually. The minimum number of hours is 32 hours per week for local education employees.

**Vesting and Benefit Provisions**

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2021, employee contributions totaled to \$659, and the Charter School recognized pension expense, which equaled the required contributions of \$485.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
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**NOTE 7: POST-RETIREMENT BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for charter schools.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Annual Comprehensive Financial Report effective for the fiscal year ended June 30, 2020. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local charter school employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Plan Description and Benefits Provided (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	-
Total Plan Members	366,108

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67,809,962,608, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuation as of June 30, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

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

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

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Post-Retirement Medical Benefits Contributions (Continued)**

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

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund-Local Education Retired for retirees' post-retirement benefits on behalf of the Charter School for the fiscal years ended June 30, 2021, 2020, and 2019 were \$170,345, \$142,193, and \$159,265, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Charter School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 01, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.



**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

In accordance with GASB No. 75, the Charter School is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the Charter School. Accordingly, the Charter School's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the Charter School. Therefore, in addition, the Charter School does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

At June 30, 2020, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$10,295,318,750	\$ (9,170,703,615)
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumptions Changes	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Sub Total	21,829,570,000	(16,908,204,442)
Contributions Made in Fiscal Year Ending 2020 After June 30, 2019 Measurement Date	TBD	Not Available
Total	<u>\$21,829,570,000</u>	<u>\$ (16,908,204,442)</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

Measurement Period Ending June 30,	Total
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Total Thereafter	<u>4,704,163,473</u>
	<u>\$ 4,921,365,558</u>

For the fiscal year ended June 30, 2021, the Charter School recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$405,015. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2021, the State's proportionate share of the OPEB liability attributable to the Charter School is \$3,891,756. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the Charter School was 0.0057392098%, which was an increase of 0.0004585447% from its proportionate share measured as of June 30, 2019 of 0.0052806651%.

**Actuarial Assumptions**

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

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Inflation Rate 2.50%

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%	
	based on service years	based on service years	Applied to all future years

Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TP AF or his or her age for PERS.

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

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

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

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2020.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate 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**

The change in the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	<u>Charter School's Total OPEB Liability (State Share 100%)</u>	<u>State of New Jersey's Total OPEB Liability</u>
Balance at June 30, 2019 Measurement Date	\$ 2,203,573	\$ 41,729,081,045
Changes Recognized for the Fiscal Year:		
Service Cost	359,079	1,790,973,822
Interest on Total OPEB Liability	88,553	1,503,341,357
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experiences	595,359	11,544,750,637
Effect of Changes of Assumptions	710,890	12,386,549,981
Contributions - Employees	2,054	(1,180,515,618)
Gross Benefits Paid by the State	(67,752)	35,781,384
<b>Net Changes</b>	<u>1,688,183</u>	<u>26,080,881,563</u>
Balance at June 30, 2020 Measurement Date	<u>\$ 3,891,756</u>	<u>\$ 67,809,962,608</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2020. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2020 was not provided by the pension system.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
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**NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the Charter School that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	At 1% Decrease (1.21%)	At Current Discount Rate (2.21%)	At 1% Increase (3.21%)
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 4,691,713	\$ 3,891,756	\$ 3,266,267

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 3,141,557	\$ 3,891,756	\$ 4,785,077

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2020 were not provided by the pension system.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
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**NOTE 8: RISK MANAGEMENT**

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

**Property and Liability Insurance**

The charter school maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

**New Jersey Unemployment Compensation Insurance**

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 9: FUND BALANCE APPROPRIATED**

General Fund

Of the \$3,356,263 General Fund balance in the fund financial statements at June 30, 2021, \$3,274,375 is unreserved and undesignated. Of the remaining General Fund balance, \$75,000 is Reserved for Other Purposes, \$1,350 is Reserved for Encumbrances, and \$5,538 for Unemployment Compensation.

**NOTE 12: RESTATEMENT**

On July 1, 2020, the Queen City Academy Charter School implemented GASB Statement No. 84, Fiduciary Activities. The Queen City Academy Charter School has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities, which were previously reported as fiduciary activities to governmental activities. The effect of these restatements is to increase net position of governmental activities by \$14,075 from \$3,355,541 as previously reported to \$3,369,616 as of June 30, 2020.

**QUEEN CITY ACADEMY CHARTER SCHOOL  
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**NOTE 12: RESTATEMENT (CONTINUED)**

Governmental Funds

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities, which were previously reported as fiduciary activities to governmental activities. The effect of these restatements is to increase fund balances of governmental funds by \$14,075 from \$2,707,917 as previously reported to \$2,721,992 as of June 30, 2020. General Fund fund balance increased \$5,538 from \$2,707,917 as previously reported to \$2,713,455 as of June 30, 2020. Special Revenue Fund fund balance increased \$8,537 from zero as previously reported to \$8,537 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$119,397 from \$119,397 as previously reported to zero as of June 30, 2020.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 15, 2022, the date the financial statements were available to be issued.

**NOTE 14: IMPACT OF COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Although the Charter School cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Charter School’s results of future operations, financial position, and liquidity in fiscal year 2022.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***



***SECTION C – BUDGETARY COMPARISON SCHEDULES***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 General Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2021

C-1  
 Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Equalization Aid Local Share-Charter School Aid	\$ 767,587	\$ 70,620	\$ 838,207	\$ 833,227	\$ (4,980)
<b>Total Local Sources</b>	<b>767,587</b>	<b>70,620</b>	<b>838,207</b>	<b>833,227</b>	<b>(4,980)</b>
Categorical Aid:					
Equalization Aid	3,556,795	(874,536)	2,682,259	2,679,057	(3,202)
Special Education	148,227	(22,156)	126,071	126,071	-
Security Aid	175,391	(29,565)	145,826	145,742	(84)
Other State Aid	95,004	334,296	429,300	429,300	-
<b>Total Categorical Aid</b>	<b>3,975,417</b>	<b>(591,961)</b>	<b>3,383,456</b>	<b>3,380,170</b>	<b>(3,286)</b>
Federal Sources:					
E-Rate Funding	13,000		13,000		(13,000)
<b>Total Federal Sources</b>	<b>13,000</b>	<b>-</b>	<b>13,000</b>	<b>-</b>	<b>(13,000)</b>
Other Sources:					
Interest Income				517	517
Miscellaneous Revenue				15,561	15,561
On-Behalf TPAF Pension Aid (Non-Budgeted)				543,566	543,566
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				170,345	170,345
On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted)				934	934
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				136,988	136,988
<b>Total Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867,911</b>	<b>867,911</b>
<b>Total Revenues</b>	<b>4,756,004</b>	<b>(521,341)</b>	<b>4,234,663</b>	<b>5,081,308</b>	<b>846,645</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	1,966,875	(432,412)	1,534,463	1,453,429	81,034
Other Salaries for Instruction	71,309	(6,397)	64,912	49,903	15,009
Purchased Prof/Tech Services		21,560	21,560	12,140	9,420
Other Purchased Services	8,500		8,500		8,500
General Supplies	105,300	80,940	186,240	92,487	93,753
Textbooks	18,000	(16,000)	2,000		2,000
Miscellaneous	50,000	(37,000)	13,000	2,700	10,300
<b>Total Instruction</b>	<b>2,219,984</b>	<b>(389,309)</b>	<b>1,830,675</b>	<b>1,610,659</b>	<b>220,016</b>
Administration:					
Salaries - General Administration	15,000	875	15,875	15,875	-
Salaries of Principals	349,575	(26,800)	322,775	317,300	5,475
Salaries of Other Professional Staff	50,953	455	51,408	51,408	-
Salaries of Secretarial/Clerical Assistants	194,382	31,230	225,612	194,042	31,570
Total Benefits Cost	383,870	(2,521)	381,349	256,934	124,415
Purchases Prof/Tech Services	139,239	13,362	152,601	117,539	35,062
Communications/Telephone	43,540		43,540	31,873	11,667
Supplies and Materials	41,877		41,877	16,739	25,138
Interest on Current Loans	47,424	3,590	51,014	51,013	1
Miscellaneous Expenses	23,000		23,000	6,484	16,516
<b>Total Administration</b>	<b>1,288,860</b>	<b>20,191</b>	<b>1,309,051</b>	<b>1,059,207</b>	<b>249,844</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 General Fund  
 Budgetary Comparison Schedule  
 For The Fiscal Year Ended June 30, 2021

C-1  
 Sheet 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 103,140	\$ 33,050	\$ 136,190	\$ 110,016	\$ 26,174
Purchased Prof/Tech Services	203,522	(63,500)	140,022	92,051	47,971
Purchased Prof/Ed Services	198,000	56,000	254,000	116,431	137,569
Cleaning, Repair, and Maintenance Services	328,217	(45,257)	282,960	276,428	6,532
Rental of Land and Buildings	160,000	(160,000)	-	-	-
Other Purchased Services	27,000	(20,500)	6,500	1,875	4,625
Transportation-Other Than To/From School	18,200	(11,000)	7,200	3,610	3,590
Insurance for Property, Liability and Fidelity	59,636	(5,510)	54,126	37,647	16,479
Supplies and Materials	48,000	(31,000)	17,000	14,277	2,723
Energy Costs (Heat and Electricity)	81,018	(18,071)	62,947	50,517	12,430
<b>Total Support Services</b>	<b>1,226,733</b>	<b>(265,788)</b>	<b>960,945</b>	<b>702,852</b>	<b>258,093</b>
Capital Outlay:					
Instructional Equipment		70,000	70,000		70,000
Purchased of Land/Improvements		755,000	755,000	7,764	747,236
Lease Purchase Agreements-Principal	120,098	86,088	206,186	206,185	1
<b>Total Capital Outlay</b>	<b>120,098</b>	<b>911,088</b>	<b>1,031,186</b>	<b>213,949</b>	<b>817,237</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				543,566	(543,566)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				170,345	(170,345)
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				934	(934)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				136,988	(136,988)
<b>Total Expenditures</b>	<b>4,855,675</b>	<b>276,182</b>	<b>5,131,857</b>	<b>4,438,500</b>	<b>693,357</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,671)	(797,523)	(897,194)	642,808	1,540,002
<b>FUND BALANCES, JULY 1</b>	<b>2,713,455</b>	<b>-</b>	<b>2,713,455</b>	<b>2,707,917</b>	<b>5,538</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,538 *</b>	<b>(5,538)</b>
<b>FUND BALANCES, JULY 1, RESTATED</b>	<b>2,713,455</b>	<b>-</b>	<b>2,713,455</b>	<b>2,713,455</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 2,613,784</b>	<b>\$ (797,523)</b>	<b>\$ 1,816,261</b>	<b>\$ 3,356,263</b>	<b>\$ 1,540,002</b>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures: Budgeted Fund Balance	\$ 2,613,784	\$ (797,523)	\$ 1,816,261	\$ 3,356,263	\$ 1,540,002
<b>Total</b>	<b>\$ 2,613,784</b>	<b>\$ (797,523)</b>	<b>\$ 1,816,261</b>	<b>\$ 3,356,263</b>	<b>\$ 1,540,002</b>

\* Represents Unemployment Fund Net Position as of June 30, 2020

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Special Revenue Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE SOURCES:</b>					
Local	\$ -	\$ 18,029	\$ 18,029	\$ 8,239	\$ (9,790) *
Federal	900,951	194,867	1,095,818	485,734	(610,084)
<b>Total Revenues</b>	<b>900,951</b>	<b>212,896</b>	<b>1,113,847</b>	<b>493,973</b>	<b>(619,874)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	209,618	40,775	250,393	193,995	56,398
Other Salaries for Instruction		3,000	3,000	3,000	-
Purchased Prof/Tech Services	30,000	3,502	33,502		33,502
Other Purchased Services	10,000		10,000	3,869	6,131
General Supplies	70,428	137,133	207,561	178,288	29,273
<b>Total Instruction</b>	<b>320,046</b>	<b>184,410</b>	<b>504,456</b>	<b>379,152</b>	<b>125,304</b>
Support Services:					
Personal Services - Employee Benefits	69,152	4,869	74,021	64,793	9,228
Purchased Prof/Ed Services	13,640	3,347	16,987	12,000	4,987
Other Purchased Prof/Tech Services	50,354	22,659	73,013	16,115	56,898
Other Purchased Services	16,105	(9,219)	6,886	2,727	4,159
Supplies and Materials	1	6,830	6,831	6,830	1
Scholarships Awarded				250	(250) *
Student Activities				1,214	(1,214) *
<b>Total Support Services</b>	<b>149,252</b>	<b>28,486</b>	<b>177,738</b>	<b>103,929</b>	<b>73,809</b>
Facilities Acquisition and Construction Services:					
Buildings	428,340		428,340	3,705	424,635
Instructional Equipment	3,313		3,313	412	2,901
<b>Total Facilities Acquisition and Construction Services</b>	<b>431,653</b>	<b>-</b>	<b>431,653</b>	<b>4,117</b>	<b>427,536</b>
<b>Total Expenditures</b>	<b>900,951</b>	<b>212,896</b>	<b>1,113,847</b>	<b>487,198</b>	<b>626,649</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	6,775	6,775
Fund Balances, Beginning of Year	-	-	-	-	-
Prior Year Adjustment	-	-	-	8,537	8,537
Fund Balances, Beginning of Year, Restated	-	-	-	8,537	8,537
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,312</b>	<b>\$ 15,312</b>
Recapitulation:					
Restricted:					
Scholarships				\$ 1,485	
Student Activities				13,827	
<b>Total Fund Balance</b>				<b>\$ 15,312</b>	

\* Note - Scholarships and Student Activities Funds are not required to be budgeted.

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Budgetary Comparison Schedule  
 Budget To GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 5,081,308	[C-2] \$ 493,973
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	 	 -
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	 [B-2] \$ 5,081,308	 [B-2] \$ 493,973
 <b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,438,500	[C-2] \$ 487,198
 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 accounting purposes.	 	 -
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 [B-2] \$ 4,438,500	 [B-2] \$ 487,198

***REQUIRED SUPPLEMENTARY INFORMATION – PART III***

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



**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Public Employees Retirement System  
 Last Eight Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Charter School's proportion of the net pension liability	0.0036343540%	0.0028115398%	0.0037863551%	0.0035276597%	0.0025981958%	0.0038508521%	0.0034858277%	0.0035910381%
Charter School's proportionate share of the net pension liability	\$ 592,668	\$ 506,597	\$ 745,514	\$ 821,183	\$ 769,511	\$ 864,439	\$ 672,341	\$ 666,211
Charter School's covered employees payroll (plan measurement period)	\$ 206,738	\$ 263,794	\$ 233,810	\$ 190,135	\$ 249,099	\$ 254,826	\$ 187,326	\$ 254,826
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	286.68%	192.04%	318.85%	431.89%	308.92%	339.23%	358.91%	261.44%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School Contributions  
 Public Employees Retirement System  
 Last Eight Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 39,758	\$ 27,348	\$ 37,662	\$ 32,680	\$ 23,082	\$ 33,107	\$ 26,265	\$ 29,604
Contributions in relation to the contractually required contribution	(42,130)	(29,833)	(40,300)	(32,680)	(23,082)	(33,107)	(26,265)	(28,479)
Contribution deficiency/(excess)	\$ (2,372)	\$ (2,485)	\$ (2,638)	\$ -	\$ -	\$ -	\$ -	\$ 1,125
Charter School's covered employee payroll (fiscal year)	\$ 206,738	\$ 263,794	\$ 233,810	\$ 190,135	\$ 249,099	\$ 254,826	\$ 187,326	\$ 254,826
Contributions as a percentage of covered employee payroll	19.23%	10.37%	16.11%	17.19%	9.27%	12.99%	14.02%	11.62%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information Schedules  
 Schedule of the Charter School's Proportionate Share of the Net Pension Liability  
 Teachers Pension and Annuity Fund  
 Last Eight Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability attributable of the Charter School	0.0171670829%	0.0174863988%	0.0200199808%	0.0159885239%	0.0156258186%	0.0145850281%	0.0137985006%	0.0153226784%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 11,304,318	\$ 10,731,568	\$ 12,736,282	\$ 10,780,039	\$ 12,292,264	\$ 9,218,361	\$ 8,189,473	\$ 6,973,654
Charter School's covered employees payroll (plan measurement period)	\$ 1,846,508	\$ 1,814,115	\$ 1,842,198	\$ 1,702,214	\$ 1,870,182	\$ 1,437,206	\$ 1,509,196	\$ 1,437,206
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	612.20%	591.56%	691.36%	633.30%	657.28%	641.41%	542.64%	485.22%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

***SECTION M – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Required Supplementary Information Schedules  
 Schedule of Changes in the Charter School's Proportionate Share of Total OPEB Liability and Related Ratios  
 Teachers Pension and Annuity Fund and Public Employees Retirement System  
 Last Five Fiscal Years  
 Unaudited

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability-State's Proportionate Share of the Total OPEB Liability Associated with the Charter School	\$ 2,203,573	\$ 2,475,013	\$ 3,612,621	\$ 3,687,970	\$ -
OPEB Liability at Beginning of Measurement Period					
Changes Recognized for the Fiscal Year:					
Service Cost	359,079	353,178	414,803	500,842	Not Available
Interest on Total OPEB Liability	88,553	108,193	143,048	118,241	Not Available
Effect on Changes of Benefit Terms	-	-	-	-	Not Available
Differences Between Expected and Actual Experience	595,359	(700,028)	(1,347,545)	-	Not Available
Effect on Changes of Assumptions	710,890	32,855	(284,020)	(613,837)	Not Available
Contributions from the Employees	2,054	2,005	2,287	3,081	Not Available
Gross Benefit Paid by the State	(67,752)	(67,643)	(66,181)	(83,676)	Not Available
Net Changes	1,688,183	(271,440)	(1,137,608)	(75,349)	-
OPEB Liability at the End of Measurement Period	\$ 3,891,756	\$ 2,203,573	\$ 2,475,013	\$ 3,612,621	\$ 3,687,970
Charter School's Proportionat Share of the Total OPEB Liability	0.0057392098%	0.00528066651%	0.0053675304%	0.0067349583%	0.0063770640%
Charter School's Covered Employees Payroll	\$ 2,053,246	\$ 2,077,909	\$ 2,076,008	\$ 1,892,349	\$ 2,119,280
Total Charter School's OPEB Liability as a Percentage of Covered Employee Payroll	189.54%	106.05%	119.22%	190.91%	174.02%
Charter School's Contributions	None	None	None	None	None

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

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Notes to Required Supplementary Information  
Public Employees Retirement System  
For Fiscal Year Ended June 30, 2021

**NET PENSION LIABILITY (SCHEDULES L-1 AND L-2)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 5.00% as of June 30, 2019 to 5.66% as of June 30, 2020.

**NET OPEB LIABILITY (SCHEDULE M-1)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 3.58% as of June 30, 2019 to 3.87% as of June 30, 2020.

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Notes to Required Supplementary Information  
Teachers Pension and Annuity Fund  
For Fiscal Year Ended June 30, 2021

**NET PENSION LIABILITY (SCHEDULES L-3 AND L-4)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 4.25% as of June 30, 2019 to 4.86% as of June 30, 2020.

**NET OPEB LIABILITY (SCHEDULE M-1)**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 3.58% as of June 30, 2019 to 3.87% as of June 30, 2020.



***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

*The Special Revenue Fund is used to account for the proceeds of specific sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.*

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2021

	ESSA Title I	ESSA Title III	I.D.E.A. Part B	ESSA Title II Part A	ESSA Title IV	CARES Act	Digital Divide	Coronavirus Relief Fund	ESSER II CRRSA	Scholarship Fund	Student Activity	Grand Total
<b>REVENUE SOURCES:</b>												
Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,989	\$ 8,239
Federal	188,480	3,000	70,308	12,000	7,652	74,167	84,972	41,450	3,705	-	-	485,734
<b>Total Revenues</b>	188,480	3,000	70,308	12,000	7,652	74,167	84,972	41,450	3,705	250	7,989	493,973
<b>EXPENDITURES:</b>												
Instruction:												
Salaries	143,775		50,220									193,995
Other Salaries for Instruction		3,000				3,869						3,000
Other Purchased Services						58,696	84,972	34,620				3,869
General Supplies												179,288
<b>Total Instruction</b>	143,775	3,000	50,220	-	-	62,565	84,972	34,620	-	-	-	379,152
Support Services:												
Personal Services - Employee Benefits	44,705		20,088	12,000								64,793
Purchased Prof/Ed Services					4,925							12,000
Other Purchased Prof/Tech Services					2,727	11,190						16,115
Other Purchased Services								6,830				2,727
Supplies and Materials										250		6,830
Scholarships Awarded											1,214	250
Student Activities												1,214
<b>Total Support Services</b>	44,705	-	20,088	12,000	7,652	11,190	-	6,830	-	250	1,214	103,929
Facilities Acquisition and Construction Services:												
Buildings						412			3,705			3,705
Instructional Equipment												412
<b>Total Facilities Acquisition and Construction Services</b>	-	-	-	-	-	412	-	-	3,705	-	-	4,117
<b>Total Expenditures</b>	188,480	3,000	70,308	12,000	7,652	74,167	84,972	41,450	3,705	250	1,214	487,198
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-	-	-	-	-	-	-	6,775	6,775
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	1,485*	7,052**	8,537
<b>Fund Balance, July 1 (Restated)</b>	-	-	-	-	-	-	-	-	-	1,485	7,052	8,537
<b>Fund Balance, June 30</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,485	\$ 13,827	\$ 15,312

\* Represents the scholarship fund net position as of June 30, 2020 per exhibit H-2  
 \*\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**SECTION G – PROPRIETARY FUNDS  
DETAIL STATEMENTS**

*Proprietary 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’s board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – This fund provides for the operation of food services in all schools within the Charter School.*

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND  
B-6.**

***SECTION I – LONG TERM DEBT***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Schedule of Notes Payable  
 June 30, 2021

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2020	Issued	Retired	Balance June 30, 2021
Mortgage	4/18/13	\$ 2,050,000	2.87%	\$ 1,611,531	-	\$ 69,525	\$ 1,542,006
Construction Loan	7/27/15	\$ 700,000	4.25%	156,622		39,268	117,354
				\$ 1,768,153	-	\$ 108,793	\$ 1,659,360

**STATISTICAL SECTION (UNAUDITED)**

***GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.***

## **Contents**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the charter school's financial performance and well-being have changed over time.

### **Revenue Capacity (Not Applicable To Charter School)**

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the Charter School provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2006; schedules presenting charter school-wide information include information beginning in that year.*



***FINANCIAL TRENDS***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Fund Balances - Government Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,423,507	\$ 1,450,220	\$ 1,483,181	\$ 1,531,547	\$ 1,462,062	\$ 1,023,477	\$ 489,014	\$ 492,256	\$ 498,222	\$ 3,150
Restricted	97,200	75,000	76,329	-	-	75,000	75,000	258,999	465,637	350,000
Unassigned	2,503,958	1,830,321	1,116,982	653,469	173,579	139,797	273,742	638,175	433,543	776,997
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,024,665</b>	<b>\$ 3,355,541</b>	<b>\$ 2,676,492</b>	<b>\$ 2,185,016</b>	<b>\$ 1,635,641</b>	<b>\$ 1,238,274</b>	<b>\$ 837,756</b>	<b>\$ 1,389,430</b>	<b>\$ 1,397,402</b>	<b>\$ 1,130,147</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 1,542	\$ 1,799	\$ 2,056	\$ 2,313	\$ -	\$ -	\$ 521	\$ 2,548	\$ 5,562	\$ 5,562
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	17,098	14,621	17,673	8,892	22,432	8,752	7,838	13,432	14,072	14,072
<b>Total Business-Type Activities Net Position</b>	<b>\$ 18,640</b>	<b>\$ 16,420</b>	<b>\$ 19,729</b>	<b>\$ 11,205</b>	<b>\$ 22,432</b>	<b>\$ 8,752</b>	<b>\$ 8,359</b>	<b>\$ 15,980</b>	<b>\$ 19,634</b>	<b>\$ 19,634</b>
<b>Charter School-wide</b>										
Net Investment in Capital Assets	\$ 1,425,049	\$ 1,452,019	\$ 1,485,237	\$ 1,533,860	\$ 1,462,062	\$ 1,023,477	\$ 489,535	\$ 494,804	\$ 503,784	\$ 8,712
Restricted	97,200	75,000	76,329	-	-	75,000	75,000	258,999	465,637	350,000
Unassigned	2,521,056	1,844,942	1,134,655	662,361	196,011	148,549	281,580	651,607	447,615	791,069
<b>Total Charter School-wide Activities Net Position</b>	<b>\$ 4,043,305</b>	<b>\$ 3,371,961</b>	<b>\$ 2,696,221</b>	<b>\$ 2,196,221</b>	<b>\$ 1,658,073</b>	<b>\$ 1,247,026</b>	<b>\$ 846,115</b>	<b>\$ 1,405,410</b>	<b>\$ 1,417,036</b>	<b>\$ 1,149,781</b>

**Source: Annual Comprehensive Financial Report**

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Fund Balances - Government Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses</b>										
Governmental Activities										
Instruction	\$ 2,777,342	\$ 2,762,399	\$ 2,688,839	\$ 2,373,228	\$ 2,235,716	\$ 2,415,319	\$ 2,040,132	\$ 2,004,605	\$ 1,933,612	\$ 1,843,946
Administration	1,528,601	915,228	1,392,679	2,038,010	1,559,645	1,338,523	968,165	1,095,401	945,317	851,886
Support Services	862,430	762,290	1,057,796	654,577	683,206	670,867	567,190	559,380	752,807	712,861
Capital Outlay	109,273	(39,538)	2,683	-	0	700,000	154,017,000	271,256	522,425,000	15,000
Interest on Long-Term Debt	47,601	53,244	65,629	72,541	78,492	76,700	56,949	58,626	2,144	-
Total Governmental Activities Expenses	5,325,247	4,453,623	5,207,626	5,138,356	4,557,059	5,201,409	3,786,453	3,989,268	4,156,305	3,423,693
Business-Type Activities:										
Food Service/Clubhouse	64,228	130,058	172,196	179,350	119,244	122,903	104,281	100,819	104,852	97,522
Total Business-Type Activities Expenses	64,228	130,058	172,196	179,350	119,244	122,903	104,281	100,819	104,852	97,522
Total Charter School Expenses	\$ 5,389,475	\$ 4,583,681	\$ 5,379,822	\$ 5,317,706	\$ 4,676,303	\$ 5,324,312	\$ 3,890,734	\$ 4,090,087	\$ 4,261,157	\$ 3,521,215
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services	\$ 7,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	126,321	120,397	176,458	120,517	112,376	115,403	76,276	-	41,798	28,120
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Government Activities Expenses	134,310	120,397	176,458	120,517	112,376	115,403	76,276	-	41,798	28,120
Business-Type Activities										
Charges for Services	199	9,336	11,531	5,260	5,466	6,935	4,318	5,717	10,496	12,196
Operating Grants and Contributions	66,249	117,413	169,189	162,863	127,458	116,313	92,196	91,258	76,652	81,453
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	66,448	126,749	180,720	168,123	132,924	123,248	96,514	96,975	87,148	93,649
Total Charter School Program Revenues	\$ 200,758	\$ 247,146	\$ 357,178	\$ 288,640	\$ 245,300	\$ 238,651	\$ 172,790	\$ 96,975	\$ 128,946	\$ 121,769
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(5,190,937)	(4,333,226)	(5,031,168)	(5,017,839)	(4,444,683)	(5,086,006)	(3,710,177)	(3,989,268)	(4,114,507)	(3,395,573)
Business-Type Activities	2,220	(3,309)	8,524	(11,227)	13,680	345	(7,767)	(3,844)	(17,704)	(3,873)
Total Charter School-wide Net Expense	(5,188,717)	(4,336,535)	(5,022,644)	(5,029,066)	(4,431,003)	(5,085,661)	(3,717,944)	(3,993,112)	(4,132,211)	(3,399,446)
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental Activities:										
General Purposes	\$ 833,227	\$ 705,589	\$ 722,250	\$ 867,671	\$ 830,252	\$ 790,442	\$ 624,001	\$ 623,795	\$ 646,188	\$ 588,792
Federal and State Aid Not Restricted	4,996,681	4,250,983	4,726,484	4,758,536	4,032,485	4,721,742	3,207,165	3,285,815	3,210,107	3,076,222
Investment Earnings	517	299	661	553	356	314	214	85	-	596
Miscellaneous Income	15,561	45,713	8,833	36,581	-	5,992	1,419	12,577	16,174	25,889
Total Governmental Activities	5,845,986	5,002,584	5,458,228	5,663,341	4,863,093	5,518,490	3,832,799	3,922,272	3,872,469	3,693,499
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	146	191	2,380	4,816
Miscellaneous Income	-	-	-	-	-	47	146	191	2,380	4,832
Total Business-Type Activities	-	-	-	-	-	47	146	191	2,380	4,832
Total Charter School-wide	\$ 5,845,986	\$ 5,002,584	\$ 5,458,228	\$ 5,663,341	\$ 4,863,093	\$ 5,518,537	\$ 3,832,945	\$ 3,922,463	\$ 3,874,849	\$ 3,698,331
<b>Change in Net Assets/Position</b>										
Governmental Activities	\$ 655,049	\$ 669,358	\$ 427,060	\$ 645,502	\$ 418,410	\$ 432,484	\$ 122,622	\$ (66,996)	\$ (242,038)	\$ 297,926
Business-Type Activities	2,220	(3,309)	8,524	(11,227)	13,680	392	(7,621)	(3,653)	(15,324)	959
Total Charter School	\$ 657,269	\$ 666,049	\$ 435,584	\$ 634,275	\$ 432,090	\$ 432,876	\$ 115,001	\$ (70,649)	\$ (257,362)	\$ 298,885

Source: Annual Comprehensive Financial Report

**QUEEN CITY ACADEMY CHARTER SCHOOL**

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

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund	\$ 81,888	\$ 75,000	\$ 76,329	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ 258,999	\$ 465,637	\$ 350,000
Restricted	3,274,375	2,632,917	1,941,654	1,589,222	1,104,897	922,759	1,004,987	696,801	435,687	776,997
Unassigned	3,356,263	2,707,917	2,017,983	1,664,222	1,104,897	997,759	1,079,987	955,800	901,324	1,126,997
<b>Total General Fund</b>	<b>\$ 3,432,426</b>	<b>\$ 3,414,917</b>	<b>\$ 3,995,956</b>	<b>\$ 3,328,444</b>	<b>\$ 2,210,694</b>	<b>\$ 1,995,518</b>	<b>\$ 2,159,974</b>	<b>\$ 1,911,600</b>	<b>\$ 1,802,648</b>	<b>\$ 2,253,994</b>
All Other Governmental Funds										
Restricted	\$ 15,312	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 15,312</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Annual Comprehensive Financial Report

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Fund Balances - Government Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
 Unaudited

Fiscal Year Ending June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues:</b>										
Local Sources:										
Local Tax Levy	\$ 833,227	\$ 705,589	\$ 722,250	\$ 867,671	\$ 830,252	\$ 790,442	\$ 624,001	\$ 623,795	\$ 646,188	\$ 588,792
Interest in Investments	517	661	193	553	356	314	214	85	0	596
Miscellaneous	23,800	45,713	8,833	36,581	-	5,992	1,419	12,577	9,272	7,579
Intermediate Sources	-	-	-	-	-	-	-	-	6,902	18,310
State Sources	4,232,003	4,148,736	4,263,357	4,045,397	3,901,414	4,578,198	3,062,651	3,052,243	3,031,842	2,901,289
Federal Sources	485,734	222,644	284,097	249,236	243,447	258,947	220,790	233,572	220,063	210,288
<b>Total Revenues</b>	<b>5,575,281</b>	<b>5,123,343</b>	<b>5,278,730</b>	<b>5,199,438</b>	<b>4,975,469</b>	<b>5,633,893</b>	<b>3,909,075</b>	<b>3,922,272</b>	<b>3,914,267</b>	<b>3,726,854</b>
<b>Expenditures</b>										
Instruction	1,989,811	1,856,806	1,978,613	1,871,492	1,869,720	2,007,751	1,637,512	1,689,958	1,590,545	1,545,778
Administration	1,911,040	1,692,532	1,730,074	1,647,750	1,651,291	1,523,031	1,247,984	1,237,775	1,190,662	1,035,006
Support Services	806,781	721,354	1,012,174	907,025	908,762	860,525	686,818	668,807	836,308	826,510
Capital Outlay	218,066	162,355	204,576	440,460	(871,256)	1,324,814	271,256	271,256	520,523	15,000
<b>Total Expenditures</b>	<b>4,925,698</b>	<b>4,433,047</b>	<b>4,925,437</b>	<b>4,866,727</b>	<b>3,558,517</b>	<b>5,716,121</b>	<b>3,843,570</b>	<b>3,867,796</b>	<b>4,138,038</b>	<b>3,422,294</b>
<b>Net Change in Fund Balance</b>	<b>\$ 649,583</b>	<b>\$ 690,296</b>	<b>\$ 353,293</b>	<b>\$ 332,711</b>	<b>\$ 1,416,952</b>	<b>\$ (82,228)</b>	<b>\$ 65,505</b>	<b>\$ 54,476</b>	<b>\$ (223,771)</b>	<b>\$ 304,560</b>

**Source: Annual Comprehensive Financial Report**

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
 Unaudited

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2021	\$ 517	\$ 15,561	\$ 16,078
2020	299	33,748	34,047
2019	661	1,692	2,353
2018	553	11,216	11,769
2017	356	-	356
2016	314	5,992	6,306
2015	214	1,419	1,633
2014	85	6,577	6,662
2013	0	3,272	3,272
2012	596	7,579	8,175

**Source: Annual Comprehensive Financial Report**

***OPERATING INFORMATION***

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Full-Time Equivalent Charter School Employees by Function  
 Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction	33	33	33	33	33	33	33	34	26	32
Administrative	3	3	3	3	3	3	3	3	7	7
Support Services	5	5	5	5	5	5	5	5	3	3
Food Service	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>43</b>	<b>37</b>	<b>43</b>

**Source:** Charter School Personnel Records



**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 Operating Statistics  
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily		Percent Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) <sup>c</sup>	Attendance (ADA) <sup>c</sup>		
2021	323	\$ 4,707,632	\$ 14,575	10.57%	28	1:9	341.00	311.83	5.10%	91.45%
2020	324	4,270,692	13,181	-9.54%	28	1:9	323.60	308.16	0.00%	95.23%
2019	324	4,720,861	14,571	6.66%	28	1:9	323.60	308.16	0.00%	95.23%
2018	324	4,426,267	13,661	-0.08%	28	1:9	323.60	310.00	0.37%	95.80%
2017	324	4,429,773	13,672	0.88%	28	1:9	322.40	309.50	-0.12%	96.00%
2016	324	4,391,307	13,553	-5.53%	28	1:9	322.80	310.55	22.80%	96.21%
2015	249	3,572,314	14,347	-0.27%	24	1:9	249.20	232.50	-0.48%	93.30%
2014	250	3,596,540	14,386	0.22%	24	1:9	250.40	234.85	2.16%	93.79%
2013	252	3,617,515	14,355	4.91%	24	1:9	245.00	236.00	3.67%	96.33%
2012	249	3,407,294	13,684	1.26%	24	1:9	236.00	236.00	4.62%	100.00%

**Sources:** Charter School records

**Note:** Enrollment based on annual final Charter School count.

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 School Building Information  
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
324	324	324	324	324	324	252	260	260	260	260
324	324	324	324	324	324	252	252	252	247	228

**Charter School Building**

Lower School

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2021

Lower School = 1

Upper School = 1

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Insurance Schedule  
June 30, 2021

COVERAGE	LIMITS	SUMMARY	DEDUCTIBLE
<b>Package:</b>	Covered	815 West 7th Street, Plainfield, NJ 07060	
<b>NJSIG</b>	Location		
<b>07/01/2020-07/01/2021</b>			
<b>P801</b>			
<b>\$18,095</b>			
<b><u>Property</u></b>			
Building	\$ 5,936,000		\$ 1,000
Personal Property	650,000		1,000
Business Income/Tuition	500,000		1,000
Electronic Data Processing	450,000		1,000
Loss of Rents	500,000		1,000
<b><u>Crime</u></b>			
Faithful Performance	25,000		500
Forgery & Alteration	25,000		500
Money & Securities	25,000		500
Money Orders/Counterfeit	25,000		500
Computer Fraud	10,000		500
<b><u>General Liability</u></b>			
Single Limit for Bodily Injury and Property Damage	6,000,000		
Products / Completed Operations Aggregate	6,000,000		
Annual Aggregate for Child Molestation / Sexual Abuse	6,000,000		
Personal Injury / Advertising Injury	6,000,000	per occurrence	
Employee Benefits Liability	6,000,000	per claim	1,000
Premise Medical Payments	5,000		
<b><u>Automobile Liability</u></b>			
Hired / Non Owed Automobile Limit	6,000,000		
<b>Public Official Bonds</b>			
<b>Western Surety Co (CAN)</b>	160,000	Christopher Lessard	1,000
<b>07/01/2020-07/01/2021</b>		Board Treasurer	
<b>65053121</b>			
<b>\$829</b>			
<b>Student Accident</b>			
<b>Berkeley Life and Health Insurance Company</b>	1,000,000	Accident Medical Excess Benefit (Gold Plan)	
<b>08/01/2020-08/01/2021</b>	10,000	AD&D	
<b>T5MP-760008</b>			
<b>\$1,380</b>			
<b>School Leaders E&amp;O</b>			
<b>NJSIG</b>			
<b>07/01/2020-07/01/2021</b>			
<b>E801</b>			
<b>\$11,054</b>			
Coverage A	1,000,000	Each Loss	5,000
Coverage B	100,000	Each Loss	5,000
Coverage B	300,000	Annual Aggregat	
<b>Worker's Compensation</b>			
<b>NJSIG</b>	3,000,000	Each Accident	
<b>07/01/2020-07/01/2021</b>	3,000,000	Each Employee	
<b>W801</b>	3,000,000	Policy Limit	
<b>\$18,095</b>			
*\$2,671,209 School Prof and \$64,000 School Non-Prof with 0.7947 MOD			
<b>Supplemental Indemnity</b>			
<b>NJSIG</b>	Statutory	7-Day Waiting Period	
<b>07/01/2020-07/01/2021</b>			
<b>\$682</b>			

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
 New Jersey Performance Framework Financial Ratios  
 Audited Performance Indicators  
 Last Three Fiscal Years

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	1,945,968	2,457,909	3,249,875	Audit: Exhibit A-1
Current Assets (include cash)	2,346,746	2,816,729	3,674,257	Audit: Exhibit A-1
Current Liabilities	376,719	147,435	333,185	Audit: Exhibit A-1
Total Expenses	5,390,406	4,573,990	5,389,475	Audit: Exhibit A-2
Change in Net Position	425,000	675,740	657,269	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	323.60	323.60	323.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	324	324	364	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	135,506	135,506	135,506	Auditor/Workpapers
Interest Expense	65,629	53,244	47,601	Auditor/Workpapers
Principal Payments	201,893	102,545	69,525	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

Performance Indicators		2019	2020	2021	3 YR CUM	Calculation****	Target***
<b>Near Term Indicators</b>							
1a.	Current Ratio (working capital ratio)	6.23	19.10	11.03		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	132	196	220		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	100%	100%	89%	96%	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
<b>Sustainability Indicators</b>							
2a***	3 Year Cumulative Cash Flow	468,348	511,941	791,966	1,772,255	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	3.10	8.43	12.09		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***

**BARRE & COMPANY LLC**  
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**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**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Trustees  
Queen City Academy Charter School  
County of Union  
Plainfield, 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 in compliance with 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, each major fund, and the aggregate remaining fund information of Queen City Academy Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 15, 2022.

**Internal Control over Financial Reporting**

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

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

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


### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountants

  
Richard M. Barre  
Public School Accountant  
License Number CS-01181

Union, New Jersey  
March 15, 2022

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH NEW JERSEY CIRCULAR 15-08-OMB**

Honorable President and  
Members of the Board of Trustees  
Queen City Academy Charter School  
County of Union  
Plainfield, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Queen City Academy Charter School (Charter School’s) compliance, with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of the Charter School’s major state programs for the fiscal year ended June 30, 2021. The Charter School’s major state programs are identified in the Summary of Auditor’s Results Section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Charter School’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Charter School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



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

### ***Opinion on Each Major State Program***

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

### **Report on Internal Control over Compliance**

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

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

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

### ***Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08-OMB***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Queen City Academy Charter School, as of and for the fiscal year ended June 30, 2021, and the related

notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated March 15, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08-OMB are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material aspects in relation to the basic financial statements as a whole.

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 that the testing based on the requirements of the Uniform Guidance and New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountants



Richard M. Barre  
Public School Accountant  
License Number CS-01181

Union, New Jersey  
March 15, 2022

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2021

Federal Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2020	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021			
												Accounts Receivable	Unearned Revenue		
Due to Grantor															
<b>Special Revenue Fund:</b>															
<b>U.S. Department of Education</b>															
<b>Passed-through State Department of Education</b>															
<b>Every Student Succeeds Act Cluster:</b>															
84.010	S010A200030		ESSA - 7600 - 21	\$ 197,203	7/1/20	9/30/21	\$ -	\$ 51,479	\$ (188,480)	\$ -	\$ -	\$ (137,001)	\$ -		
84.010	S010A190030		ESSA - 7600 - 20	161,395	7/1/19	6/30/20	(88,715)	88,715	(3,000)	-	-	(3,000)	-		
84.365	S365A200030		ESSA - 7600 - 21	15,166	7/1/20	9/30/21	(6,670)	6,670	(12,000)	-	-	-	1,500		
84.365	S365A190030		ESSA - 7600 - 20	22,596	7/1/19	6/30/21	(11,289)	13,500	(7,652)	-	-	(4,202)	-		
84.387A	S367A200029		ESSA - 7600 - 21	13,884	7/1/20	9/30/21	(2,169)	3,450	(211,132)	-	-	(144,203)	1,500		
84.387A	S367A190029		ESSA - 7600 - 20	24,506	7/1/19	6/30/21	(109,623)	177,252	(70,308)	-	-	(51,142)	-		
84.424	S424A200031		ESSA - 7600 - 21	13,712	7/1/20	9/30/21	(65,893)	73,059	(70,308)	-	-	(51,142)	-		
84.424	S424A190031		ESSA - 7600 - 20	5,347	7/1/19	6/30/20	(65,893)	73,059	(70,308)	-	-	(51,142)	-		
<b>Total Every Student Succeeds Act Cluster</b>															
<b>Special Education Cluster:</b>															
84.027	H027A200100		IDEA - 7600 - 21	70,308	7/1/20	9/30/21		19,166	(70,308)	-	-	(51,142)	-		
84.027	H027A190100		IDEA - 7600 - 20	65,416	7/1/19	6/30/20		56,863	(70,308)	-	-	(51,142)	-		
<b>Total Special Education Cluster</b>															
<b>Other Special Revenue Funds:</b>															
84.425D	S425D200027		N/A	103,158	3/1/320	9/30/22	(19,800)	37,326	(74,167)	-	-	(36,841)	-		
84.425D	S425D200027		N/A	116,589	3/1/320	9/30/22		19,800	(3,705)	-	-	(3,705)	-		
84.425D	S425D200027		N/A	477,717	3/1/320	9/30/22	(19,800)	84,972	(84,972)	-	-	(40,546)	-		
84.425D	S425D200027		N/A	84,972	3/1/320	9/30/22	(19,800)	142,098	(162,844)	-	-	(40,546)	-		
<b>Total Other Special Revenue Funds</b>															
<b>Total U.S. Department of Education</b>															
<b>U.S. Department of Treasury</b>															
21.019			N/A	41,450	3/1/320	9/30/22		41,450	(41,450)	-	-	-	-		
<b>Coronavirus Relief Fund (CRF)</b>															
<b>Total U.S. Department of Treasury</b>															
<b>Total Special Revenue Fund</b>															
<b>Enterprise Fund:</b>															
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education</b>															
<b>Child Nutrition Program Cluster:</b>															
10.553	211NJ304N1099		N/A	25,644	7/1/20	6/30/21	(1,595)	19,956	(25,644)	-	-	(5,688)	-		
10.553	201NJ304N1099		N/A	29,463	7/1/19	6/30/20		1,595		-	-		-		
10.555	211NJ304N1099		N/A	38,884	7/1/20	6/30/21	(2,538)	32,130	(38,884)	-	-	(6,754)	-		
10.555	201NJ304N1099		N/A	86,015	7/1/19	6/30/20		2,538		-	-		-		
<b>National School Lunch Program - Cash Assistance</b>															
<b>National School Lunch Program - Cash Assistance</b>															
<b>Total Enterprise Fund/U.S. Department of Agriculture</b>															
<b>Total Federal Financial Awards</b>															
											\$ (188,649)	\$ 492,078	\$ (550,262)	\$ (248,533)	\$ 1,500

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2021

State Grantor/Program Title	Client or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2021		MEMO
			From	To	Deferred Revenues (Accounts Receivable)	Due to Grantor					Unearned/ Incentive Payable	Due to Grantor	
<b>State Department of Education</b>													
General Fund:													
State Aid-Public Cluster:													
Equalization Aid - State Share - Charter School Aid	21-495-034-5120-078	\$ 2,679,057	7/1/20	6/30/21	\$ -	\$ -	\$ -	\$ 2,679,057	\$ (2,679,057)	\$ -	\$ -	\$ -	\$ 2,679,057
Special Education Categorical Aid	21-495-034-5120-089	126,071	7/1/20	6/30/21			126,071	(126,071)	(126,071)				126,071
Security Aid	21-495-034-5120-084	145,742	7/1/20	6/30/21			145,742	(145,742)	(145,742)				145,742
Other State Aid	21-495-034-5120-078	429,300	7/1/20	6/30/21			429,300	(429,300)	(429,300)				429,300
Total State Aid-Public Cluster							3,380,170	(3,380,170)	(3,380,170)				3,380,170
Other General Funds:													
On-Behalf TPAF Post-Retirement Medical Contributions	21-495-034-5094-001	170,345	7/1/20	6/30/21			170,345	(170,345)	(170,345)				170,345
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	543,566	7/1/20	6/30/21			543,566	(543,566)	(543,566)				543,566
Reimbursed TPAF - Social Security	21-495-034-5094-003	136,986	7/1/20	6/30/21	(6,918)		136,986	(136,986)	(392)			392	136,986
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	131,857	7/1/19	6/30/21			6,916	(6,916)	(934)				934
Total Other General Funds					(6,918)		858,359	(857,833)	(392)			392	857,833
Total General Fund					(6,918)		4,238,529	(4,232,003)	(392)			392	4,232,003
<b>State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program (State Share)	21-100-010-3550-023	1,721	7/1/20	6/30/21	(510)		1,091	(1,721)					1,721
National School Lunch Program (State Share)	20-100-010-3550-023	1,915	7/1/19	6/30/20			510	(1,721)					630
Total Enterprise Fund					(510)		1,601	(1,721)					630
Total State Financial Assistance					(7,428)		4,240,130	(4,235,724)	(392)			1,022	4,235,724
State Financial Assistance Not Subject to Major Program Determination:													
General Fund:													
On-Behalf TPAF Post-Retirement Medical Contributions	21-495-034-5094-001	170,345	7/1/20	6/30/21			(170,345)	170,345					(170,345)
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	543,566	7/1/20	6/30/21			(543,566)	543,566					(543,566)
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	934	7/1/20	6/30/21			(934)	934					(934)
Total On-Behalf TPAF Pension System Contributions							(714,845)	714,845					(714,845)
Total State Financial Assistance Subject to Major Program Determination					(7,428)		3,525,285	(3,518,879)	(392)			1,022	3,518,879

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2021

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**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, Queen City Academy Charter School. The Board of Trustees is defined in Note 1 to the Board'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 expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2021

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	4,232,003	\$ 4,232,003
Special Revenue Fund	485,734	-	485,734
Food Service Fund	64,528	1,721	66,249
Total Awards & Financial Assistance	<u>\$ 550,262</u>	<u>\$ 4,233,724</u>	<u>\$ 4,783,986</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING**

Queen City Academy Charter School has no loan balances outstanding at June 30, 2021.

**NOTE 6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

**NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Notes to the Schedules of Expenditures  
Of Awards and Financial Assistance  
June 30, 2021

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**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 188,480
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>12,000</u>
 Total	 <u>\$ 200,480</u>

**NOTE 9. DE MINIMIS INDIRECT COST RATES**

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 10. MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditors Results section of the Schedule of Findings and Questioned Costs.

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u>  X  </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u>  X  </u> No

**Federal Awards – N/A**

**State Awards**

Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u>  X  </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with NJ Circular 15-08-OMB, as applicable?	_____ Yes	<u>  X  </u> No
Identification of major state programs:		

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
_____	STATE AID – PUBLIC CLUSTER
<u>21-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>21-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>21-495-034-5120-084</u>	<u>SECURITY AID</u>
<u>21-495-034-5120-078</u>	<u>OTHER STATE AID</u>



**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

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***Section II – Financial Statement Findings – N/A***

The section identifies the significant deficiencies, material weaknesses and fraud, non compliance with provisions of laws, regulation, contracts, and grant agreements related to financial statements for which Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey requires.

**Finding**

There were no matters reported.

***Section III – Schedule of Federal and State Award  
Findings and Questioned Costs As Prepared By Management***

This section identifies the significant deficiencies, material weaknesses, and material matters of noncompliance, including questioned costs and significant instances of abuse, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey Circular 15-08-OMB.

**CURRENT YEAR FEDERAL AWARDS**

N/A

**CURRENT YEAR STATE AWARDS**

No Current Year Findings

**QUEEN CITY ACADEMY CHARTER SCHOOL**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2021

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**STATUS OF PRIOR-YEAR FINDINGS**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey Circular 15-08-OMB, as amended.

No Prior Year Findings