

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2021

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL

***University Academy Charter High School
Jersey City, New Jersey***

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

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

Prepared by

***University Academy Charter High School
Finance Department***

And

Barre & Company LLC, CPAs

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**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
TABLE OF CONTENTS**

	PAGE NO
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Organizational Chart.....	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION.....	9
Independent Auditor's Report	10
REQUIRED SUPPLEMENTARY INFORMATION – PART I	14
Management’s Discussion and Analysis.....	15
BASIC FINANCIAL STATEMENTS.....	22
SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS.....	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
SECTION B – FUND FINANCIAL STATEMENTS	26
GOVERNMENTAL FUNDS	27
B-1 Balance Sheet.....	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	29
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
PROPRIETARY FUNDS.....	31
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	33
B-6 Statement of Cash Flows.....	34
FIDUCIARY FUNDS	35
B-7 Statement of Fiduciary Net Position.....	N/A
B-8 Statement of Changes in Fiduciary Net Position.....	N/A

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
TABLE OF CONTENTS**

PAGE NO

FINANCIAL SECTION (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS	36
REQUIRED SUPPLEMENTARY INFORMATION – PART II	85
SECTION C – BUDGETARY COMPARISON SCHEDULE.....	86
C-1 Budgetary Comparison Schedule – General Fund.....	87
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant – Budgete and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	89
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	90
C-3 Budget-to-GAAP Reconciliation	91
REQUIRED SUPPLEMENTARY INFORMATION – PART III	92
SCHEDULE L – SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68).....	93
L-1 Schedules of the Charter School’s Proportionate Share of the Net Pension Liability - PERS	94
L-2 Schedules of Charter School Contributions - PERS	95
L-3 Schedules of the Charter School’s Proportionate Share of the Net Pension Liability - TPAF	96
L-4 Schedules of the Charter School’s Teacher’s Pension and Annuity Fund (TPAF).....	N/A
L-5 Notes to Required Supplementary Information	N/A
SCHEDULE M – SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS.....	97
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios.....	98
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III	99
OTHER SUPPLEMENTARY INFORMATION	102

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
TABLE OF CONTENTS**

PAGE NO

FINANCIAL SECTION (CONTINUED)

SECTION D – SCHOOL BASED BUDGET SCHEDULES		N/A
D-1	Combining Balance Sheet.....	N/A
D-2	Blended Resource Fund – Schedule Expenditures Allocated by Resource Type - Actual.....	N/A
D-3	Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
SECTION E – SPECIAL REVENUE FUND		103
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis.....	104
E-2	Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis.....	N/A
SECTION F – CAPITAL PROJECTS FUND		N/A
F-1	Summary Schedule of Project Expenditures.....	N/A
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2(x)	Schedule(s) of Projects Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis.....	N/A
SECTION G – PROPRIETARY FUND.....		105
ENTERPRISE FUND		N/A
G-1	Combining Schedule Net Position.....	N/A
G-2	Combining Schedule of Revenues, Expenses, and Changes in Fund Position	N/A
G-3	Combining Schedule of Cash Flow	N/A
INTERNAL SERVICE FUND		N/A
G-4	Combining Schedule Net Position.....	N/A
G-5	Combining Schedule of Revenues, Expenses, and Changes in Fund Position	N/A
G-6	Combining Schedule of Cash Flow	N/A

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
TABLE OF CONTENTS**

PAGE NO

FINANCIAL SECTION (CONTINUED)

SECTION H – FIDUCIARY FUNDS 106

H-1 Combining Statement of Fiduciary Net Position..... N/A

H-2 Combining Statement of Changes in Fiduciary Net Position..... N/A

H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements..... N/A

H-4 Payroll Agency Fund Schedule of Receipts and Disbursements N/A

STATISTICAL SECTION (UNAUDITED)..... 107

INTRODUCTION TO THE STATISTICAL SECTION..... 108

FINANCIAL TRENDS 109

J-1 Net Position by Component 110

J-2 Changes in Net Position..... 111

J-3 Fund Balances – Governmental Funds..... 112

J-4 Changes in Fund Balances – Governmental Funds..... 113

J-5 General Fund Other Local Revenue by Source 114

REVENUE CAPACITY..... N/A

J-6 Assessed Value and Estimated Actual Value of Taxable Property N/A

J-7 Direct and Overlapping Property Tax Rates..... N/A

J-8 Principal Property Taxpayers N/A

J-9 Property Tax Levies and Collections..... N/A

DEBT CAPACITY N/A

J-10 Ratios of Outstanding Debt of Type N/A

J-11 Ratios of General Bonded Debt Outstanding..... N/A

J-12 Direct and Overlapping Governmental Activities Debt N/A

J-13 Legal Debt Margin Information..... N/A

DEMOGRAPHIC AND ECONOMIC INFORMATION 115

J-14 Demographic and Economic Statistics..... 116

J-15 Principal Employers 117

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
TABLE OF CONTENTS**

PAGE NO

FINANCIAL SECTION (CONTINUED)

OPERATING INFORMATION.....		118
J-16	Full-time Equivalent Charter School Employees by Function/Program	119
J-17	Operating Statistics	120
J-18	School Building Information	121
J-20	Insurance Schedule (Page 1).....	122
J-20	Insurance Schedule (Page 2).....	123
J-21	Near Term Indicator	124
 SINGLE AUDIT SECTION.....		 125
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	126
K-2	Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular 15-08.....	129
K-3	Schedule of Expenditures of Federal Awards, Schedule A.....	132
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B.....	133
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	134
K-6	Schedule of Findings and Questioned Costs	137
	o Section I Summary of Auditor's Results	
	o Section II Financial Statement Findings	
	o Section III Federal Awards and State Financial Assistance Findings and Questioned Costs	
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management.....	140

INTRODUCTORY SECTION

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
275 WEST SIDE AVENUE
JERSEY CITY, NEW JERSEY 07305-1597
201-200-3200

February 14, 2022

Honorable President and
Members of the Board of Trustees
University Academy Charter High School
County of Hudson
Jersey City, New Jersey

Dear Board Members:

The Annual Comprehensive financial report of the University Academy Charter High School (the “Charter School”) for the fiscal year ended June 30, 2021, is hereby submitted. 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 (the “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 basic financial statements and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (U.S. Uniform Guidance) and New Jersey OMB 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 five-member Board of Trustees (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 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: University Academy Charter High School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14, as amended. All funds of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

The University Academy Charter High School provides a full range of educational services appropriate to grades 9 through 12. The charter school completed its twelfth year of operation at June 30, 2021 during which there was an average enrollment of approximately 434 students.

The Charter School is located on the campus of New Jersey City University. The convenience of this location affords the Charter High School the ability to use certain college facilities, plus it provides students with an introduction to student perspective as seen from a college campus.

The following details the student enrollment of the Charter School.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	439	2.57%
2019-2020	428	-1.38%
2018-2019	434	2.36%
2017-2018	424	-0.47%
2016-2017	426	2.65%

REPORTING ENTITY AND ITS SERVICES (CONTINUED)

2. **MAJOR INITIATIVES:** Major initiatives for the 2020-2021 school year included continuing efforts to improve student performance. Improvements were made to the school's technological infrastructure which enhanced both speed and performance of the school's online systems. The school also achieved "Adequate Yearly Progress" via safe harbor on NCLB achievement benchmarking for both Mathematics and Language Arts. The school continued its partnership tutoring programs with New Jersey City University. Changes and purchases were also made for the purpose of improving school security.

3. **INTERNAL ACCOUNTING CONTROLS:** Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). 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: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Board of Trustees 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 Charter School's management.

As part of the 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 Charter School has complied with applicable laws, regulations, contracts, and grants.

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

5. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to Basic Financial Statement” Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. **RISK MANAGEMENT:** The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.

7. **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, CPAs, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditor’s report on the basic financial statements and specific required supplemental information are included in the financial section of this report. The auditor’s reports, related specifically to the single audit, are included in the single audit section of this report.

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

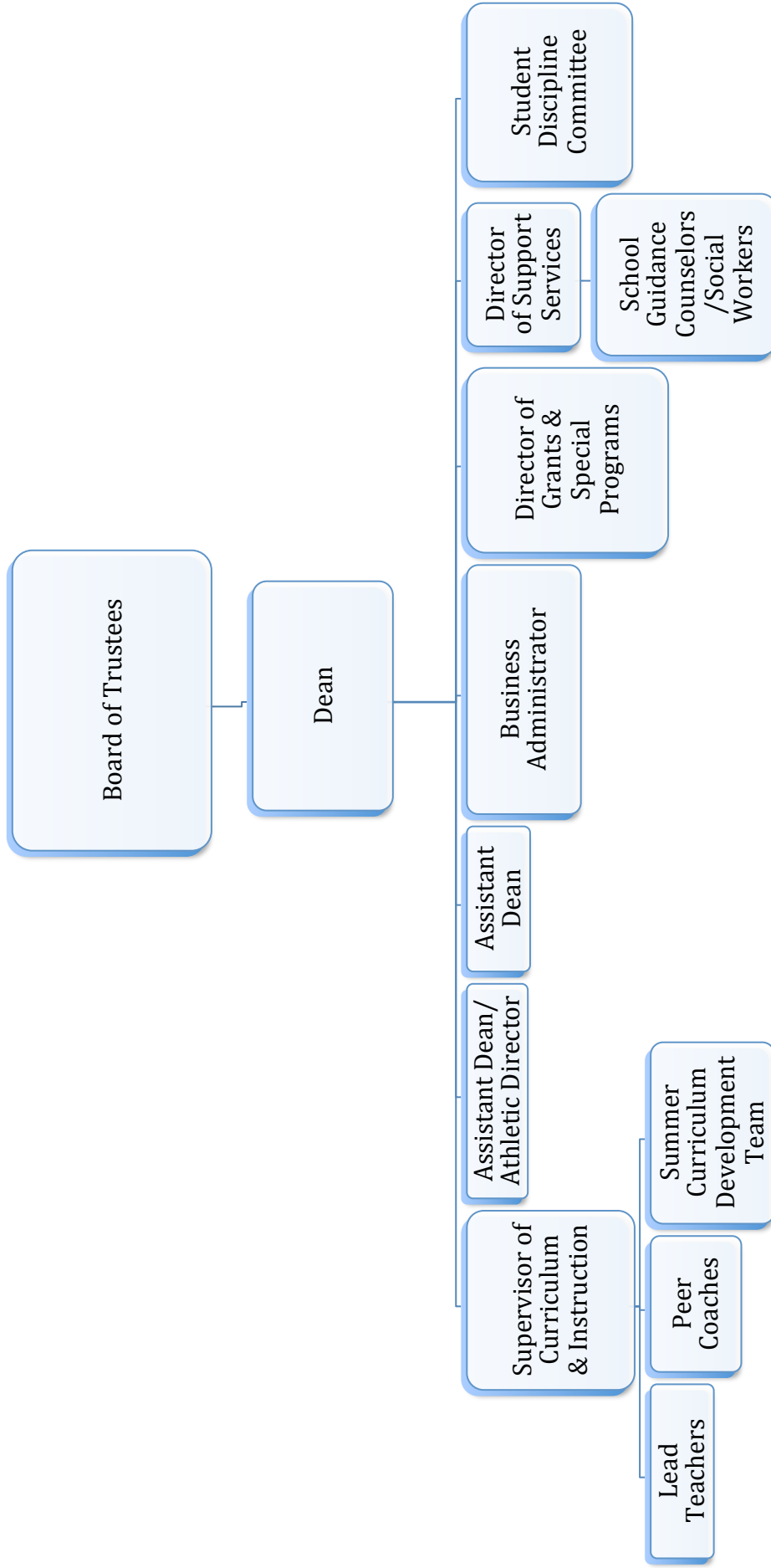
Respectfully submitted,



Sergio Riquelme
President

Appendix G

***University Academy Charter HS
Organizational Chart***



**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

MEMBERS OF THE BOARD OF TRUSTEES

Sergio Riquelme, President

Glenda Almeida, Treasurer

Donna Collins, Trustee

Karindu Hill, Trustee

Daysi Romero, Trustee

Carmen Torres-Izquierdo, Trustee

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Afshan T. Ajmiri Giner, Esq.
Florio Perrucci Steinhardt Cappelli Tipton & Taylor, LLC
430 Mountain Avenue, Suite 103
New Providence, NJ 07974
Office: 201.843.5858
Direct Dial: 201.373.8934
Cell: 201.414.4333
Fax: 201.843.5877
Email: aaajmiriginer@floriolaw.com
Web: www.floriolaw.com

Official Depository

TD Bank North
1100 Lake Street
Ramsey, NJ 07446

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
University Academy Charter High School
County of Hudson
Jersey City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the University Academy Charter High School (Charter School), in the County of Hudson, 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 and each major fund of the University Academy Charter High School, in the County of Hudson, 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, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes and budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University Academy Charter High 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 used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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 February 14, 2022 on our consideration of the University Academy Charter High 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University Academy Charter High 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 and the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


BARRE & COMPANY, LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
February 14, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

The discussion and analysis of University Academy Charter High 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.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ❖ General revenues accounted for \$10,243,710 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 \$393,764 or 5% percent of total revenues of \$10,637,474.
- ❖ The Charter School had \$9,669,732 in expenses; only \$393,764 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,243,710 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$9,031,817 in revenues and \$8,072,499 in expenditures. The General Fund's fund balance increased \$959,318 over 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 University Academy Charter High 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.

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

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

In the case of University Academy Charter High 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 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 account 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 distinct 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 Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided.

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

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 transaction. 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 is reconciled in the financial statements.

Proprietary Fund

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

Notes to the Basic 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 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.

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

The Charter School as a Whole

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 were \$1,140,401 for 2021 and \$159,897 for 2020.

Governmental Activities

The Charter School's total revenues were \$10,539,597 for June 30, 2021, and \$8,539,256 for 2020, which includes \$226,083 for 2021 and \$244,544 for 2020 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$9,581,818 for 2021 and \$8,648,953 for 2020. Instruction comprises \$3,449,625 for 2021 and \$3,402,829 for 2020 of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The net cost shows the financial burden that was placed on the Charter School's taxpayers by each of these functions.

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 instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food Service) were comprised of federal and state reimbursements. These reimbursements for meals, including payments for free and reduced lunches and breakfast snack program, were \$97,835 for 2021.

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

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 \$9,711,601 for 2021 and \$8,050,181 for 2020 and expenditures were \$8,752,283 for 2021 and \$8,087,846 for 2020. The net change in fund balance for fiscal years 2021 and 2020 was most significant in the general fund, a increase of \$959,318 for 2021 and an increase of \$37,665 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 and decreases in relation to prior year revenues.

Revenues	2020 Amount	2019 Amount	Percent of Total	Increase/ (Decrease) From 2019	Percent of Increase/ (Decrease)
Local Sources	\$ 2,025,853	\$ 1,576,991	25.17%	\$ 448,862	28.46%
State Sources	5,671,425	5,799,783	70.45%	(128,358)	-2.21%
Federal Sources	352,903	383,821	4.38%	(30,918)	-8.06%
Total	\$ 8,050,181	\$ 7,760,595	100.00%	\$ 289,586	

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

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

The Charter School's Funds (Continued)

Expenditures	2021 Amount	2020 Amount	Percent of Total	Increase/ (Decrease) From 2020	Percent of Increase/ (Decrease)
Instruction	\$ 3,449,625	\$ 3,402,829	39.41%	\$ 46,796	1.38%
Administration	2,986,912	2,681,791	34.13%	305,121	11.38%
Support Services	2,315,746	2,003,226	26.46%	312,520	15.60%
Capital Outlay	-	-	0.00%	-	0.00%
Total	\$ 8,752,283	\$ 8,087,846	100.00%	\$ 664,437	

Changes in expenditures were the results of varying factors.

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) and Debt Administration

The Charter School had \$212,387 invested in building improvements and equipment at the end of the fiscal year 2021. The Charter School had no debt at the end of 2021.

For the Future

The University Academy Charter High School is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

**UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
JERSEY CITY, NEW JERSEY**

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

In conclusion, University Academy Charter High School has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

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 Ms. Rhonda Curry, School Business Administrator at University Academy Charter High School, 275 West Side Avenue, Jersey City, New Jersey 07305-1597.

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. 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,375,873	\$ 33,937	\$ 3,409,810
Restricted	75,079	-	75,079
Internal Balances	58,757	(58,757)	-
Receivables	540,721	19,709	560,430
Capital Assets, Net	212,387	41,279	253,666
	<u>4,262,817</u>	<u>36,168</u>	<u>4,298,985</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	251,090	-	251,090
	<u>251,090</u>	<u>-</u>	<u>251,090</u>
LIABILITIES:			
Payable to State Government	23,033	-	23,033
Payable to Federal Government	97,714	-	97,714
Accounts Payable	622,223	-	622,223
Rent Payable	303,846	-	303,846
Other Current Liabilities	804,200	-	804,200
Noncurrent Liabilities:			
Pension	1,078,737	-	1,078,737
	<u>2,929,753</u>	<u>-</u>	<u>2,929,753</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	479,921	-	479,921
	<u>479,921</u>	<u>-</u>	<u>479,921</u>
NET POSITION:			
Net Investment in Capital Assets	212,387	41,279	253,666
Restricted for:			
Student Activity	12,762	-	12,762
Escrow	75,079	-	75,079
Unrestricted (Deficit)	804,005	(5,111)	798,894
	<u>\$ 1,104,233</u>	<u>\$ 36,168</u>	<u>\$ 1,140,401</u>

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 3,449,625	\$ 1,460,368	\$ -	\$ 295,887	\$ -	\$ (4,614,106)	\$ -	\$ (4,614,106)
Administration	1,569,481	337,572	-	-	-	(1,907,053)	-	(1,907,053)
Support Services	2,315,746	440,509	-	-	-	(2,756,255)	-	(2,756,255)
Unallocated Depreciation	8,517	-	-	-	-	(8,517)	-	(8,517)
Total Governmental Activities	7,343,369	2,238,449	-\$ -	\$ 295,887	-\$ -	\$(9,285,931)	-\$ -	\$(9,285,931)
BUSINESS-TYPE ACTIVITIES:								
Food Service	87,914		42	97,835	-		9,963	9,963
Total Business-Type Activities	87,914		42	97,835	-		9,963	9,963
Total Primary Government	\$ 7,431,283		\$ 42	\$ 393,722	-\$ -	\$(9,285,931)	\$ 9,963	\$(9,275,968)
GENERAL REVENUES								
General Purposes						\$ 3,174,617	\$ -	\$ 3,174,617
Federal and State Aid Not Restricted						7,049,272	-	7,049,272
Investment Earnings						7,870	-	7,870
Miscellaneous Income						11,951	-	11,951
Total General Revenues						<u>10,243,710</u>	<u>-</u>	<u>10,243,710</u>
Change in Net Position						957,779	9,963	967,742
Net Position- Beginning of Year						133,692	26,205	159,897
Prior Period Adjustments						12,762		12,762
Net Position, July 1 (Restated)						146,454	26,205	172,659
Net Position - Ending						<u>\$ 1,104,233</u>	<u>\$ 36,168</u>	<u>\$ 1,140,401</u>

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2021

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,345,853	\$ 30,020	\$ 3,375,873
Restricted	75,079		75,079
Receivables:			
Interfund Receivables	573,105		573,105
Receivables From Other Governments	43,631	497,090	540,721
Total Current Assets	4,037,668	527,110	4,564,778
Total Assets	\$ 4,037,668	\$ 527,110	\$ 4,564,778
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 585,201		\$ 585,201
Interfund Payables	-	514,348	514,348
Payable to State Government	23,033		23,033
Payable to Federal Government	97,714		97,714
Other Current Liabilities	804,200		804,200
Rent Payable	303,846		303,846
Total Current Liabilities	1,851,016	514,348	2,365,364
Total Liabilities	1,851,016	514,348	2,365,364
Fund Balances:			
Restricted For:			
Escrow	75,079		75,079
Student Activities		12,762	12,762
Unassigned:			
General Fund	2,111,573		2,111,573
Total Fund Balances	2,186,652	12,762	2,199,414
Total Liabilities and Fund Balances	\$ 4,037,668	\$ 527,110	

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 \$644,543 and the accumulated depreciation is \$432,156.

212,387

Net pension liability of \$1,078,737, deferred inflows of resources of \$479,921 less deferred outflows of resources of \$251,090 related to pensions are not reported in the governmental funds

(1,307,568)

Net Position of Governmental Activities

\$ 1,104,233

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

UNIVERSITY ACADEMY CHARTER HIGH 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
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 3,174,617	\$ -	\$ 3,174,617
Interest on Investments	7,870		7,870
Miscellaneous	11,951		11,951
Total Local Sources	3,194,438		3,194,438
State Sources	5,837,379		5,837,379
Federal Sources		679,784	679,784
Total Revenues	9,031,817	679,784	9,711,601
EXPENDITURES:			
Instruction	3,079,529	370,096	3,449,625
Administration	2,986,912		2,986,912
Support Services	2,006,058	309,688	2,315,746
Total Expenditures	8,072,499	679,784	8,752,283
NET CHANGE IN FUND BALANCES	959,318	-	959,318
FUND BALANCES, JULY 1	1,227,334	-	1,227,334
PRIOR PERIOD ADJUSTMENTS	-	12,762	12,762
FUND BALANCE, JULY 1, RESTATED	1,227,334	12,762	1,240,096
FUND BALANCES, JUNE 30	\$ 2,186,652	\$ 12,762	\$ 2,199,414

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

UNIVERSITY ACADEMY CHARTER HIGH 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)	\$	959,318
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$	(8,517)
Capital Outlay		-
		(8,517)
<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 current and prior year net pension liability is recognized.</p>		
		6,978
Change in net position of governmental activities		\$ 957,779

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

PROPRIETARY FUNDS

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Proprietary Fund
Statement of Net Position
June 30, 2021

Business-type Activities - Enterprise Fund	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 33,937
Intergovernmental Accounts Receivable:	
Federal	18,862
State	<u>847</u>
Total Current Assets	<u>53,646</u>
Noncurrent Assets:	
Buildings and Building Improvements	103,198
Accumulated Depreciation on Building and Building Improvements	(61,919)
Machinery and Equipment	28,984
Accumulated Depreciation on Machinery and Equipment	<u>(28,984)</u>
Total Noncurrent Assets	<u>41,279</u>
Total Assets	<u><u>\$ 94,925</u></u>
LIABILITIES AND NET POSITION:	
Liabilities:	
Current Liabilities:	
Interfund Accounts Payable	<u>\$ 58,757</u>
Total Current Liabilities	<u>58,757</u>
Total Liabilities	<u>58,757</u>
Net Position:	
Net Investment in Capital Assets	41,279
Unrestricted	<u>(5,111)</u>
Total Net Position	<u>36,168</u>
Total Liabilities and Net Position	<u><u>\$ 94,925</u></u>

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

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

	Business-Type Activities		
	Enterprise Fund		
	School Nutrition	Fixed Contract Price	Total Enterprise
OPERATING REVENUES:			
Charges for Services:			
Daily Sales Reimbursable Program	\$ -	-	\$ -
Daily Sales Non-reimbursable Program	42	-	42
Total Operating Revenues	42	-	42
OPERATING EXPENSES:			
Salaries	37,650	-	37,650
Management Fees	15,760	-	15,760
Support Services - Employee Benefits			-
Depreciation Expense	6,880	-	6,880
Cost of Sales- Reimbursable Programs	22,524	-	22,524
Cost of Sales Non-reimbursable Program			-
Miscellaneous Expenses	5,100	-	5,100
Total Operating Expenses	87,914	-	87,914
OPERATING LOSS	(87,872)	-	(87,872)
NONOPERATING REVENUES:			
State Source:			
State School Lunch Program	3,455	-	3,455
Federal Source:			
National School Breakfast/Lunch/Snack Program	94,380	-	94,380
Total Nonoperating Revenues	97,835	-	97,835
CHANGE IN NET POSITION	9,963	-	9,963
TOTAL NET POSITION, JULY 1	26,205		26,205
TOTAL NET POSITION, JUNE 30	\$ 36,168	\$ -	36,168

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2021

Business-type Activities - Enterprise Fund	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ (14,421)
Cash Payments to Suppliers and Employees	<u>(83,367)</u>
Net Cash Used In Operating Activities	<u>(97,788)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	<u>97,835</u>
Net Cash Provided By Noncapital Financing Activities	<u>97,835</u>
Net Increase In Cash And Cash Equivalents	47
Cash And Cash Equivalents, Beginning Of Year	<u>33,890</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 33,937</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Gain Used for Operating Activities	\$ (87,872)
Depreciation	6,880
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(14,463)
Decrease In Interfund Payable	<u>(2,333)</u>
Net Cash Used In Operating Activities	<u><u>\$ (97,788)</u></u>

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

***FIDUCIARY FUNDS'
(NOT APPLICABLE)***

NOTES TO THE FINANCIAL STATEMENTS

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University Academy Charter High 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 instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Trustees consists of representatives of the public and private community sectors, professional representatives and representatives of parents of students, and is responsible for the fiscal control of the Charter School. The Head Teacher is appointed by the Board of Trustees and is responsible for the administrative control of the Charter School.

In evaluating how to define the Charter School for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 (as amended). Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter School has no component units.

B. Basis of Presentation

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental-Wide 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 Charter School. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position and the statement of activities display information about the Charter School.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental-Wide Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities 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. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

Program revenues include (a) 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, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Charter School:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Charter School.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

General Fund – The general fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. Debt service is budgeted in the General Fund.

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, charter school taxes and appropriated fund balance. Expenditures are those that result in the 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 capital projects, or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Fund Types (continued)

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

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities normally would not be reported as components of operating income.

The Charter School's Enterprise Fund is comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

In its accounting and financial reporting, the Charter School follows the pronouncements of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Charter School enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

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 and Payroll Agency (Fund 60), previously reported as fiduciary funds, that such activities are more appropriately reported in a general fund (Fund 10). Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity are more appropriately reported in a special revenue fund (Fund 20).

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

The government-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants, entitlements and donations.

Government 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.

The Charter School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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.

Budgets/Budgetary Control

Formal budgetary integration into the accounting system is employed as a management control device during the year.

For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

	2021	2020
Total Revenues & Expenditures (Budgetary Basis)	\$ 679,784	\$ 356,786
Adjustments:		
Less Encumbrances at June 30, 2021	-	-
Plus Encumbrances at June 30, 2020	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 679,784	\$ 356,786

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

Encumbrances Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Charter School has received advances of grant awards, are reflected on the balance sheet as unearned 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity

Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

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 are recorded as expenditures during the year of purchase.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 acquisition 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.

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>
Building Improvements	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.

Compensated Absences:

The Charter School employees do not accumulate sick leave, therefore, no liability is reflected in the basic financial statements.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2021. The Charter School had no prepaid expenses for the fiscal year ended June 30, 2021.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Fund Balance Reserves:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position-restricted.

In the fund financial statements, governmental funds report the following classifications of fund balance:

Unassigned – Includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Charter School reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, the Charter School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, and the Charter School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues — Exchange and Non-exchange 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.

Non-exchange 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 is 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

C. 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.

D. Impact of Recently Issued Accounting Principles

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

The GASB has adopted the following as of June 30, 2021

GASB No. 84, *Fiduciary Activities*, was effective for 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.

GASB No. 87, *Leases*, 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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40 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".

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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

- The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the 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.

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

	General Fund	Special Revenue	Proprietary Fund	Total
Operating Account	\$ 3,420,932	\$ 30,020	\$ 33,937	\$ 3,484,889

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

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

Investments (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$3,484,889 and the bank balance was \$3,519,727. 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. 40 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" 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

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

New Jersey Cash Management Fund (Continued)

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.

Accounts receivable as of the fiscal year end of the Charter School's individual major, in the aggregate, are as follows:

	Governmental Funds			Proprietary Fund		Total
	General	Special	Total	Food	Total	
	Fund	Revenue Fund	Governmental Activities	Service Fund	Business Type Activities	
State Awards	\$ 43,631	\$ -	\$ 43,631	\$ 847	\$ 847	\$ 44,478
Federal Awards		497,090	497,090	18,862	18,862	515,952
Other	-		-	-	-	-
Gross Receivables	43,631	497,090	540,721	19,709	19,709	560,430
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 43,631	\$ 497,090	\$ 540,721	\$ 19,709	\$ 19,709	\$ 560,430

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 573,105	\$ -
Special Revenue Fund		514,348
Proprietary Fund		58,757
Total	\$ 573,105	\$ 573,105

Interfund balances are expected to be liquidated by the end of June 30, 2022.

NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Additions (Adjustments)	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building Improvements	\$ 497,778	\$ -	\$ -	\$ 497,778
Equipment	146,765	-	-	146,765
Totals at Historical Cost	644,543	-	-	644,543
Less Accumulated Depreciation For:				
Building Improvements	(268,799)	(16,592)	-	(285,391)
Equipment	(154,840)	8,075	-	(146,765)
Total Accumulated Depreciation	(423,639)	(8,517)	-	(432,156)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	220,904	(8,517)	-	212,387
Government Activity Capital Assets, Net	\$ 220,904	\$ (8,517)	\$ -	\$ 212,387
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Building Improvements	103,198			103,198
Less Accumulated Depreciation	(55,039)	(6,880)		(61,919)
Machinery and Equipment	28,984	-	-	28,984
Less Accumulated Depreciation	(28,984)	-	-	(28,984)
Enterprise Fund Capital Assets, Net	\$ 48,159	\$ (6,880)	\$ -	\$ 41,279

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 5: CAPITAL ASSETS (Continued)

In January 11, 2001, the New Jersey 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) 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. Depreciation expense was charged to functions as follows:

Depreciation Expense:	
Instructional	\$ -
Unallocated	<u>8,517</u>

NOTE 6: RENTAL LEASE

The School leases a portion of a building located at 275 West Side Avenue, Jersey City, New Jersey, from New Jersey City University (the University), under the terms of a lease dated May 6, 2003. The total size of the building at 275 West Side Avenue is 57,415 square feet. The School rents 29,651 square feet or 51.6% of the building along its Southern side, for use as the School Premises. The remaining 27,764 square feet of the building is used exclusively by the University and is not rented to the School. Under the terms of the lease, the University provides the School with classroom, office, and multipurpose space (cafeteria, gymnasium, etc.) in the rented School Premises area and the University also provides the School with maintenance and security services. The University also pays the cost of utilities including heat, air conditioning, water and land based (non-cellular) telephone service. The terms of the lease provide for an annual charge for these services (the Additional Rent) calculated as explained below. The lease also calls for payment of a fixed annual charge (the Base Rent). A portion of the School Premises is also used by the University to conduct evening classes offered by the University. The lease specifies that the School's "Pro Rata Percentage" shall be the percentage of School use of the Premises divided by the total use, by School plus University, for the rented space. The School's "Pro Rata Percentage", since lease inception has been calculated at 86.11 %. This percentage is will remain the same throughout the lease term unless renegotiated to the satisfaction of both the School and the University.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 6: RENTAL LEASE (CONTINUED)

The terms of the lease allow for lease cancellation at the earliest of the following dates: (1) June 30, 2033 or (2) in the event the NJ Department of Education revokes the School's Charter before June 30, 2033, the effective date of revocation shall be the termination date of the lease.

The total rent to be paid by the School to the University each year is the sum of the Base Rent plus the Additional Rent times the Pro Rata Percentage. This can be represented as follows:

$(\text{Base Rent} + \text{Additional Rent}) \times (\text{Pro Rata Percentage}) = \text{Total Rent Payment for Year.}$

Base Rent, before application of the Pro Rata Percentage, is set forth in the lease as follows:

Fiscal Year For	Amount
June 30, 2015 - June 30, 2033	635,347 (*)
(*) Average - Actual amounts vary from \$632,500 to \$637,750	

Generally accepted accounting principles, as set forth in GASB Statement No. 13 ("Accounting for Leases") require that:

"If rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time period in which benefit is derived from the leased property, in which case that basis shall be used."

The School assumes, for financial statement purposes, that the Charter will be renewable for all years during the lease term. Thus the School shall calculate the amount of rent payable and set forth same in its financial statements each year until such time as either: (1) The State Department of Education advises that the School Charter will not be renewed, (2) The State Department of Education or the Governmental Accounting Standards board advises at a future date that "another systematic and rational basis is more representative of the time period in which benefit is derived from the leased property ".

Rent payable at June 30, 2021 was \$303,846.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS

Substantially all the Board’s employees participate in one of the two contributory, defined benefit public employee systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey. In addition, certain employees may participate in the Defined Contribution Retirement Program (DCRP).

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.

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:

Tier	Descriptions
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, 2010 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

Service retirement benefits of 1/55th 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 1/60th 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 65.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 50 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.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred Outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

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 measurement date 2020, the State's pension contribution was less than the 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 the 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

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 \$ 73,513 for fiscal year 2021.

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 \$ 1,078,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 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. At June 30, 2020, the Charter School's proportion was 0.0066150216%, which was an increase of 0.00036411% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the Charter School recognized pension expense of \$ 62,188 . At June 30, 2021, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 34,995	\$ 451,677
Difference Between Expected and Actual Experience	19,642	3,815
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	36,872	-
Change in Proportion	159,581	24,429
	<u>\$ 251,090</u>	<u>\$ 479,921</u>

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

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

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

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

Fiscal Year Ending June 30,	Total
2022	\$ (84,038)
2023	(78,280)
2024	(44,958)
2025	(18,005)
2026	(3,549)
	<u>\$ (228,831)</u>

Actuarial Assumptions

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

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%

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

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

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 future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return

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:

			Long Term
			Expected Real
		Target	Rate of
Asset Class		Allocation	Return
US Equity		27.00%	7.71%
Non-U.S. Developed Market Equity		13.50%	8.57%
Emerging Market 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		5.00%	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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the Charter School's proportionate share of the collective net pension liability as of measurement date June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date Ended June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Charter School proportionate share of the Net Pension Liability	\$ 1,368,628	\$ 1,078,737	\$ 848,437

Measurement Date Ended June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(5.28%)	(6.28%)	(7.28%)
Charter School's proportionate share of the Net Pension Liability	\$ 1,432,623	\$ 1,126,320	\$ 882,655

Pension Plan Fiduciary Net Position

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

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 fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

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

administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the 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.

Benefit Provided

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, member’s beneficiaries are entitled to full interest credited to the member’s accounts. The following represents the membership tiers for TPAF:

Tier	Descriptions
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, 2010 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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th 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 65. Early retirement benefits are available to Tier 1 and 2 members before reaching age 60, to Tier 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions 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 actuarial determined amount.

Special Funding Situation

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 local participating employers must

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

disclose the portion of the nonemployer contributing entities total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

This note discloses 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 2021, the State of New Jersey contributed \$ 67,561 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$ 580,416 .

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

As of June 30, 2021, the State's proportionate share of the net pension liability associated with the Charter School was \$ 16,866,385 . 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 1, 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. At June 30, 2020, Charter School's proportion was 0.0256138091%, which was a decrease of -0.0025448% from its proportion measured as of June 30, 2019.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	16,866,385
Total	\$ 16,866,385

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the Charter School in the amount of \$ 580,416 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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
Changes in Proportion and differences between employer contributions and proportionate share of contributions	167,666,229	167,666,229
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	656,175,235	-
	<u>\$ 9,626,548,228</u>	<u>\$ 14,591,988,841</u>

The \$9,626,548,228 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$14,591,988,841 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2022	\$ (262,056,928)
2023	(188,358,995)
2024	(774,174,971)
2025	(1,939,112,462)
2026	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
	<u>\$ (4,965,440,613)</u>

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation Rate		
Price		2.75%
Wages		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 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (continued)

The long-term expected rate of return was determined using a building block method which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate – TPAF

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 measurement date June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's 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 Ended June 30, 2020			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.40%)	(5.40%)	(6.40%)
Charter School's proportionate share of the Net Pension Liability	\$ 19,855,080	\$ 16,866,385	\$ 14,452,614

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

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

Measurement Date Ended June 30, 2019			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.60%)	(5.60%)	(6.60%)
Charter School's proportionate share of the Net Pension Liability	\$ 20,427,573	\$ 17,281,211	\$ 14,747,063

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (continued)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2021. There were no employee contributions to DCRP for the fiscal year ended June 30, 2021.

NOTE 8: POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The school is in a “special funding situation, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Plan Description and Benefits Provided (continued)

Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms:

At measurement date June 30, 2020, the following employees were covered by the benefit terms:

Active plan member								216,804
Inactive plan members or beneficiaries currently receiving benefits								149,304
Inactive plan members entitled to but not yet receiving benefit payments								-
Total								366,108

Total Nonemployer OPEB Liability

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

General Information about the OPEB Plan (continued)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%			
		TPAF/ABP	PERS	PFRS
Salary Increases				
Through 2026		1.55% to 4.45%	2.00% to 6.00%	3.25% to 15.25%
		based on service	based on service	based on service
		years	years	years
Rate thereafter		1.55% to 4.45%	3.00% to 7.00%	Applied to all
		based on service	based on service	future
		years	years	years

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2013 - June 30, 2018, and July 1, 2014 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF, PFRS and PERS, respectively.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 8: POST-RETIREMENT BENEFITS (CONITINUED)

General Information about the OPEB Plan (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 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 prescriptions on drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount rate

The discount rate for measurement date June 30, 2020 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal band rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

				Total OPEB
				Liability
Balance at June 30, 2020				\$ 5,844,666
	Service cost			543,716
	Interest on Total OPEB Liability			220,968
	Effect on Changes of Benefit Terms			
	Difference between expected and actual experience			869,052
	Effect of Changes of Assumptions			1,637,522
	Effect of Changes of Proportion			
	Contributions - Employee			4,730
	Gross Benefits Paid by the State			(156,066)
		Net Changes		3,119,922
Balance at June 30, 2021				8,964,588

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 8: POST-RETIREMENT BENEFITS (CONITINUED)

General Information about the OPEB Plan (continued)

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

The following presents the total nonemployer OPEB liability as of measurement date June 30, 2020 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2020		
	At 1%	At current	At 1%
	Decrease (1.21%)	discount rate (2.21%)	Increase (3.21%)
Total OPEB Liability	\$ 6,517,347	\$ 8,964,588	\$ 6,394,313

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

The following presents the total nonemployer OPEB liability as of measurement date June 30, 2020 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Measurement Date Ended June 30, 2020		
	At 1%	Trend Rate	At 1%
	decrease		Increase
Total OPEB Liability	\$ 4,545,476	\$ 5,516,653	\$ 6,802,291

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

For the fiscal year ended June 30, 2021 the Charter School recognized OPEB revenue and expense of \$ 827,996 in the government-wide financial statements for the State's proportionate share of the OPEB Plan's OPEB expenses, associated with the Charter School. This expense and revenue was based on the OPEB Plan's June 30, 2020 measurement date.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 8: POST-RETIREMENT BENEFITS (CONITINUED)

General Information about the OPEB Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ 1,361,058	\$ (1,212,382)
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	\$ 1,524,847	(1,022,910)
Sub Total	2,885,905	(2,235,292)
Contributions Made in Fiscal Year 2021 after June 30, 2020 Measurement Date	N/A	N/A
Total	2,885,905	(2,235,292)

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

Fiscal Year ending June 30	
2022	\$ 5,743
2023	\$ 5,743
2024	\$ 5,743
2025	\$ 5,743
2026	\$ 5,743
Total Thereafter	\$ 621,898
	\$ 650,613

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 9: 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. The Charter School is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum.

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.

NOTE 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2021, the Charter School has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, social security contributions, post-retirement medical costs, and long-term disability insurance were \$737,627 , \$226,083 , \$231,161 , and \$621 respectively.

NOTE 11: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Charter School expects such amount, if any, to be immaterial.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 12: CONCENTRATIONS

The Charter School depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Charter School is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund

Of the \$2,186,652 General Fund balance in the fund financial statements at June 30, 2021, \$0 is assigned for encumbrances; \$75,079 is restricted for the escrow account and \$2,111,573 is unassigned. The Special Revenue Fund in the fund financial statements at June 30, 2021, \$12,762 is restricted.

NOTE 14: PAYROLL PROTECTION PROGRAM (PPP) LOAN

On June 8, 2020 the charter school (the "Borrower"), was granted a loan (the "Loan") from BCB Bank in the aggregate amount of \$804,200 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated June 8, 2020 issued by the Borrower, matures on June 8, 2022 and bears interest at a rate of 1.00% per annum, with payments of principal, interest, and fees due at the time that the SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period).

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On July 30, 2021 the School applied for forgiveness of the entire loan amount. If forgiven, the loan proceeds would be considered as revenue.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 15: RESTATEMENT OF FIDUCIARY ACTIVITIES

The charter school previously reported the activity of the Payroll and Payroll Agency (Fund 60) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activities have been more appropriately reported in a general fund (Fund 10). There were no restated beginning balance resulting from these funds.

Additionally, the charter school previously reported the activity of the Student Activity (Fund 90) as a fiduciary fund. Beginning in fiscal year 2020-2021, such activity have been more appropriately reported in a special revenue fund (Fund 20). Accordingly, the newly established special revenue fund reports a restated beginning balance as follows:

	NET POSITION	PRIOR PERIOD	RESTATED
	JULY 1, 2020 BALANCE	ADJUSTMENT	JULY 1, 2020 BALANCE
GOVERNMENTAL FUNDS-SPECIAL REVENUE FUND	\$ -	\$ 12,762	\$ 12,762

NOTE 16: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 14, 2022, the date the financial statements were available to be issued.

NOTE 17: 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.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes To Basic Financial Statements
June 30, 2021

NOTE 17: IMPACT OF COVID-19 (CONTINUED)

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 SCHEDULE

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 2,845,066	\$ -	\$ 2,845,066	\$ 3,174,617	\$ 329,551
Total Local Levy Budget	2,845,066	-	2,845,066	3,174,617	329,551
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	4,189,307	-	4,189,307	4,134,118	(55,189)
Special Education Aid	305,504	-	305,504	295,887	(9,617)
State Adjustment Aid	-	-	-	-	
District Security Aid	189,281	-	189,281	211,882	22,601
Total Categorical Aid	4,684,092	-	4,684,092	4,641,887	(42,205)
Revenues From Other Sources:					
Interest Income	5,000	-	5,000	7,870	2,870
Miscellaneous Revenue	237,500	-	237,500	11,951	(225,549)
Reimbursed Social Security Benefit Contributions	-	-	-	226,083	226,083
On-Behalf TPAF(Non-Budget)					
Pension Contribution Contributions	-	-	-	737,627	737,627
Post Retirement Medical Contributions	-	-	-	231,161	231,161
Non-Contributory Insurance Contributions	-	-	-	621	621
Total Revenues From Other Sources	250,000	-	250,000	1,215,313	965,313
Total Revenues	7,779,158	-	7,779,158	9,031,817	1,252,659
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,750,000	-	2,750,000	2,639,513	110,487
Other Salaries for Instruction	110,000	-	110,000	71,454	38,546
Purchased Prof/Tech Services	135,000	-	135,000	133,849	1,151
Other Purchased Services	85,000	-	85,000	81,221	3,779
General Supplies	55,000	-	55,000	101,057	(46,057)
Textbooks	27,500	-	27,500	20,959	6,541
Miscellaneous	32,500	-	32,500	31,476	1,024
Total Instruction	3,195,000	-	3,195,000	3,079,529	115,471
Administration:					
Salaries - General Administration	415,000	-	415,000	414,651	349
Salaries of Secretarial/Clerical Assistants	215,000	-	215,000	212,004	2,996
Total Benefits Cost	1,275,000	-	1,275,000	1,042,610	232,390
Purchases Prof/Tech Services	85,000	-	85,000	81,204	3,796
Communications/Telephone	27,500	-	27,500	18,355	9,145
Supplies and Materials	13,500	-	13,500	10,420	3,080
Miscellaneous Expenses	12,500	-	12,500	12,176	324
Total Administration	2,043,500	-	2,043,500	1,791,420	252,080

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 825,000	\$ -	\$ 825,000	\$ 817,743	\$ 7,257
Purchased Prof/Tech Services	72,500	-	72,500	60,181	12,319
Rental of Land and Buildings	875,000	-	875,000	858,896	16,104
Other Purchased Services	125,000	-	125,000	116,849	8,151
Transportation-Other Than To/From School	45,000	-	45,000	3,965	41,035
Insurance for Property, Liability and Fidelity	125,000	-	125,000	123,401	1,599
Supplies and Materials	10,500	-	10,500	8,960	1,540
Miscellaneous Expenses	17,500	-	17,500	16,063	1,437
Total Support Services	2,095,500	-	2,095,500	2,006,058	89,442
Capital Outlay:					
Instructional Equipment	40,000	-	40,000	-	40,000
Non-Instructional Equipment	15,000	-	15,000	-	15,000
Miscellaneous Expenses	15,000	-	15,000	-	15,000
Total Capital Outlay	70,000	-	70,000	-	70,000
On-Behalf TPAF (Non-Budgeted)					
Social Security Contributions	-	-	-	226,083	(226,083)
Pension Contributions	-	-	-	737,627	(737,627)
Post-Retirement Medical Contributions	-	-	-	231,161	(231,161)
Non-Contributory Insurance Contributions	-	-	-	621	(621)
Total Expenditures	7,404,000	-	7,404,000	8,072,499	(668,499)
Excess (Deficiency) of Revenues Over (Under) Expenditures	375,158	-	375,158	959,318	584,160
FUND BALANCE, JULY 1	1,227,334	-	1,227,334	1,227,334	-
FUND BALANCE, JUNE 30	\$ 1,602,492	\$ -	\$ 1,602,492	\$ 2,186,652	\$ 584,160
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 1,602,492	\$ -	\$ 1,602,492	\$ 2,186,652	\$ 584,160
Total	\$ 1,602,492	\$ -	\$ 1,602,492	\$ 2,186,652	\$ 584,160

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

UNIVERSITY ACADEMY CHARTER HIGH 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
REVENUE SOURCES:					
Local	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	1,483,286	-	1,483,286	679,784	(803,502)
Total Revenues	1,483,286	-	1,483,286	679,784	(803,502)
EXPENDITURES:					
Instruction:					
Salaries	328,159	-	328,159	96,291	231,868
Purchased Prof/Tech Services	108,267	-	108,267	108,267	-
Other Purchased Services	5,149	-	5,149	5,149	-
General Supplies	234,489	-	234,489	160,389	74,100
Total Instruction	676,064	-	676,064	370,096	305,968
Support Services:					
Salaries	150,766	-	150,766	36,200	114,566
Personal Services - Employee Benefits	143,861	-	143,861	29,853	114,008
Purchased Technical Services	75,937	-	75,937	60,000	15,937
Other Purchased Prof/Tech Services	253,023	-	253,023	-	253,023
Supplies and Materials	183,635	-	183,635	183,635	-
Total Support Services	807,222	-	807,222	309,688	497,534
Total Expenditures	1,483,286	-	1,483,286	679,784	803,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 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
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 9,031,817	[C-2] \$ 679,784
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<u> </u>	<u> </u>
		-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>9,031,817</u>	[B-2] \$ <u>679,784</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,072,499	[C-2] \$ 679,784
 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.	<u> </u>	<u> </u>
		-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>8,072,499</u>	[B-2] \$ <u>679,784</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Charter School's proportion of the net pension liability	0.00494267%	0.005195020%	0.006095040%	0.006095040%	0.006250916%	0.006250916%	0.006615022%
Charter School's proportionate share of the net pension liability	\$ 944,642	\$ 944,642	\$ 1,341,582	\$ 1,495,783	\$ 1,238,684	\$ 1,126,320	\$ 1,078,737
Charter School's covered payroll (plan measurement period)	\$ 922,433	\$ 1,042,993	\$ 377,100	\$ 415,847	\$ 462,025	\$ 430,679	\$ 479,186
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	102%	91%	356%	360% #	268%	262%	225%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	45.37%	51.55%	51.55%	53.60%	58.32%

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN FISCAL YEARS
 UNAUDITED

	2015	2016	2017	Fiscal Year Ending June 30,			2021
				2018	2019	2020	
Contractually required contribution	\$ 37,242	\$ 42,827	\$ 52,844	\$ 52,484	\$ 52,484	\$ 64,014	\$ 62,188
Contributions in relation to the contractually required contribution	(37,242)	(42,827)	(52,844)	(52,484)	(52,484)	(64,014)	(73,513)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,325)
Charter School's covered payroll (Fiscal Year)	\$ 922,433	\$ 1,042,993	\$ 377,100	\$ 415,847	\$ 462,025	\$ 430,679	\$ 479,186
Contributions as a percentage of covered payroll	4.04%	4.11%	14.01%	12.62%	11.36%	14.86%	12.98%

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST SEVEN FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable of the Charter School	0.0229637%	0.0234783%	0.02718721%	0.02467427%	0.02627420%	0.02815862%	0.02561381%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 11,605,693	\$ 12,548,369	\$ 17,183,477	\$ 19,410,352	\$ 18,715,080	\$ 17,281,211	\$ 16,866,385
Charter School's covered payroll (plan measurement period)	\$ 2,757,193	\$ 2,898,099	\$ 3,010,989	\$ 3,141,802	\$ 2,686,812	\$ 3,216,363	\$ 2,965,531
Charter School's proportionate share of the net pension liability as a percentage of it's covered payroll	420.92%	432.99%	570.69%	617.81%	696.55%	537.29%	568.75%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	28.71%	16.19%	14.36%	18.61%	32.62%

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

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

**University Academy Charter High School
Required Supplementary Information Schedules
Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios
Last Five Fiscal Years
(Unaudited)**

	Measurement Date Ending				
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
OPEB Liability at Beginning of Measurement Period	\$	6,929,819	\$ 6,579,724	\$ 5,311,000	\$ 5,844,666
Service cost		632,510	526,694	458,594	543,716
Interest on Total OPEB Liability		213,449	251,977	219,947	220,968
Effect on Changes of Benefit Terms		-	-	-	-
Difference between expected and actual experience		(1,049,266)	(1,300,825)	(57,923)	869,052
Effect of Changes of Assumptions		5,612	(609,464)	87,144	1,637,522
Contributions - Employee		-	4,908	5,318	4,730
Gross Benefits Paid by the State		(152,400)	(142,014)	(179,414)	(156,066)
		NOT AVAILABLE			
		(350,095)	(1,268,724)	533,666	3,119,922
OPEB Liability at Beginning of Measurement Period		6,929,819	6,579,724	5,311,000	5,844,666
		NOT AVAILABLE			
Total OPEB Liability at End of Measurement Period		6,579,724	5,311,000	5,844,666	8,964,588

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms: None

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions:

The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, excise tax, updated mortality improvement assumptions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2021

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020 in accordance with Paragraph 44 of GASB Statement No. 67.

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.

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

	NCLB Title I	I.D.E.A. Part B	CARES Emergency Relief	Corona Relief Fund	Digital Divide	Student Activity / Athletics Fund	Grand Total
REVENUE SOURCES:							
Federal	\$ 266,221	\$ 109,634	\$ 183,635	\$ 48,691	\$ 71,603	\$ -	\$ 679,784
Total Revenues	266,221	109,634	183,635	48,691	71,603	-	679,784
EXPENDITURES:							
Instruction:							
Salaries	21,659	74,632	-	-	-	-	96,291
Purchased Prof/Tech Services	108,267	-	-	-	-	-	108,267
Other Purchased Services	-	5,149	-	-	-	-	5,149
General Supplies	40,095	-	-	48,691	71,603	-	160,389
Total Instruction	170,021	79,781	-	48,691	71,603	-	370,096
Support Services:							
Salaries	36,200	-	-	-	-	-	36,200
Personal Services - Employee Benefits	-	29,853	-	-	-	-	29,853
Other Purchased Prof/Tech Services	60,000	-	-	-	-	-	60,000
Supplies and Materials	-	-	183,635	-	-	-	183,635
Total Support Services	96,200	29,853	183,635	-	-	-	309,688
Total Expenditures	266,221	109,634	183,635	48,691	71,603	-	679,784
Total Outflows	266,221	109,634	183,635	48,691	71,603	-	679,784
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUND
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 H – FIDUCIARY FUNDS
DETAIL STATEMENTS
(NOT APPLICABLE)**

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)

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

Debt Capacity (Not Applicable)

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.*

FINANCIAL TRENDS

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL

Net Assets/Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 212,387	\$ 220,904	\$ 245,575	\$ 270,246	\$ 311,576	\$ 352,886	\$ 395,131	\$ 345,123	\$ 345,123	\$ 361,716
Restricted	75,079	75,000	-	125,000	75,000	75,000	75,000	-	-	-
Unrestricted	816,767	(162,212)	(2,186)	367,965	796,989	1,176,622	1,320,734	2,445,733	2,108,792	1,754,207
Total Governmental Activities Net Assets/Position	\$ 1,104,233	\$ 133,692	\$ 243,389	\$ 763,211	\$ 1,183,565	\$ 1,604,508	\$ 1,790,865	\$ 2,790,866	\$ 2,453,915	\$ 2,115,923
Business-Type Activities										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ 41,279	\$ -	\$ 55,039	\$ 115,127	\$ 115,127	\$ 115,127	\$ 115,127	\$ 119,505	\$ 119,505	\$ 200,000
Unrestricted	(5,111)	26,205	(9,552)	(58,998)	(45,460)	(27,712)	(6,775)	(4,378)	31,734	1,029
Total Business-Type Activities Net Assets/Position	\$ 36,168	\$ 26,205	\$ 45,487	\$ 56,129	\$ 69,667	\$ 87,415	\$ 108,352	\$ 115,127	\$ 151,239	\$ 201,029
Charter School-wide										
Net Investment in Capital Assets	\$ 253,666	\$ 220,904	\$ 300,614	\$ 385,373	\$ 426,703	\$ 469,013	\$ 510,258	\$ 464,628	\$ 464,628	\$ 561,716
Restricted	75,079	75,000	-	125,000	75,000	75,000	75,000	-	-	-
Unrestricted	811,656	(136,007)	(11,738)	308,967	751,529	1,148,910	1,313,959	2,441,355	2,140,526	1,755,236
Total Charter School-wide Net Assets/Position	\$ 1,140,401	\$ 159,897	\$ 288,876	\$ 819,340	\$ 1,253,232	\$ 1,691,923	\$ 1,899,217	\$ 2,905,983	\$ 2,605,154	\$ 2,316,952

Source: Annual Comprehensive Financial Report

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Changes in Net Assets/Position
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
Instruction	\$ 4,909,993	\$ 4,128,613	\$ 4,635,085	\$ 4,581,033	\$ 4,380,271	\$ 4,176,562	\$ 4,363,774	\$ 3,916,849	\$ 3,773,299	\$ 3,669,209
Administration	1,907,053	2,279,848	1,504,494	1,563,426	1,033,371	841,252	831,947	884,556	810,027	912,091
Support Services	2,756,255	2,215,821	2,546,344	2,430,044	2,238,358	1,981,465	1,789,283	1,618,869	1,499,016	1,517,900
Capital Outlay	-	-	81,188	68,352	103,897	61,685	89,238	55,552	160,230	35,288
Unallocated Depreciation	8,517	24,671	24,671	41,320	41,320	41,320	16,592	16,592	16,593	15,713
Total Governmental Activities Expenses	\$ 9,581,818	\$ 8,948,953	\$ 8,791,782	\$ 8,684,175	\$ 7,797,217	\$ 7,102,284	\$ 7,090,834	\$ 6,492,418	\$ 6,259,165	\$ 6,150,201
Business-Type Activities:										
Food Service	87,914	92,885	120,303	121,969	151,065	158,508	131,389	164,902	178,865	34,834
Total Business-Type Activities Expenses	87,914	92,885	120,303	121,969	151,065	158,508	131,389	164,902	178,865	34,834
Total Charter School Expenses	\$ 9,669,732	\$ 8,741,838	\$ 8,912,085	\$ 8,806,144	\$ 7,948,282	\$ 7,260,792	\$ 7,222,223	\$ 6,657,320	\$ 6,438,030	\$ 6,185,035
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	295,887	305,604	308,537	285,254	270,222	309,453	304,504	310,003	275,974	220,709
Total Governmental Activities Expenses	295,887	305,604	308,537	285,254	270,222	309,453	304,504	310,003	275,974	220,709
Business-Type Activities:										
Charges for Services	42	6,041	9,238	7,832	19,810	16,669	19,488	24,744	38,727	1,174
Operating Grants and Contributions	97,835	67,562	103,871	100,599	113,507	120,902	105,126	104,046	90,348	34,689
Total Business-Type Activities Expenses	97,877	73,603	103,871	108,431	133,317	137,571	124,614	128,790	129,075	35,863
Total Charter School Program Revenues	\$ 393,764	\$ 379,207	\$ 412,408	\$ 393,685	\$ 403,539	\$ 447,024	\$ 429,118	\$ 438,793	\$ 405,049	\$ 286,572
Net (Expense)/Revenue										
Governmental Activities	\$ (9,285,931)	\$ (8,343,349)	\$ (8,483,245)	\$ (8,398,921)	\$ (7,526,995)	\$ (6,792,831)	\$ (6,786,330)	\$ (6,182,415)	\$ (5,983,191)	\$ (5,929,492)
Business-Type Activities	9,963	(19,282)	(16,432)	(13,538)	(17,748)	(20,937)	(6,775)	(36,112)	(49,790)	1,029
Total Charter School-wide Net Expense	\$ (9,275,968)	\$ (8,362,631)	\$ (8,499,677)	\$ (8,412,459)	\$ (7,544,743)	\$ (6,813,768)	\$ (6,793,105)	\$ (6,218,527)	\$ (6,032,981)	\$ (5,928,463)
General Revenues and Other Changes in Net Assets/Position										
Governmental Activities:										
General Purposes	\$ 3,174,617	\$ 2,000,980	\$ 1,541,315	\$ 1,440,903	\$ 1,371,124	\$ 1,484,744	\$ 1,453,600	\$ 1,488,750	\$ 1,404,021	\$ 1,328,699
Federal and State Aid Not Restricted	7,049,272	6,211,682	6,388,486	6,514,714	5,565,238	5,182,707	5,066,696	5,018,191	4,906,065	4,922,515
Investment Earnings	7,870	9,329	17,744	15,500	6,092	4,261	3,547	3,165	3,403	4,056
Tuition Revenue	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	11,951	11,661	15,878	7,270	263,745	11,265	220,709	29,250	7,694	9,489
Transfers	-	-	-	-	-	-	-	-	-	(200,000)
Total Governmental Activities	10,243,710	8,233,652	7,963,423	7,976,387	7,206,199	6,682,977	6,744,552	6,519,356	6,321,183	6,064,759
Business-Type Activities:										
Transfers	-	-	-	-	-	-	-	-	-	200,000
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	200,000
Total Charter School-wide	\$ 10,243,710	\$ 8,233,652	\$ 7,963,423	\$ 7,976,387	\$ 7,206,199	\$ 6,682,977	\$ 6,744,552	\$ 6,519,356	\$ 6,321,183	\$ 6,264,759
Change in Net Assets/Position										
Governmental Activities	\$ 957,779	\$ (109,697)	\$ (519,822)	\$ (420,534)	\$ (320,796)	\$ (109,854)	\$ (41,778)	\$ 336,941	\$ 337,992	\$ 135,267
Business-Type Activities	9,963	(19,282)	(16,432)	(13,538)	(17,748)	(20,937)	(6,775)	(36,112)	(49,790)	201,029
Total Charter School	\$ 967,742	\$ (128,979)	\$ (536,254)	\$ (434,072)	\$ (338,544)	\$ (130,791)	\$ (48,553)	\$ 300,829	\$ 288,202	\$ 336,296

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Assigned	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,642
Restricted	75,079	75,000	-	75,000	75,000	75,000	75,000	-	-	-
Unassigned	2,111,573	1,152,334	1,264,999	1,572,459	1,931,862	2,211,338	2,279,872	2,395,725	2,108,792	1,745,565
Total General Fund	\$ 2,186,652	\$ 1,227,334	\$ 1,264,999	\$ 1,697,459	\$ 2,006,862	\$ 2,286,338	\$ 2,354,872	\$ 2,395,725	\$ 2,108,792	\$ 1,754,207
All Other Governmental Funds										
Restricted	\$ 12,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund										
Total All Other Governmental Funds	\$ 12,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Annual Comprehensive Financial Report

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local Sources:										
Local Tax Levy	\$ 3,174,617	\$ 2,000,980	\$ 1,541,315	\$ 1,440,903	\$ 1,371,124	\$ 1,484,744	\$ 1,453,600	\$ 1,468,750	\$ 1,404,021	\$ 1,328,699
Interest in Investments	7,870	9,329	17,744	15,500	6,092	4,261	3,547	3,165	3,403	4,056
Miscellaneous	11,951	15,544	17,932	7,270	26,699	11,265	220,709	29,250	7,694	9,489
State Sources	5,837,379	5,671,425	5,799,783	5,673,745	5,496,185	5,155,470	5,034,015	4,992,065	4,926,919	4,811,413
Federal Sources	679,784	352,903	383,821	361,186	337,275	336,690	337,185	336,129	255,120	331,811
Total Revenues	<u>9,711,601</u>	<u>8,050,181</u>	<u>7,760,595</u>	<u>7,498,604</u>	<u>7,237,375</u>	<u>6,992,430</u>	<u>7,049,056</u>	<u>6,829,359</u>	<u>6,597,157</u>	<u>6,485,488</u>
Expenditures:										
Instruction	3,449,625	3,402,829	3,193,170	3,392,180	3,346,605	3,248,242	3,214,611	3,030,450	2,996,498	2,865,146
Administration	2,986,912	2,681,791	2,816,387	2,264,353	2,094,516	1,977,581	2,180,402	1,881,792	1,699,920	1,854,472
Support Services	2,315,746	2,003,226	2,102,310	2,083,122	1,971,833	1,773,456	1,565,263	1,491,383	1,385,924	1,579,582
Capital Outlay	-	-	81,188	68,352	103,897	61,685	129,633	138,801	160,230	35,288
Total Expenditures	<u>8,752,283</u>	<u>8,087,846</u>	<u>8,193,055</u>	<u>7,808,007</u>	<u>7,516,851</u>	<u>7,060,964</u>	<u>7,089,909</u>	<u>6,542,426</u>	<u>6,242,572</u>	<u>6,334,488</u>
Net Change in Fund Balance	\$ 959,318	\$ (37,665)	\$ (432,460)	\$ (309,403)	\$ (279,476)	\$ (68,534)	\$ (40,853)	\$ 286,933	\$ 354,585	\$ 150,990

Source: Annual Comprehensive Financial Report

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2021	\$ -	\$ 11,951	\$ 11,951
2020	-	11,661	11,661
2019	-	15,878	15,878
2018	-	-	-
2017	-	24,699	24,699
2016	4,094	7,171	11,265
2015	2,827	217,882	220,709
2014	-	29,250	29,250
2013	-	7,694	7,694
2012	-	9,489	9,489

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2021	N/A	N/A	N/A	N/A
2020	248,928	N/A	N/A	9.7%
2019	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A
2017	247,597	N/A	\$30,490	11.6%
2016	241,800	\$37,862	N/A	11.5%
2015	241,700	\$50,843	N/A	9.30%
2014	242,389	\$48,543	N/A	5.80%
2013	241,791	N/A	N/A	4.60%
2012	N/A	\$45,223	N/A	5.20%

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Principal Employers
Last Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Jersey City Public Schools		1		5,414	1	4.59%
Goldman Sachs & Co., Inc.		2		3,000	2	2.54%
City of Jersey City		3		2,692	4	2.28%
Insurance Service Officer		4				
United States Postal Service		5				
Pershing LLC Mellon Bank		6		2,121	5	1.80%
Healthcare Staffing and Consulting LLC	N/A	7	N/A			
Jersey City Medical Center Inc.		8				
New Jersey City University		9		1,663	6	1.41%
JP Morgan Chase Bank		10		1,576	7	1.34%
I.P.C. Systems Inc.		11				
Citigroup Inc.		12		1,500	10	1.27%
Christ Hospital Health Service		13		1,529	8	1.30%
Hudson County Executive Office				2,900	3	2.46%
Merrill Lynch & Co., Inc.				1,500	9	1.27%
	0		0.00%	23,895		20.26%

OPERATING INFORMATION

J-16 Full-time Equivalent Charter School Employees by Function/Program
[INSERT SPREADSHEET]

UNIVERSITY ACADEMY CHARTER HIGH 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	41	42	43	42	39	43	42	41	41	39
Administrative	8	7	7	7	6	6	6	6	6	5
Support Services	15	15	16	17	13	13	13	12	11	10
Clerical	5	6	6	6	-	6	6	6	6	5
Total	69	70	72	72	58	68	67	65	64	59

Source: Charter School Personnel Records

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2021	441	\$ 8,752,283	\$ 19,846	7.97%	42	N/A	N/A	10:1	439	424	2.57%	96.58%
2020	440	8,087,846	18,381	-1.66%	42	N/A	N/A	10:1	428	412	-1.38%	96.26%
2019	434	8,111,867	18,691	2.39%	43	N/A	N/A	10:1	434	416	2.36%	95.85%
2018	424	7,739,655	18,254	8.84%	42	N/A	N/A	11:1	424	409	-0.47%	96.46%
2017	442	7,412,954	16,771	-0.56%	43	N/A	N/A	10:1	426	410	2.65%	96.24%
2016	415	6,999,279	16,866	0.08%	42	N/A	N/A	11:1	415	400	0.48%	96.39%
2015	413	6,960,276	16,853	8.96%	41	N/A	N/A	11:1	413	398	0.24%	96.37%
2014	414	6,403,625	15,468	6.05%	41	N/A	N/A	11:1	412	390	-1.20%	94.66%
2013	417	6,082,342	14,586	-2.98%	39	N/A	N/A	11:1	417	397	-0.48%	95.20%
2012	419	6,299,200	15,034	N/A	39	N/A	N/A	11:1	419	395	N/A	94.27%

Sources: Charter School records

Note: Enrollment based on annual October Charter School count.

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

b Teaching staff includes only full-time equivalents of certified staff.

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 School Building Information
 Last Ten Fiscal Years

Charter School Buildings	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Professional Studies Building New Jersey City University 2039 Kennedy Blvd. Jersey City, NJ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (Student)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Building 275 West Side Avenue Jersey City, NJ	29,651	29,651	29,651	29,651	29,651	29,651	29,651	29,651	25,200	14,800
Square Feet	450	425	425	425	425	425	425	425	350	250
Capacity (Student)	439	415	418	420	420	420	405	393	416	323
Enrollment										

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Insurance Schedule
June 30, 2021

	<u>Coverage</u>	<u>Deductible</u>
COMMERCIAL PACKAGE		
New Jersey School Board Association Insurance Group		
<i>Property</i>		
Blanket Personal Property Limit	\$1,525,000	\$1,000
Blanket Extra Expense	\$50,000,000	\$1,000
Blanket Valuable Papers & Record	\$10,000,000	\$1,000
Fire Department Service Charge	\$10,000	\$1,000
Pollutant Clean Up & Removal	\$250,000	\$1,000
Computer Coverage:		
- EDP	\$250,000	\$1,000
- Transit	\$25,000	\$1,000
- Loss of Income	\$10,000	\$1,000
Flood:		
- Zones A&V	\$10,000,000	\$1,000
- All Other Zones	\$50,000,000	\$1,000
Earthquake:		
- Fund Limit	\$50,000,000	\$1,000
Equipment Breakdown:		
- Limit	\$100,000,000	\$1,000
Public Employee Dishonesty with Faithful Performance	\$100,000	
Theft, Disappearance & Destruction - Loss of Money & Securities	\$10,000	
Forgery or Alteration	\$100,000	
Board Secretary/Business Administrator	\$100,000	
Board Treasurer	\$100,000	
Computer Fraud	\$100,000	
<i>General Liability</i>		
Per Occurrence	\$6,000,000	
Personal Injury & Advertising Injury	\$6,000,000	
Premises Medical Payments - Per Person	\$5,000	
Premises Medical Payments - Per Accident	\$10,000	
Employee Benefits Liability	\$6,000,000	
<i>Abuse/Molestation</i>		
Per Occurrence	\$6,000,000	
Annual Aggregate	\$6,000,000	
<i>Pollution Liability</i>		
- Per Occurrence	\$1,000,000	\$500
- Aggregate Per named Insured Sub-Limit	\$2,000,000	
- Policy Aggregate	\$11,000,000	
Deductible per Incident		\$25,000
<i>Business Automobile</i>		
Liability Limit includes Hired and Non-Owned Auto	\$6,000,000	

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Insurance Schedule
June 30, 2021

	<u>Coverage</u>	<u>Deductible</u>
COMMERCIAL PACKAGE		
New Jersey School Board Association Insurance Group		
<i>School Leaders Professional Liability</i>		
Limit of Liability Coverage	\$6,000,000	
Aggregate	\$6,000,000	
Limit of Liability Coverage B - Each Claim	\$100,000	
Each Policy Period	\$300,000	
Deductible - Each Claim		\$5,000
<i>Workers' Compensation</i>		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disease - Each Employee	\$2,000,000	
Bodily Injury by Disease Aggregate Limit	\$2,000,000	

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
 New Jersey Performance Framework Financial Ratios
 Audited Performance Indicators
 Last Three Fiscal Years

	2019 Audit	2020 Audit	2021 Audit	Source
Cash	1,751,058	2,768,415	3,484,889	Audit: Exhibit A-1
Current Assets (include cash)	2,239,779	3,322,480	4,045,319	Audit: Exhibit A-1
Current Liabilities	984,332	2,117,100	1,851,016	Audit: Exhibit A-1
Total Expenses	8,912,085	8,741,838	9,669,732	Audit: Exhibit A-2
Change in Net Position	(536,254)	(128,979)	967,742	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	433.00	428.00	439.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	415	412	441	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	24,671	24,671	8,517	Auditor/Workpapers
Interest Expense	-	-	-	Auditor/Workpapers
Principal Payments	-	-	-	Auditor/Workpapers
Interest Payments	-	-	-	Auditor/Workpapers

	Performance Indicators			Calculation ***	Target****	
	2019	2020	2021			
Near Term Indicators						
1a.	Current Ratio (working capital ratio)	2.28	1.57	2.19	Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	72	116	132	Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	104%	104%	100%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	NO	NO	NO	Auditor	not in default
Sustainability Indicators						
2a***	3 Year Cumulative Cash Flow	(172,509)	1,017,357	716,474	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	N/A	N/A	N/A	N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

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



SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

K-1
Page 1

**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

The Honorable President and
Members of the Board of Trustees
University Academy Charter High School
County of Hudson
Jersey City, 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 and each major fund information of University Academy Charter High School (Charter School), in the County of Hudson, 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 and have issued our report thereon dated February 14, 2022, which contains an emphasis of matter paragraph describing the adoption of a new accounting principle, consistency of financial statements, and prior period adjustment.

Internal Control over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a significant deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item #2021-001.

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 matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.


University Academy Charter High School Response to Findings

University Academy Charter High School's response to the findings identified in our audit is described in the accompanying Schedule K-6, Part II Schedule of Financial Statement Findings. University Academy Charter High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and federal and state awarding agencies and pass-through entities, 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
PSA Number CS-01181

Union, New Jersey
February 14, 2022

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055
www.cpa-bc.com ♦ info@cpa-bc.com

K-2
Page 1

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

Honorable President and
Members of the Board of Trustees
University Academy Charter High School
County of Hudson
Jersey City, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management’s Responsibility

The Charter School’s management is responsible for compliance with Federal and State Statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor’s Responsibility

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

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

Opinion on Compliance for Each Major Federal and State Programs

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

Report on Internal Control over Compliance

Management of University Academy Charter High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 federal and state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of 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
PSA Number CS-01181

Union, New Jersey
February 14, 2022

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Special Revenue Funds
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass through Grantor/ Program Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2020	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Pass Through To Subaccounts	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2021 Unearned Revenue	Due to Grantor
U.S. Department of Education																	
Passed-Through State Department of Education																	
Special Revenue Fund:																	
No Child Left Behind:																	
Title I Part A	84.010A	N/A	S010A210030	NCLB - 8060 - 21	266,221	9/1/20	8/31/21	\$ -	\$ -	128,693	(266,221)	-	-	-	-	\$ -	-
Title I Part A Carryover	84.010A	N/A	S010A180030	NCLB - 8060 - 20	279,770	9/1/19	8/31/20	(128,693)	-	-	-	-	-	-	-	-	-
Social Education Cluster (IDEA):																	
I.D.E.A. Part B Basic	84.027	84.027A	H027A210081	IDEA - 8060 - 21	109,634	9/1/20	8/31/21	(41,351)	-	41,351	(109,634)	-	-	-	(109,634)	-	-
I.D.E.A. Part B Basic Carryover	84.027	84.027A	H027A200081	IDEA - 8060 - 20	104,051	9/1/19	8/31/20	(41,351)	-	41,351	(109,634)	-	-	-	(109,634)	-	-
Total Special Education Cluster (IDEA)																	
Other Special Revenue Funds:																	
COVID-19 CARES Emergency Relief	84.425	COVID-19, 84.425D	S425D900027	N/A	71,603	9/1/20	10/31/20	-	-	71,603	(71,603)	-	-	-	(71,603)	-	-
COVID-19, Elementary and Secondary School Emergency Relief Fund	84.425	COVID-19, 84.425D	S425D900027	N/A	183,635			-	-	62,400	(183,635)	-	-	-	(121,235)	-	-
Total Other Special Revenue Funds	84.425	COVID-19, 84.425D	S425D900027	N/A	-	3/13/20	9/30/22	-	-	134,003	(255,238)	-	-	-	(121,235)	-	-
U.S. Department of Treasury																	
Passed-Through State Department of Education																	
COVID-19, Elementary and Secondary School Emergency Relief Fund	21.019	COVID-19		N/A	48,691	8/1/20	10/1/20	-	-	48,691	(48,691)	-	-	-	-	-	-
Total Department of Treasury Funds										48,691	(48,691)	-	-	-	-	-	-
Total Special Revenue Fund																	
								(170,044)	-	352,738	(679,784)	-	-	-	(497,090)	-	-
U.S. Department of Agriculture																	
Passed-Through State Department of Agriculture																	
Enterprise Fund:																	
COVID-19 School Breakfast Program	10.553	COVID-19	211N304N1099	N/A	36,049	7/1/20	6/30/21	-	-	28,892	(36,049)	-	-	-	(7,157)	-	-
COVID-19 School Breakfast Program	10.553	COVID-19	201N304N1099	N/A	16,966	7/1/19	6/30/20	(3,622)	-	3,622	-	-	-	-	-	-	-
COVID-19 National School Lunch Program	10.555	COVID-19	211N304N1099	N/A	58,331	7/1/20	6/30/21	-	-	46,626	(58,331)	-	-	-	(11,705)	-	-
COVID-19 National School Lunch Program	10.555	COVID-19	201N304N1099	N/A	74,918	7/1/19	6/30/20	(1,564)	-	1,564	-	-	-	-	-	-	-
COVID-19 Child Care Food Program	10.558	COVID-19		N/A	1,438	7/1/19	6/30/20	(5,186)	-	5,186	-	-	-	-	(18,862)	-	-
Total Child Nutrition Cluster								(10,372)	-	85,890	(94,380)	-	-	-	(18,862)	-	-
Total Enterprise Fund								(180,416)	-	438,628	(774,164)	-	-	-	(515,952)	-	-
Total Federal Financial Awards																	
								(170,044)	-	352,738	(679,784)	-	-	-	(497,090)	-	-

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversion of Prior Year's Balance	Balance at June 30, 2021		MEMO	
			From	To	Unearned (Accounts Receivable)	Due to Grantor					Unearned (Accounts Receivable)	Due to Grantor		Budgetary Receivable
State Department of Education														
General Fund:														
State Aid - Public	21-485-034-5120-078	4,134,118	7/1/20	6/30/21	-	-	-	4,157,151	(4,134,118)	-	-	23,033	4,134,118	
Equalization Aid	20-485-034-5120-078	3,771,261	7/1/19	6/30/20	-	-	-	295,887	(295,887)	-	-	78,795	295,887	
Special Education	21-485-034-5120-089	295,887	7/1/20	6/30/21	-	-	-	211,882	(211,882)	-	-	-	211,882	
Categorical Aid	21-485-034-5120-084	-	7/1/20	6/30/21	-	-	-	4,664,920	(4,664,887)	-	-	101,828	4,664,887	
Security Aid	21-485-034-5120-085	211,882	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Adjustment Aid	21-485-034-5120-085	8,413,748	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Total State Aid - Public														
Transportation Aid	21-485-034-5120-014	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Emergency Aid	21-485-034-5120-045	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Adult Education Aid	21-485-034-5120-057	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Additional Formula Aid	21-485-034-5120-077	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Nonpublic Aid	21-100-034-5120-068	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
Other State Aid	21-100-034-5068-042	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
On-Behalf	21-485-034-5120-078	-	7/1/20	6/30/21	-	-	-	-	-	-	-	-	-	
TPAF Post-Retirement Medical Contributions	21-485-034-5094-001	231,161	7/1/20	6/30/21	-	-	-	231,161	(231,161)	-	-	-	231,161	
TPAF Pension Contributions	21-485-034-5094-002	737,627	7/1/20	6/30/21	-	-	-	737,627	(737,627)	-	-	-	737,627	
Non-Contributory Insurance Contributions	21-485-034-5094-004	621	7/1/20	6/30/21	-	-	-	621	(621)	-	-	-	621	
Reimbursed TPAF - Social Security Contributions	21-485-034-5094-003	226,083	7/1/20	6/30/21	-	-	-	192,452	(226,083)	-	(43,631)	-	226,083	
Reimbursed TPAF - Social Security Contributions	20-485-034-5094-003	234,472	7/1/19	6/30/20	-	-	-	124,185	-	-	(124,185)	-	-	
Total General Fund								5,940,966	(5,837,379)	-	(43,631)	101,828	5,837,379	
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	21-100-010-3350-023	3,465	7/1/20	6/30/21	-	-	-	2,608	(3,465)	-	(847)	-	3,465	
National School Lunch Program (State Share)	20-100-010-3350-023	1,311	7/1/19	6/30/20	-	-	-	-	-	-	-	-	-	
Total Enterprise Fund								2,608	(3,465)	-	(847)	-	3,465	
Total All Funds								5,943,574	(5,840,834)	-	(44,478)	101,828	5,840,834	
State Financial Assistance Not Subject to Major Program Determination:														
General Funds:														
TPAF Pension Contributions	21-485-034-5094-002	737,627	7/1/20	6/30/21	-	-	-	737,627	(737,627)	-	-	-	737,627	
TPAF Post-Retirement Medical Contributions	21-485-034-5094-001	231,161	7/1/20	6/30/21	-	-	-	621	(621)	-	-	-	231,161	
Non-Contributory Insurance Contributions	21-485-034-5094-004	621	7/1/20	6/30/21	-	-	-	621	(621)	-	-	-	621	
Total State Financial Assistance Subject to Single Audit								4,671,425	(4,671,425)	-	-	-	4,671,425	

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2021

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, University Academy Charter High 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 on 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 basis 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 Title 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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 when expenditures have been made.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 5,837,379	\$ 5,837,379
Special Revenue Fund	679,784	-	679,784
Food Service Fund	94,380	3,455	97,835
Total Awards & Financial Assistance	<u>\$ 774,164</u>	<u>\$ 5,840,834</u>	<u>\$ 6,614,998</u>

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2021

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 LOANS OUTSTANDING

University Academy Charter High School has no loan balances outstanding at June 30, 2021.

NOTE 6. OTHER INFORMATION

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 TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance 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, Post-Retirement Medical Benefits Contributions and Long-Term Disability 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.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards; 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 Charter School does not have a schoolwide program.

NOTE 9. MAJOR PROGRAMS

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Notes to the Schedules of Expenditures Of Awards and Financial Assistance
June 30, 2021

NOTE 10. DE MINIMIS INDIRECT COST RATE

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

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I – Summary of Auditor’s Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? ___ Yes __X__ No

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes __X__ No

2) Significant deficiencies that are not considered to be material weaknesses? ___ Yes __X__ Reported None

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08 OMB, as applicable? ___ Yes __X__ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	<u>STATE AID-PUBLIC:</u>
<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>21-495-034-5120-085</u>	<u>ADJUSTMENT AID</u>

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II – Schedule of Financial Statement Findings

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

Item #2021-001 – Board Secretary Reports are Not Prepared for Each Board Meeting

Criteria: Each board meeting must comprise certain documents which includes the Board Secretary's Report.

Condition: An examination of board minutes for the months of July 2019 to June 2020 indicated that monthly Board Secretary Reports were not available for the board to examine and discuss in accordance with New Jersey Administrative Code Section 6A:23A-16.10.

Cause: The Board Secretary prepared Board Secretary Reports on a quarterly basis only.

Effect: The Board was unable to discuss and evaluate the financial data typically included in a board secretary report, such as budget vs actual revenue and expenditures, which are critical components to managing the financial position of the charter school.

Questioned Costs: None

Recommendations: The Board Secretary Report should be provided to the Board at every Board meeting and noted in the Board minutes as discussed and approved.

Views of the responsible officials and planned corrective actions: Management and the Board agree with the finding and will implement better internal controls in this area as described in the recommendation.

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

***Section III – Federal and State Award
Findings and Questioned Costs***

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

CURRENT YEAR FEDERAL AWARDS

No Current Year Findings

CURRENT YEAR STATE AWARDS

No Current Year Findings

UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by
Management
For the Fiscal Year Ended June 30, 2021

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 of *Government Auditing Standards*, *US OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and New Jersey OMB's 15-08, as applicable.

STATUS OF PRIOR YEAR FINDINGS

Item #2020-001 – Board Secretary Reports are Not Prepared for Each Board Meeting

Status- The finding has not been properly addressed and is a repeat finding for 2020 (refer to Item #2021-001).