

QUEEN CITY ACADEMY CHARTER SCHOOL

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2023

QUEEN CITY ACADEMY CHARTER SCHOOL

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

***Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2023***

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
QUEEN CITY ACADEMY CHARTER SCHOOL
PLAINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Prepared by
Queen City Academy Charter School
Finance Department

And
Barre & Company LLC, CPAs

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**Not Applicable to Charter Schools

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INTRODUCTORY SECTION



The Queen City Academy Charter School
815 West 7th Street
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Phone 908.753.4700 Fax 908.753.4816
www.queencity.edu



December 5, 2023

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

Dear Board Members:

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

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

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

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

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

this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report

Charter School Organization

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

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

1. REPORTING ENTITY AND ITS SERVICES:

The Queen City Academy Charter School is an independent reporting entity within the criteria adopted by the GASB as established by NGCA Statement No. 3. All funds and account groups of The Queen City Academy Charter School are included in this report. The Queen City Academy Charter School Board of Trustees and its school constitute the Charter School’s entity.

The Charter School provided a full range of educational services appropriate to regular students grade levels K through 10. The Queen City Academy Charter School completed the 2022-2023 fiscal year with an enrollment of 386 regular students. The following details the changes in the student enrollment of The Queen City Academy Charter School.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	386	11.66
2021-2022	324	0%
2020-2021	323	5.10%
2019-2020	324	0%
2018-2019	324	0%
2017-2018	324	0%
2016-2017	324	-1.57%
2015-2016	324	22.80
2014-2015	249	-0.48%
2013-2014	250	2.16
2011-2012	249	5%
2010-2011	236	4%

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

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

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

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

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

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR END

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

8. DEBT ADMINISTRATION:

At June 30, 2023 the Charter School had outstanding debt totaling \$1,393,543. The Charter School purchased the school building located at 815 West 7th Street, Plainfield, New Jersey, in April 2013 for a total purchase price of \$2,550,000; the amount financed was \$2,050,000. In July 2015, the Charter School incurred additional debt in the form of a construction loan in the amount of \$700,000, to help finance the significant facilities expansion to the school. The Charter School has taken an aggressive approach towards paying off the construction loan well before its full maturity date.

9. CASH MANAGEMENT:

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

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

10. RISK MANAGEMENT:

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

11. ANTI-BULLYING:

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

12. OTHER INFORMATION:

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

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

13. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



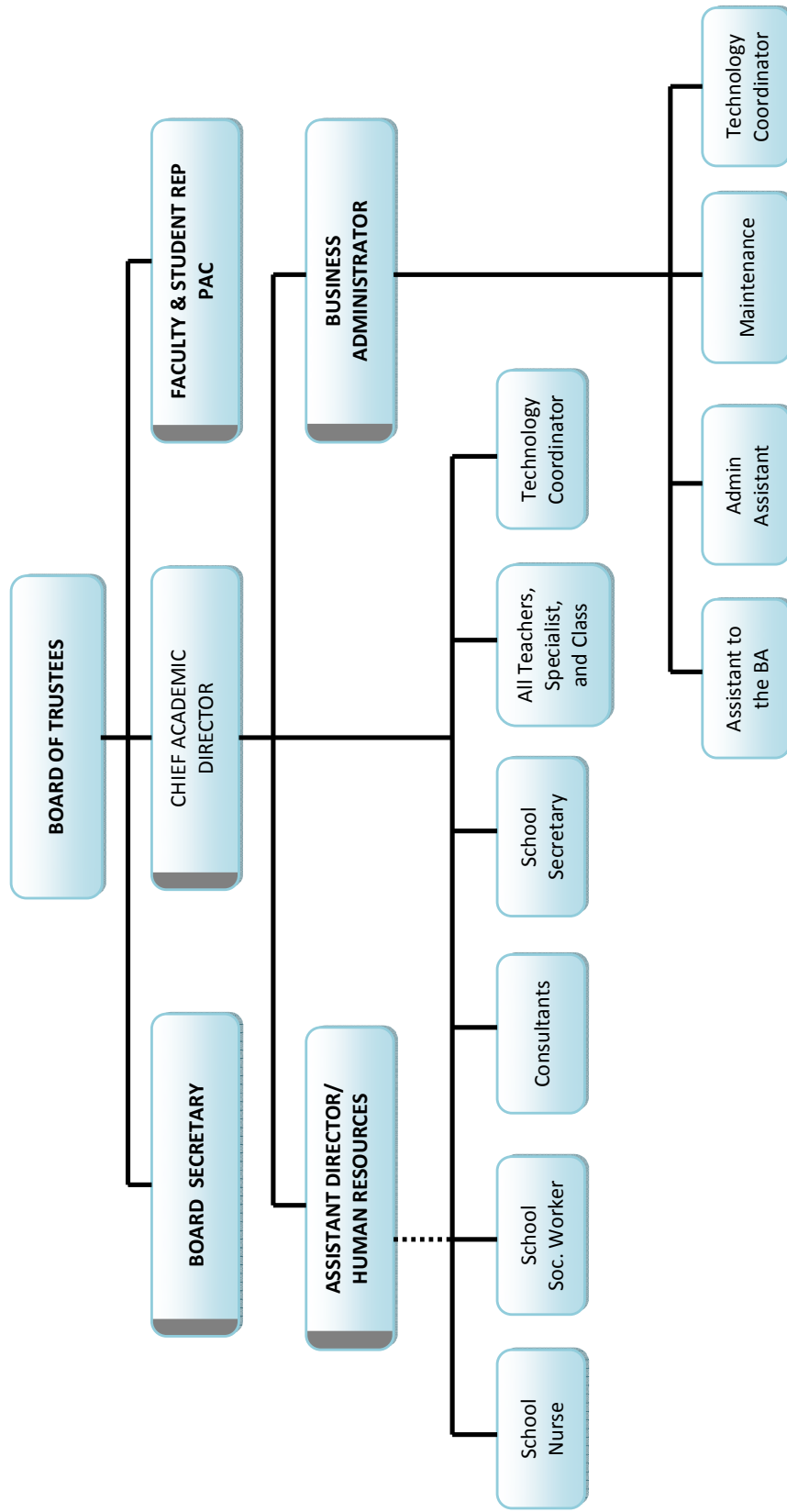
Danielle West
Chief Academic Administrator/Director



Christopher Lessard
Business Administrator/
Board Secretary

THE QUEEN CITY ACADEMY CHARTER SCHOOL

ORGANIZATION CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2023**

MEMBERS OF THE BOARD OF TRUSTEES

Karen Oliver-Moore, President

Henry A. McCloud, Vice-President

Omowale Morgan, Chairperson, Human Resources Committee

Chanard Cooper, Board Member

Kalshiela Lloyd, Board Member

Gail Pester, Board Member

OTHER OFFICIALS

Danielle West, Chief School Administrator/Director

Christopher Lessard – Business Administrator / Board Secretary

Karen Johnson – Treasurer of School Monies

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

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Independent Auditor's Report

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

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Queen City Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Queen City Academy Charter School's basic financial statements. The combining and related major fund supporting statements and schedules 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 schedule 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 the State of New Jersey's 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 is not a required part of the basic financial statements.

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

Other Information


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

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

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

In accordance with *Government Auditing Standards* and the Office of School Finance, Department of Education, State of New Jersey, we have also issued our report dated December 5, 2023 on our consideration of the Queen City Academy Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 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 Accountant


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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED**

The discussion and analysis of Queen City Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 are as follows:

- ❖ General revenues accounted for \$9,652,138 in revenue or 96% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$402,792 or 4% percent of total revenues of \$10,054,930.
- ❖ The Charter School had \$7,570,399 in expenses; only \$402,792 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$9,652,138 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$8,375,685 in revenues and \$5,972,099 in expenditures. The General Fund's fund balance increased \$2,403,586 from 2022. This increase was anticipated by the Board of Trustees.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2023?" The *Statement of*

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

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

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 37 of this report.

The Charter School as a Whole

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

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

The Charter School's combined net position was \$7,275,083 for 2023 and \$4,790,552 for 2022.

Governmental Activities

The Charter School's total revenues were \$9,816,816 for 2023 and \$7,841,496 for 2022. This includes \$771,279 for 2023 and \$823,497 for 2022 of state reimbursed TPAF pension and TPAF social security contributions.

The total cost of all program and services was \$7,302,989 for 2023 and \$7,106,954 for 2022. Instruction comprises 48% for 2023 and 45% for 2022 of Charter School expenditures.

Business-Type Activities

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

FOOD SERVICE

- ❖ Expenses exceeded revenues by \$54,296 for 2023 and revenues exceeded expenses by \$12,706 for 2022.
- ❖ Charges for services represent \$6,835 for 2023 and \$17 for 2022 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were \$205,518 for 2023 and \$197,546 for 2022.

**QUEEN CITY ACADEMY CHARTER SCHOOL
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(CONTINUED)**

Governmental Activities

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

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$9,424,474 for 2023 and \$7,112,834 for 2022 and expenditures were \$7,027,364 for 2023 and \$6,938,297 for 2022. The net change in fund balance was most significant in the general fund, as there was an increase of \$2,378,586 for 2023 and \$717,150 for 2022.

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, 2023, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2022	Percent of Increase/ (Decrease)
Local Sources	\$ 1,961,342	20.81%	968,880	97.62%
State Sources	6,377,849	67.67%	1,323,715	26.19%
Federal Sources	1,085,283	11.52%	19,045	1.79%
Total	\$ 9,424,474	100.00%	\$ 2,311,640	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to prior year amounts.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(CONTINUED)**

The Charter School's Funds (Continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 2,680,053	38.14%	\$ 559,114	26.36%
Administration	2,626,595	37.37%	279,477	11.91%
Support Services	1,430,749	20.36%	(172,659)	-10.77%
Capital Outlay	289,967	4.13%	(576,865)	-66.55%
Total	<u>\$ 7,027,364</u>	<u>100.00%</u>	<u>\$ 89,067</u>	

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

General Fund Budgeting Highlights

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

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

Capital and Right-Of-Use Leased Assets (Net of Depreciation and Amortization)

The Charter School had depreciated capital and right-of-use leased assets at June 30, 2023 and 2022 invested in buildings, furniture, machinery and equipment for governmental and business-type activities. The table shows the balances of capital and right-of-use leased assets (net of depreciation and amortization) for fiscal years 2023 and 2022.

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PLAINFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(CONTINUED)**

**Capital and Right-Of-Use Leased Assets (Net of Depreciation and Amortization)
(Continued)**

	2023					
	Beginning				Ending	2022
	Balance	Additions	Retirements	Balance		
Governmental Activities:						
<i>Capital Assets Not Being Depreciated:</i>						
Land and Land Improvements	\$ 153,452	\$ -	\$ -	\$ 153,452	\$ 153,452	
Total Capital Assets Not Being Depreciated	<u>153,452</u>	<u>-</u>	<u>-</u>	<u>153,452</u>	<u>153,452</u>	
<i>Capital Assets Being Depreciated:</i>						
Building Improvements	3,802,247	-	-	3,802,247	3,802,247	
Furniture, Machinery and Equipment	32,856	-	-	32,856	32,856	
Right-Of-Use Leased Asset	538,385	-	-	538,385	538,385	
Totals Capital Assets Being Depreciated	<u>4,373,488</u>	<u>-</u>	<u>-</u>	<u>4,373,488</u>	<u>4,373,488</u>	
Less Accumulated Depreciation:						
Building Improvements	1,010,221	131,732	-	1,141,953	1,010,221	
Furniture, Machinery and Equipment	30,973	1,883	-	32,856	30,973	
Right-Of-Use Leased Asset	134,596	134,597	-	269,193	134,596	
Total Accumulated Depreciation	<u>1,175,790</u>	<u>268,212</u>	<u>-</u>	<u>1,444,002</u>	<u>1,175,790</u>	
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>3,197,698</u>	<u>(268,212)</u>	<u>-</u>	<u>2,929,486</u>	<u>3,197,698</u>	
Government Activity Capital Assets, Net	<u>\$ 3,351,150</u>	<u>\$ (268,212)</u>	<u>\$ -</u>	<u>\$ 3,082,938</u>	<u>\$ 3,351,150</u>	
Business-Type Activities:						
<i>Capital Assets Being Depreciated:</i>						
Machinery and Equipment	\$ 19,840	\$ -	\$ -	\$ 19,840	\$ 19,840	
Less Accumulated Depreciation	18,555	257	-	18,812	18,555	
Enterprise Fund Capital Assets, Net	<u>\$ 1,285</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ 1,028</u>	<u>\$ 1,285</u>	

Debt Administration

At year end, the Charter School's long-term liabilities consisted of mortgage and construction loan payables of \$1,393,543 and \$1,570,754, lease liabilities of \$298,612 and \$425,270, and net pension liability of \$494,753 and \$426,422 for the fiscal years ended June 30, 2023 and 2022, respectively.

For more detailed information, please refer to the Notes to the Financial Statements.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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UNAUDITED
(CONTINUED)**

For the Future

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Christopher Lessard, School Business Administrator/Board Secretary at Queen City Academy Charter School, 815 West 7th Street, Plainfield, New Jersey 07063.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

QUEEN CITY ACADEMY CHARTER SCHOOL

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 4,417,515	\$ 85,843	\$ 4,503,358
Restricted	75,893		75,893
Investments	968,912		968,912
Internal Balances	106,135	(106,135)	-
Receivables	1,158,766	56,935	1,215,701
Prepaid Expenses	36,000		36,000
Capital and Right-Of-Use Leased Assets, Net	3,082,938	1,028	3,083,966
	<hr/>	<hr/>	<hr/>
Total Assets	9,846,159	37,671	9,883,830
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	153,324		153,324
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	153,324		153,324
LIABILITIES:			
Accounts Payable	215,442	35,621	251,063
Accrued Expenses (Interest)	7,145		7,145
Unearned Revenue	134,241		134,241
Other Current Liabilities	600		600
Noncurrent Liabilities:			
Due Within One Year	199,017		199,017
Due Beyond One Year:			
Other Long-Term Liabilities	1,493,138		1,493,138
Net Pension Liability	494,753		494,753
	<hr/>	<hr/>	<hr/>
Total Liabilities	2,544,336	35,621	2,579,957
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	182,114		182,114
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	182,114		182,114
NET POSITION:			
Net Investment in Capital Assets	1,383,638	1,028	1,384,666
Restricted for:			
Other Purposes	86,895		86,895
Unemployment Compensation	3,178		3,178
Scholarships	3,476		3,476
Student Activities	1,132		1,132
Unrestricted	5,794,714	1,022	5,795,736
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 7,273,033	\$ 2,050	\$ 7,275,083

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

QUEEN CITY ACADEMY CHARTER SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2023

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	\$ 2,706,776	\$ 796,054	\$ -	\$ 184,067	\$ -	\$ (3,318,763)	\$ -	\$ (3,318,763)
Administration	1,640,761	413,426				(2,054,187)		(2,054,187)
Support Services	1,430,749	57,967	6,331 *	41 *		(1,482,344)		(1,482,344)
Capital Outlay	92,412					(92,412)		(92,412)
Interest on Long-Term Debt	30,247					(30,247)		(30,247)
Unallocated Amortization	134,597					(134,597)		(134,597)
Total Governmental Activities	6,035,542	\$ 1,267,447	6,331	184,108	-	(7,112,550)	-	(7,112,550)
BUSINESS-TYPE ACTIVITIES:								
Food Service	267,410		6,835	205,518		(55,057)		(55,057)
Total Business-Type Activities	267,410		6,835	205,518		(55,057)		(55,057)
Total Primary Government	\$ 6,302,952		\$ 13,166	\$ 389,626	\$ -	\$ (7,112,550)	\$ (55,057)	\$ (7,167,607)
GENERAL REVENUES								
General Purposes						\$ 912,656	\$ -	\$ 912,656
Federal and State Aid Not Restricted						7,696,407		7,696,407
Investment Earnings						54,300	761	55,061
Miscellaneous Income						988,014		988,014
Transfers						(25,000)	25,000	-
Total General Revenues						9,626,377	25,761	9,652,138
Change in Net Position						2,513,827	(29,296)	2,484,531
Net Position - July 1						4,759,206	31,346	4,790,552
Net Position - June 30						\$ 7,273,033	\$ 2,050	\$ 7,275,083

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

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

QUEEN CITY ACADEMY CHARTER SCHOOL
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 4,413,747 *	\$ 3,768 *	\$ 4,417,515
Restricted	75,893		75,893
Investments	968,912		968,912
Receivables:			
Interfund Account Receivables:			
Special Revenue Fund	806,435		806,435
Enterprise Fund	106,135		106,135
Receivables From Other Governments	6,804	1,063,335	1,070,139
Receivables, Other	88,627		88,627
Other Assets	36,000		36,000
Total Assets	\$ 6,502,553	\$ 1,067,103	\$ 7,569,656
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Accounts Payable:			
General Fund	\$ -	\$ 806,435	\$ 806,435
Accounts Payable	49,954	121,819	171,773
Unearned Revenue		134,241	134,241
Bid Guarantees Payable	600		600
Unemployment Compensation Claims Payable	- **		-
Total Liabilities	50,554	1,062,495	1,113,049
Fund Balances:			
Assigned To:			
Encumbrances	11,895		11,895
Restricted For:			
Escrow Fund	75,000		75,000
Unemployment Compensation	3,178		3,178
Scholarships		3,476	3,476
Student Activities		1,132	1,132
Unassigned:			
General Fund	6,361,926		6,361,926
Total Fund Balances	6,451,999	4,608	6,456,607
Total Liabilities and Fund Balances	\$ 6,502,553	\$ 1,067,103	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$3,988,555 and the accumulated depreciation is \$1,174,809.	3,082,938
Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,699,300)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(43,669)
Net pension liability of \$494,753 ,deferred inflows of resources of \$182,114 less deferred outflows of resources of \$153,324 related to pensions are not reported in the governmental funds	(523,543)
Net Position of Governmental Activities	\$ 7,273,033

* Include former fiduciary fund cash and cash equivalents

** Include unspent employee payroll unemployment contributions

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

QUEEN CITY ACADEMY CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 912,656	\$ -	\$ 912,656
Interest on Investments	54,300		54,300
Miscellaneous Revenue	987,978	6,372 **	994,350
Other Restricted Miscellaneous Revenue	36 *		36
Total Local Sources	1,954,970	6,372	1,961,342
State Sources	6,377,849		6,377,849
Federal Sources	42,866	1,042,417	1,085,283
Total Revenues	8,375,685	1,048,789	9,424,474
EXPENDITURES:			
Current:			
Instruction	2,281,012	399,041	2,680,053
Administration	2,626,595		2,626,595
Support Services	866,967	563,782 ***	1,430,749
Capital Outlay	197,525	92,442	289,967
Total Expenditures	5,972,099	1,055,265	7,027,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,403,586	(6,476)	2,397,110
OTHER FINANCING SOURCES (USES):			
Transfer to Cover Deficit	(25,000)		(25,000)
Total Other Financing Sources (Uses)	(25,000)	-	(25,000)
NET CHANGE IN FUND BALANCES	2,378,586	(6,476)	2,372,110
FUND BALANCES, JULY 1	4,073,413	11,084	4,084,497
FUND BALANCE, JUNE 30	<u>\$ 6,451,999</u>	<u>\$ 4,608</u>	<u>\$ 6,456,607</u>

* Include interest earnings on the unemployment compensation bank account

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

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

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

QUEEN CITY ACADEMY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental fund (from B-2) \$ 2,372,110

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation Expense	\$ (133,615)	
Amortization Expense	<u>(134,597)</u>	(268,212)

Repayment of mortgage and construction loan principal are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 177,211

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The increase in capital leases is a reduction to the reconciliation. The decrease in capital leases is an addition to the reconciliation. 126,658

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognize as the interest accrued, regardless of when it is due. The increase in accrued interest is a deduction in the reconciliation. The decrease in accrued interest is an addition to the reconciliation. 36,920

Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the the current and prior year net pension liability is recognized 69,140

Change in net position of governmental activities \$ 2,513,827

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

PROPRIETARY FUNDS

QUEEN CITY ACADEMY CHARTER SCHOOL

Proprietary Fund
Statement of Net Position
June 30, 2023

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service Programs</u>
	<u>School Nutrition</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 85,843
Intergovernmental Accounts Receivable:	
Federal	54,642
State	<u>2,293</u>
Total Current Assets	<u>142,778</u>
Noncurrent Assets:	
Machinery and Equipment	19,840
Less Accumulated Depreciation	<u>(18,812)</u>
Total Noncurrent Assets	<u>1,028</u>
Total Assets	<u>143,806</u>
LIABILITIES AND NET POSITION:	
Liabilities:	
Interfund Accounts Payable	106,135
Accounts Payable	<u>35,621</u>
Total Liabilities	<u>141,756</u>
NET POSITION:	
Net Investment in Capital Assets	1,028
Unassigned	<u>1,022</u>
Total Net Position	<u><u>\$ 2,050</u></u>

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities
	Enterprise Fund
	Food Service Programs
	School Nutrition
	Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Program (Reimbursable Program) Meals	\$ 6,835
Daily Sales - Non-Program (Non-Reimbursable Program) Meals	-
	6,835
Total Operating Revenues	6,835
OPERATING EXPENSES:	
Cost of Sales - Program (Reimbursable Program) Meals	26,399
Cost of Sales - Non-Program (Non-Reimbursable Program) Meals	-
Salaries	237,793
Purchased Prof/Tech Services	2,416
Supplies and Materials	545
Depreciation Expense	257
	267,410
Total Operating Expenses	267,410
OPERATING LOSS	(260,575)
NONOPERATING REVENUES:	
Interest Earned	761
State Source:	
State School Breakfast Program	3,294
State School Lunch Program	4,739
Federal Source:	
National School Snack Program	
National School Breakfast Program	53,098
National School Lunch Program	144,387
Operating Transfers In	25,000
	231,279
Total Nonoperating Revenues	231,279
CHANGE IN NET POSITION	(29,296)
TOTAL NET POSITION, JULY 1	31,346
TOTAL NET POSITION, JUNE 30	\$ 2,050

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Proprietary Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities
	Enterprise Fund
	Food Service Programs
	School Nutrition
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ (5,609)
Cash Payments to Suppliers and Employees	(215,709)
	(221,318)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	205,518
Transfers In	25,000
	230,518
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	761
	761
Net Cash Provided By Investing Activities	761
Net Increase In Cash And Cash Equivalents	9,961
Cash And Cash Equivalents, Beginning Of Year	75,882
Cash And Cash Equivalents, End Of Year	\$ 85,843
Reconciliation of Operating Loss to Net Cash	
Used In Operating Activities:	
Operating Loss Used In Operating Activities	\$ (260,575)
Adjustments to Reconcile Operating Loss to Net Cash	
Used In Operating Activities:	
Depreciation	257
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(12,444)
Increase In Interfund Accounts Payable	52,571
Decrease In Accounts Payable	(1,127)
	(1,127)
Net Cash Used In Operating Activities	\$ (221,318)

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

NOTES TO THE FINANCIAL STATEMENTS

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

B. Basis of Presentation, Basis of Accounting

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

Basis of Presentation

Charter school-wide Statements: The statement of Net Position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

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

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

Capital Projects Fund: Not applicable.

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

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

Additionally, the Charter School reports the following fund type:

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

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

Basis of Accounting

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

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

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

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

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

Total Revenues & Expenditures (Budgetary Basis)	\$ 1,673,862
Adjustments:	
Less Encumbrances at June 30, 2023	(1,244,883)
Plus Encumbrances at June 30, 2022	<u>619,810</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 1,048,789</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances Accounting

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

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

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

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

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

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

Fund Balance Reserves:

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

Revenues — Exchange and Nonexchange Transactions:

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

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

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

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.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Pensions

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

G. Impact of Recently Issued Accounting Principles

During fiscal year 2023, the Charter School has adopted the following GASB statements.

GASB No. 96, *Subscription Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBIT A and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

As of June 30, 2023, the entity's SBITAs were all 12 months or less and so the Charter School was exempt from reporting under this pronouncement.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued Accounting Pronouncements

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

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASE Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the charter school.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

Risk Category (Continued)

As of June 30, 2023, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Total
Operating				
Account	\$ 4,489,640	\$ 3,768	\$ 85,843	\$ 4,579,251

The carrying amount of the Board’s cash and cash equivalents at June 30, 2023 was \$4,579,251 and the bank balance was \$4,952,799. 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, 2023, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

New Jersey Cash Management Fund (Continued)

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

As of June 30, 2023, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2023 consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
State Aid	\$ 95,431	\$ -	\$ 95,431	\$ 2,293	\$ 2,293	\$ 97,724
Federal Aid	-	1,063,335	1,063,335	54,642	54,642	1,117,977
Other	-	-	-	-	-	-
Gross Receivables	95,431	1,063,335	1,158,766	56,935	56,935	1,215,701
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Total Receivables, Net	\$ 95,431	\$ 1,063,335	\$ 1,158,766	\$ 56,935	\$ 56,935	\$ 1,215,701

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 912,570	\$ -
Special Revenue Fund		806,435
Proprietary Fund		106,135
Total	\$ 912,570	\$ 912,570

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5: CAPITAL AND RIGHT-OF-USE LEASED ASSETS

Capital and right-of-use leased asset activities for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ 153,452	\$ -	\$ -	\$ 153,452
Total Capital Assets Not Being Depreciated	153,452	-	-	153,452
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	3,802,247	-	-	3,802,247
Machinery and Equipment	32,856	-	-	32,856
Right-Of-Use Leased Asset	538,385	-	-	538,385
Total Capital Assets Being Depreciated	4,373,488	-	-	4,373,488
Less Accumulated Depreciation For:				
Building and Building Improvements	1,010,221	131,732	-	1,141,953
Machinery and Equipment	30,973	1,883	-	32,856
Right-Of-Use Leased Asset	134,596	134,597	-	269,193
Total Accumulated Depreciation	1,175,790	268,212	-	1,444,002
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	3,197,698	(268,212)	-	2,929,486
Government Activity Capital Assets, Net	<u>\$ 3,351,150</u>	<u>\$ (268,212)</u>	<u>\$ -</u>	<u>\$ 3,082,938</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 19,840	\$ -	\$ -	\$ 19,840
Less Accumulated Depreciation	(18,555)	(257)	-	(18,812)
Enterprise Fund Capital Assets, Net	<u>\$ 1,285</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ 1,028</u>

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the Charter School-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance-total governmental funds is made to reflect the carrying value of the Charter School's capital assets at year-end in the Charter School-wide financial statements.

The Charter School has recorded a right-of-use leased asset. The asset is right-of-use asset for leased school facility. The related leases are discussed in the leases subsection of the liabilities section of this note. The right-of-use lease assets are amortized on a straight-line basis over the terms of the related leases.

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

Instruction	\$ 26,723
Administration	<u>106,892</u>
	<u>\$ 133,615</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

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, and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided (Continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$43,669 for fiscal year 2023.

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

At June 30, 2023, the Charter School reported a liability of \$494,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021 which was rolled forward to June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. For the June 30, 2022 measurement date, the Charter School's proportion was 0.00327834843%, which was a decrease of 0.0003212089% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized pension expense of (\$27,796), in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2022 measurement date.

At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 3,571	\$ 3,149
Changes in Assumptions	1,533	74,084
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	20,477	-
Changes in Proportion and Differences between Charter School Contributions and Proportionate Share of Contributions	84,074	104,881
Charter School Contributions Subsequent to the Measurement Date	<u>43,669</u>	<u>-</u>
	<u>\$ 153,324</u>	<u>\$ 182,114</u>

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

\$43,669, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

Fiscal Year Ending June 30,	Total
2023	\$ (42,439)
2024	(21,621)
2025	(10,544)
2026	23,004
2027	<u>(52)</u>
	<u>\$ (51,652)</u>

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 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48 years	-
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2020	5.16 years	-
June 30, 2021	5.13 years	-
June 30, 2022	-	5.04 years
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48 years
June 30, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2020	-	5.16 years
June 30, 2021	5.13 years	-
June 30, 2022	-	5.04 years
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.00 years
June 30, 2019	-	5.00 years
June 30, 2020	-	5.00 years
June 30, 2021	-	5.00 years
June 30, 2022	-	5.00 years

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. 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:

2.75 - 6.55%
based on years of service

Investment Rate of Return

7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Public Employees' Retirement System (PERS) (Continued)

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

The following presents the Charter School's proportionate share of the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Charter School's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Measurement Date June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ 640,989	\$ 498,938	\$ 378,047

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions.

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

Vesting and Benefit Provisions

The vesting and benefit provision are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested of 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts. The following represents the membership tiers for TPAF:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2022, the State’s pension contribution was less than the actuarially determined amount.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

Contributions (Continued)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the Charter School must disclose the portion of the Charter School’s total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$71,799 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$695,942.

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

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

At June 30, 2023, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

Charter School's Proportionate Share of the Net Pension Liability	\$	-
State of New Jersey 's Proportionate Share of the Net Pension Liability Associated with the Charter School		8,579,343
Total	\$	8,579,343

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. For the June 30, 2022 measurement date, the Charter School’s proportion of the net pension liability was based on a projection of the Charter School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

At June 30, 2022, Charter School’s proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2022 measurement date, the State’s proportionate share of the TPAF net pension liability associated with the Charter School was 0.0166284326%, which was a decrease of 0.0017217456% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the Charter School recognized \$230,894 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

The State reported the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 3,013,097,864	\$19,441,140,477
Difference Between Expected and Actual Experience	699,820,974	122,664,916
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,172,371,073	-
	\$ 4,885,289,911	\$ 19,563,805,393

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	8.50 years
June 30, 2015	8.30 years	-
June 30, 2016	-	8.30 years
June 30, 2017	8.30 years	-
June 30, 2018	8.29 years	-
June 30, 2019	-	8.04 years
June 30, 2020	-	7.99 years
June 30, 2021	7.93 years	-
June 30, 2022	-	7.83 years
Changes in Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	8.50 years	-
June 30, 2015	8.30 years	-
June 30, 2016	8.30 years	-
June 30, 2017	-	8.30 years
June 30, 2018	-	8.29 years
June 30, 2019	-	8.04 years
June 30, 2020	7.99 years	-
June 30, 2021	-	7.93 years
June 30, 2022	7.83 years	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	5.00 years	-
June 30, 2018	5.00 years	-
June 30, 2019	5.00 years	-
June 30, 2020	5.00 years	-
June 30, 2021	5.00 years	-
June 30, 2022	5.00 years	-

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. 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:

2.75% - 5.65%
based on years of service

Investment Rate of Return

7.00%

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 01, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

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

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2022, the pension plans measurement date, attributable to the Charter School is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Charter School, using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	Measurement Date June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability Associated with the Charter School	10,075,483	8,593,006	7,344,207
	\$ 10,075,483	\$ 8,593,006	\$ 7,344,207

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

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

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and additions to/deductions from TPAF's fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at www.nj.gov/treasury/pensions.

C. Defined Contribution Retirement Program (DCRP)

Plan Description

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually (The minimum salary in 2019 is \$8,400 and is subject to adjustment in future years); and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually. The minimum number of hours is 32 hours per week for local education employees.

Vesting and Benefit Provisions

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6: PENSION PLANS

Defined Contribution Retirement Program (DCRP) (Continued)

Contributions

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

For the fiscal year ended June 30, 2023, employee contributions totaled to \$4,362, and the Charter School recognized pension expense, which equaled the required contributions of \$3,212.

NOTE 7: POST-RETIREMENT BENEFITS

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Annual Comprehensive Financial Report effective for the fiscal year ended June 30, 2022. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Plan Description and Benefits Provided (Continued)

Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	-
Total Plan Members	364,817

Measurement Focus and Basis of Accounting

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

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50,646,462,966, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuation as of June 30, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a nonemployer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund-Local Education Retired for retirees' post-retirement benefits on behalf of the Charter School for the fiscal years ended June 30, 2023, 2022, and 2021 were \$169,438, \$162,192, and \$170,345, respectively, which equaled the required contributions for each year.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Post-Retirement Medical Benefits Contributions (Continued)

The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Charter School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 01, 2021 through June 30, 2022. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the Charter School is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the Charter School. Accordingly, the Charter School's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the Charter School. Therefore, in addition, the Charter School does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan. At June 30, 2022, 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	\$ 9,042,402,619	\$ 15,462,950,679
Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumptions Changes	8,765,620,577	17,237,289,230
Sub Total	17,808,023,196	32,700,239,909
Contributions Made in Fiscal Year Ending 2022 After June 30, 2021 Measurement Date	TBD	Not Available
Total	\$17,808,023,196	\$ 32,700,239,909

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

Measurement Period Ending June 30,	Total
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Total Thereafter	(3,921,361,006)
	\$ (14,892,216,713)

For the fiscal year ended June 30, 2023, the Charter School recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$417,342. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2023, the State's proportionate share of the OPEB liability attributable to the Charter School is \$2,437,903. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the Charter School was 0.0048135701%, which was a decrease of 0.0006017260% from its proportionate share measured as of June 30, 2021 of 0.0054152961%.

Actuarial Assumptions

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

Total Nonemployer OPEB Liability \$50,646,462,966

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on service years	2.75 - 6.55% based on service years	3.25 - 16.25% based on service years

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

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

100% of active members are considered to participate in the plan upon retirement.

Health Care Trend Assumption

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2023	June 30, 2022	3.54%
2022	June 30, 2021	2.16%

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the Charter School for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	<u>Charter School's Total OPEB Liability (State Share 100%)</u>	<u>State of New Jersey's Total OPEB Liability</u>
Balance at June 30, 2021 Measurement Date	\$ 3,249,592	\$ 60,007,650,970
Changes Recognized for the Fiscal Year:		
Service Cost	581,773	2,770,618,025
Interest on Total OPEB Liability	64,607	1,342,187,139
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experiences	(742,138)	1,399,200,736
Effect of Changes of Assumptions	(653,989)	(13,586,368,097)
Contributions - Employees	2,053	(1,329,476,059)
Gross Benefits Paid by the State	(63,995)	42,650,252
Net Changes	<u>(811,689)</u>	<u>(9,361,188,004)</u>
Balance at June 30, 2022 Measurement Date	<u>\$ 2,437,903</u>	<u>\$ 50,646,462,966</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022.

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7: POST-RETIREMENT BENEFITS (CONTINUED)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the Charter School calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the Charter School that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 2,865,499	\$ 2,437,903	\$ 2,095,207

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Allocable to the Charter School and the responsibility of the State)	\$ 2,015,076	\$ 2,437,903	\$ 2,993,312

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the Charter School at June 30, 2022 were not provided by the pension system.

NOTE 8: RISK MANAGEMENT

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

**QUEEN CITY ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

NOTE 9: FUND BALANCE APPROPRIATED

General Fund

Of the \$6,451,999 General Fund balance in the fund financial statements at June 30, 2023, \$6,361,926 is unreserved and undesignated. Of the remaining General Fund balance, \$75,000 is Reserved for Escrow, \$11,895 is Reserved for Encumbrances, and \$3,178 for Unemployment Compensation.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

QUEEN CITY ACADEMY CHARTER SCHOOL
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2023

C-1
 Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Equalization Aid - Local Share - Charter School Aid	\$ 964,065	\$ -	\$ 964,065	\$ 912,656	\$ (51,409)
Total Local Sources	964,065	-	964,065	912,656	(51,409)
Categorical Aid:					
Equalization Aid - State Share - Charter School Aid	5,156,293		5,156,293	5,072,630	(83,663)
Special Education	192,679		192,679	184,067	(8,612)
Security Aid	182,053		182,053	179,842	(2,211)
Total Categorical Aid	5,531,025	-	5,531,025	5,436,539	(94,486)
Federal Sources:					
E-Rate Funding				42,866	42,866
Total Federal Sources	-	-	-	42,866	42,866
Other Sources:					
Interest Income				54,300	54,300
Miscellaneous Revenue				987,978	987,978
Other Restricted Miscellaneous Revenue				36 *	36
On-Behalf TPAF Pension Aid (Non-Budgeted)				644,991	644,991
On-Behalf TPAF Post-Retirement Medical Aid (Non-Budgeted)				169,438	169,438
On-Behalf TPAF Long-Term Disability Aid (Non-Budgeted)				593	593
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				126,288	126,288
Total Other Sources	-	-	-	1,983,624	1,983,624
Total Revenues	6,495,090	-	6,495,090	8,375,685	1,880,595
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,455,600	(767,674)	1,687,926	1,649,499	38,427
Other Salaries for Instruction	29,369	2,653	32,022	22,140	9,882
Purchased Prof/Tech Services		567,000	567,000	464,577	102,423
Other Purchased Services	8,500	(8,500)	-	-	-
General Supplies	97,800	35,000	132,800	114,760	18,040
Textbooks	5,000	(5,000)	-	-	-
Miscellaneous	29,000	11,000	40,000	30,036	9,964
Total Instruction	2,625,269	(165,521)	2,459,748	2,281,012	178,736
Administration:					
Salaries - General Administration	15,000		15,000		15,000
Salaries of Principals	543,000	35,800	578,800	578,713	87
Salaries of Other Professional Staff	60,000		60,000	60,000	-
Salaries of Secretarial/Clerical Assistants	306,175	(32,700)	273,475	229,442	44,033
Total Benefits Cost	511,178	12,767	523,945	326,139	197,806
Purchases Prof/Tech Services	787,076	74,949	862,025	315,596	546,429
Communications/Telephone	44,480	17,600	62,080	53,043	9,037
Supplies and Materials	46,121	(10,000)	36,121	23,756	12,365
Interest on Current Loans	39,442	11,061	50,503	50,503	-
Miscellaneous Expenses	28,080		28,080	24,991	3,089
Total Administration	2,380,552	109,477	2,490,029	1,685,285	804,744

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

QUEEN CITY ACADEMY CHARTER SCHOOL
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2023

C-1
 Sheet 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 135,000	\$ -	\$ 135,000	\$ 121,726	\$ 13,274
Purchased Prof/Tech Services	169,022	600	169,622	108,677	60,945
Purchased Prof/Ed Services	179,000	85,000	264,000	71,723	192,277
Cleaning, Repair, and Maintenance Services	387,488	1,000	388,488	355,035	33,453
Rental of Land and Buildings	173,159	9,931	183,090	33,229	149,861
Other Purchased Services	17,000		17,000	2,289	14,711
Transportation-Other Than To/From School	23,200	2,000	25,200	23,649	1,551
Insurance for Property, Liability and Fidelity	73,428		73,428	47,185	26,243
Supplies and Materials	57,900	2,000	59,900	45,549	14,351
Energy Costs (Heat and Electricity)	112,811		112,811	57,905	54,906
Total Support Services	1,328,008	100,531	1,428,539	866,967	561,572
Capital Outlay:					
Purchased of Land/Improvements	2,385,000		2,385,000		2,385,000
Lease Purchase Agreements-Principal	71,769		71,769	197,525	(125,756)
Total Capital Outlay	2,456,769	-	2,456,769	197,525	2,259,244
On-Behalf TPAF Pension Contributions (Non-Budgeted)				644,991	(644,991)
On-Behalf TPAF Post-Retirement Medical Contributions (Non-Budgeted)				169,438	(169,438)
On-Behalf TPAF Long-Term Disability Contributions (Non-Budgeted)				593	(593)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				126,288	(126,288)
Total Expenditures	8,790,598	44,487	8,835,085	5,972,099	2,862,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,295,508)	(44,487)	(2,339,995)	2,403,586	4,743,581
OTHER FINANCING SOURCES (USES):					
Transfer to Cover Deficit		(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	-	(25,000)	(25,000)	(25,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,295,508)	(69,487)	(2,364,995)	2,378,586	4,743,581
FUND BALANCES, JULY 1	4,073,413	-	4,073,413	4,073,413	-
FUND BALANCE, JUNE 30	\$ 1,777,905	\$ (69,487)	\$ 1,708,418	\$ 6,451,999	\$ 4,743,581
RECAPITULATION:					
Restricted for:					
Encumbrances				\$ 11,895	
Charter School Escrow				75,000	
Unemployment Compensation				3,178	
Unassigned Fund Balance				6,361,926	
Fund Balance per Governmental Funds GAAP/Budgetary Basis				\$ 6,451,999	

* Include interest earnings on the unemployment compensation bank account

QUEEN CITY ACADEMY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ 45,104	\$ -	\$ 45,104	\$ 6,372	\$ (38,732) *
State	82,137		82,137		(82,137)
Federal	2,812,863		2,812,863	1,667,490	(1,145,373)
Total Revenues	2,940,104	-	2,940,104	1,673,862	(1,266,242)
EXPENDITURES:					
Instruction:					
Salaries	247,270		247,270	87,418	159,852
Purchased Prof/Tech Services	331,248		331,248	273,815	57,433
Other Purchased Services	156,979		156,979	21,646	135,333
General Supplies	138,866		138,866	10,388	128,478
Other Objects	45,926		45,926	5,774	40,152
Total Instruction	920,289	-	920,289	399,041	521,248
Support Services:					
Salaries	385,917		385,917	175,305	210,612
Personal Services - Employee Benefits	211,988		211,988	125,880	86,108
Purchased Prof/Ed Services	20,206		20,206	20,206	-
Other Purchased Prof/Tech Services	410,220		410,220	200,743	209,477
Other Purchased Services	9,075		9,075		9,075
Supplies and Materials	84,569		84,569	28,800	55,769
Miscellaneous Expenditures	2,406		2,406		2,406
Scholarships Awarded				250	(250) *
Student Activities				12,598	(12,598) *
Total Support Services	1,124,381	-	1,124,381	563,782	560,599
Facilities Acquisition and Construction Services:					
Buildings	730,329		730,329	637,655	92,674
Instructional Equipment	82,137		82,137		82,137
Non-Instructional Equipment	82,968		82,968	79,860	3,108
Total Facilities Acquisition and Construction Services	895,434	-	895,434	717,515	177,919
Total Expenditures	2,940,104	-	2,940,104	1,680,338	1,259,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(6,476)	(6,476)
Fund Balances, Beginning of Year	11,084	-	11,084	11,084	-
Fund Balances, End of Year	\$ 11,084	\$ -	\$ 11,084	\$ 4,608	\$ (6,476)
Recapitulation:					
Restricted:					
Scholarships				\$ 3,476	
Student Activities				1,132	
Total Fund Balance				\$ 4,608	

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

QUEEN CITY ACADEMY CHARTER SCHOOL
 Budgetary Comparison Schedule
 Budget To GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 8,375,685	[C-2] \$ 1,673,862
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(625,073)
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 8,375,685	[B-2] \$ 1,048,789
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 5,972,099	[C-2] \$ 1,680,338
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.		(625,073)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 5,972,099	[B-2] \$ 1,055,265

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charter School's proportion of the net pension liability	0.0032783484%	0.0035995573%	0.0036343540%	0.0028115398%	0.0037863551%	0.0035276697%	0.00259819568%	0.003850521%	0.0034858277%	0.0035910381%
Charter School's proportionate share of the net pension liability	\$ 494,753	\$ 426,422	\$ 592,668	\$ 506,597	\$ 745,514	\$ 821,183	\$ 769,511	\$ 864,439	\$ 672,341	\$ 666,211
Charter School's covered employees payroll (plan measurement period)	\$ 213,502	\$ 218,534	\$ 206,738	\$ 263,794	\$ 233,810	\$ 190,135	\$ 249,099	\$ 254,826	\$ 187,326	\$ 254,826
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	231.73%	195.13%	286.68%	192.04%	318.85%	431.89%	308.92%	339.23%	358.91%	261.44%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 41,342	\$ 42,155	\$ 39,758	\$ 27,348	\$ 37,662	\$ 32,680	\$ 23,082	\$ 33,107	\$ 26,265	\$ 29,604
Contributions in relation to the contractually required contribution	(43,669)	(44,574)	(42,130)	(29,833)	(40,300)	(32,680)	(23,082)	(33,107)	(26,265)	(28,479)
Contribution deficiency/(excess)	\$ (2,327)	\$ (2,419)	\$ (2,372)	\$ (2,485)	\$ (2,638)	\$ -	\$ -	\$ -	\$ -	\$ 1,125
Charter School's covered employee payroll (fiscal year)	\$ 213,502	\$ 218,534	\$ 206,738	\$ 263,794	\$ 233,810	\$ 190,135	\$ 249,099	\$ 254,826	\$ 187,326	\$ 254,826
Contributions as a percentage of covered employee payroll	19.36%	19.29%	19.23%	10.37%	16.11%	17.19%	9.27%	12.99%	14.02%	11.62%

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

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability attributable of the Charter School	0.0166284326%	0.0183501782%	0.0171670829%	0.0174863986%	0.0200199808%	0.0159885239%	0.0156258186%	0.0145850281%	0.0137985006%	0.0153226784%
Charter School's proportionate share of the net pension liability attributable to the Charter School	\$ 8,579,343	\$ 8,821,883	\$ 11,304,318	\$ 10,731,568	\$ 12,736,282	\$ 10,780,039	\$ 12,292,264	\$ 9,218,361	\$ 8,189,473	\$ 6,973,654
Charter School's covered employees payroll (plan measurement period)	\$ 1,655,436	\$ 1,673,749	\$ 1,846,508	\$ 1,814,115	\$ 1,842,198	\$ 1,702,214	\$ 1,870,182	\$ 1,437,206	\$ 1,509,196	\$ 1,437,206
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	518.25%	527.07%	612.20%	591.56%	691.36%	633.30%	657.28%	641.41%	542.64%	485.22%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

Total Non-Employer OPEB Liability-State's Proportionate Share of the Total OPEB Liability Associated with the Charter School	Fiscal Year Ending June 30,						
	2023	2022	2021	2020	2019	2018	2017
OPEB Liability at Beginning of Measurement Period	\$ 3,249,592	\$ 3,891,756	\$ 2,203,573	\$ 2,475,013	\$ 3,612,621	\$ 3,687,970	\$ -
Changes Recognized for the Fiscal Year:							
Service Cost	581,773	776,731	359,079	353,178	414,803	500,842	Not Available
Interest on Total OPEB Liability	64,607	84,298	88,553	108,193	143,048	118,241	Not Available
Effect on Changes of Benefit Terms	-	(3,459)	-	-	-	-	Not Available
Differences Between Expected and Actual Experience	(742,138)	(1,438,692)	595,359	(700,028)	(1,347,545)	-	Not Available
Effect on Changes of Assumptions	(653,989)	3,206	710,890	32,855	(284,020)	(613,837)	Not Available
Contributions from the Employees	2,053	2,155	2,054	2,005	2,287	3,081	Not Available
Gross Benefit Paid by the State	(63,995)	(66,403)	(67,752)	(67,643)	(66,181)	(83,676)	Not Available
Net Changes	(811,689)	(642,164)	1,688,183	(271,440)	(1,137,608)	(75,349)	-
OPEB Liability at the End of Measurement Period	\$ 2,437,903	\$ 3,249,592	\$ 3,891,756	\$ 2,203,573	\$ 2,475,013	\$ 3,612,621	\$ 3,687,970

Charter School's Proportionat Share of the Total OPEB Liability	0.0048135701%	0.0054152961%	0.0057392098%	0.0052806651%	0.0053675304%	0.0067349583%	0.0063770640%
Charter School's Covered Employees Payroll	\$ 1,868,938	\$ 1,892,283	\$ 2,053,246	\$ 2,077,909	\$ 2,076,008	\$ 1,892,349	\$ 2,119,280
Total Charter School's OPEB Liability as a Percentage of Covered Employee Payroll	130.44%	171.73%	189.54%	106.05%	119.22%	190.91%	174.02%
Charter School's Contributions	None	None	None	None	None	None	None

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

QUEEN CITY ACADEMY CHARTER SCHOOL
Notes to Required Supplementary Information
Public Employees Retirement System
For Fiscal Year Ended June 30, 2023

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022. Please see Note 6 for details of assumptions used in calculating the net pension liability and statutorily required employer contribution.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. Please see Note 7 for details of assumptions used in calculating the OPEB liability.

QUEEN CITY ACADEMY CHARTER SCHOOL
Notes to Required Supplementary Information
Teachers Pension and Annuity Fund
For Fiscal Year Ended June 30, 2023

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

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 7.00% as of June 30, 2021 to 7.00% as of June 30, 2022. Please see Note 6 for details of assumptions used in calculating the net pension liability and statutorily required employer contribution.

NET OPEB LIABILITY (SCHEDULE M-1)

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. Please see Note 7 for details of assumptions used in calculating the OPEB liability.

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 expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

QUEEN CITY ACADEMY CHARTER SCHOOL

Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	ESSA Title I	I.D.E.A. Part B	ESSA Title II Part A	ESSA Title IV	NJCPSA Federal CSP	ESSER II CRRSA	ESSER II Language Acceleration
REVENUE SOURCES:							
Local	\$ 226,142	\$ -	\$ 20,206	\$ -	\$ -	\$ -	\$ -
Federal		135,327		18,713	554,469	400,290	217
Total Revenues	226,142	135,327	20,206	18,713	554,469	400,290	217
EXPENDITURES:							
Instruction:							
Salaries	87,418						
Purchased Prof/Tech Services	100,929	133,376		10,154			
Other Purchased Services					17,048		
General Supplies	305	1,951		3,704			217
Other Objects	5,774						
Total Instruction	194,426	135,327	-	13,858	17,048	-	217
Support Services:							
Salaries					169,695		
Personal Services - Employee Benefits	31,716				93,735		
Purchased Prof/Ed Services			20,206				
Other Purchased Prof/Tech Services					173,175		
Supplies and Materials				4,855	20,956		
Scholarships Awarded							
Student Activities							
Total Support Services	31,716	-	20,206	4,855	457,561	-	-
Facilities Acquisition and Construction Services:							
Buildings						400,290	
Non-Instructional Equipment					79,860		
Total Facilities Acquisition and Construction Services	-	-	-	-	79,860	400,290	-
Total Expenditures	226,142	135,327	20,206	18,713	554,469	400,290	217
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	-	-	-	-	-	-	-

QUEEN CITY ACADEMY CHARTER SCHOOL

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	ESSER II Mental Health	ESSER III ARP	ESSER III Beyond School Day	Scholarship Fund	Student Activity	Grand Total
REVENUE SOURCES:						
Local	-	-	-	41	6,331	6,372
Federal	6,976	304,675	475			1,667,490
Total Revenues	6,976	304,675	475	41	6,331	1,673,862
EXPENDITURES:						
Instruction:						
Salaries						87,418
Purchased Prof/Tech Services		29,356				273,815
Other Purchased Services		4,598				21,646
General Supplies		3,736	475			10,388
Other Objects						5,774
Total Instruction	-	37,690	475	-	-	399,041
Support Services:						
Salaries	5,610					175,305
Personal Services - Employee Benefits	429					125,880
Purchased Prof/Ed Services						20,206
Other Purchased Prof/Tech Services	937	26,631				200,743
Supplies and Materials		2,989		250		28,800
Scholarships Awarded					12,598	250
Student Activities						12,598
Total Support Services	6,976	29,620	-	250	12,598	563,782
Facilities Acquisition and Construction Services:						
Buildings		237,365				637,655
Non-Instructional Equipment						79,860
Total Facilities Acquisition and Construction Services	-	237,365	-	-	-	717,515
Total Expenditures	6,976	304,675	475	250	12,598	1,680,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(209)	(6,267)	(6,476)
Fund Balance, July 1	-	-	-	3,685	7,399	11,084
Fund Balance, June 30	-	-	-	3,476	1,132	4,608

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the charter school’s board is that the costs of providing goods or services be financed through user charges.

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

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

SECTION I – LONG TERM DEBT

QUEEN CITY ACADEMY CHARTER SCHOOL
 Schedule of Notes Payable
 June 30, 2023

Issue	Date of Issue	Amount of Issue	Interest Rate	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
Mortgage	4/18/13	\$ 2,050,000	2.87%	\$ 1,485,382	-	\$ 91,839	\$ 1,393,543
Construction Loan	7/27/15	\$ 700,000	4.25%	85,372	-	85,372	-
				<u>\$ 1,570,754</u>	<u>-</u>	<u>\$ 177,211</u>	<u>\$ 1,393,543</u>

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

QUEEN CITY ACADEMY CHARTER SCHOOL
 Net Position by Component
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 1,383,638	\$ 1,376,607	\$ 1,423,507	\$ 1,450,220	\$ 1,483,181	\$ 1,531,547	\$ 1,462,062	\$ 1,023,477	\$ 489,014	\$ 492,256
Restricted	94,681	92,622	97,200	-	76,329	75,000	-	75,000	75,000	258,999
Unassigned	5,794,714	3,289,977	2,503,958	1,830,321	1,116,982	653,469	173,579	139,797	273,742	638,175
Total Governmental Activities Net Position	\$ 7,273,033	\$ 4,759,206	\$ 4,024,665	\$ 3,280,541	\$ 2,676,492	\$ 2,260,016	\$ 1,635,641	\$ 1,238,274	\$ 837,756	\$ 1,389,430
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,028	\$ 1,285	\$ 1,542	\$ 1,799	\$ 2,056	\$ 2,313	\$ -	\$ -	\$ 521	\$ 521
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	1,028	30,061	17,098	14,621	17,673	8,892	22,432	8,752	7,838	7,838
Total Business-Type Activities Net Position	\$ 2,050	\$ 31,346	\$ 18,640	\$ 16,420	\$ 19,729	\$ 11,205	\$ 22,432	\$ 8,752	\$ 8,359	\$ 8,359
Charter School-wide										
Net Investment in Capital Assets	\$ 1,384,666	\$ 1,377,892	\$ 1,425,049	\$ 1,452,019	\$ 1,485,237	\$ 1,533,860	\$ 1,462,062	\$ 1,023,477	\$ 489,535	\$ 492,777
Restricted	94,681	92,622	97,200	-	76,329	75,000	-	75,000	75,000	258,999
Unassigned	5,795,736	3,320,038	2,521,056	1,844,942	1,134,655	662,361	196,011	148,549	281,580	646,013
Total Charter School-wide Activities Net Position	\$ 7,275,083	\$ 4,790,552	\$ 4,043,305	\$ 3,296,961	\$ 2,696,221	\$ 2,271,221	\$ 1,658,073	\$ 1,247,026	\$ 846,115	\$ 1,397,789

Source: Annual Comprehensive Financial Report

QUEEN CITY ACADEMY CHARTER SCHOOL
 Changes in Net Position
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities										
Instruction	\$ 3,502,830	\$ 2,946,827	\$ 2,777,342	\$ 2,762,399	\$ 2,688,839	\$ 2,373,228	\$ 2,235,716	\$ 2,415,319	\$ 2,040,132	\$ 2,004,605
Administration	2,054,187	2,159,964	1,528,601	905,537	1,403,263	2,059,137	1,580,688	1,370,489	1,005,854	1,095,401
Support Services	1,488,716	1,663,892	862,430	762,290	1,057,796	654,577	683,206	670,867	567,190	559,380
Capital Outlay	92,412	126,726	109,273	(39,538)	2,683	-	-	700,000	154,017	271,256
Interest on Long-Term Debt	30,247	74,950	47,601	53,244	65,629	72,541	78,492	76,700	56,949	58,626
Unallocated Amortization	134,597	134,596	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	7,302,989	7,106,955	5,325,247	4,443,932	5,218,210	5,159,483	4,578,102	5,233,375	3,824,142	3,989,268
Business-Type Activities:										
Food Service	267,410	210,090	64,228	130,058	172,196	179,350	119,244	122,903	104,281	100,819
Total Business-Type Activities Expenses	267,410	210,090	64,228	130,058	172,196	179,350	119,244	122,903	104,281	100,819
Total Charter School Expenses	\$ 7,570,399	\$ 7,317,045	\$ 5,389,475	\$ 4,573,990	\$ 5,390,406	\$ 5,338,833	\$ 4,697,346	\$ 5,356,278	\$ 3,928,423	\$ 4,090,087
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 6,331	\$ 6,161	\$ 7,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	184,108	154,423	126,321	120,397	176,458	120,517	112,376	115,403	76,276	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Government Activities Expenses	190,439	160,584	134,310	120,397	176,458	120,517	112,376	115,403	76,276	-
Business-Type Activities										
Charges for Services	6,835	17	199	9,336	11,531	5,260	5,466	6,935	4,318	5,717
Operating Grants and Contributions	205,518	222,779	66,249	117,413	169,189	162,863	127,458	116,313	92,196	91,258
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	212,353	222,796	66,448	126,749	180,720	168,123	132,924	123,248	96,514	96,975
Total Charter School Program Revenues	\$ 402,792	\$ 383,380	\$ 200,758	\$ 247,146	\$ 357,178	\$ 288,640	\$ 245,300	\$ 238,651	\$ 172,790	\$ 96,975
Net (Expense)/Revenue										
Governmental Activities	(7,112,550)	(6,946,371)	(5,190,937)	(4,323,535)	(5,041,752)	(5,038,966)	(4,485,726)	(5,117,972)	(3,747,866)	(3,989,268)
Business-Type Activities	(65,057)	12,706	2,220	(3,309)	8,524	(11,227)	13,680	345	(7,767)	(3,844)
Total Charter School-wide Net Expense	(7,167,607)	(6,933,665)	(5,188,717)	(4,326,844)	(5,033,228)	(5,050,193)	(4,452,046)	(5,117,627)	(3,755,633)	(3,993,112)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Purposes	\$ 912,656	\$ 893,446	\$ 833,227	\$ 705,589	\$ 722,250	\$ 867,671	\$ 830,252	\$ 790,442	\$ 624,001	\$ 623,795
Federal and State Aid Not Restricted	7,696,407	6,697,651	4,996,681	4,250,983	4,726,484	4,758,536	4,032,485	4,721,742	3,207,165	3,285,815
Investment Earnings	54,300	545	517	299	661	553	356	314	214	85
Miscellaneous Income	988,014	89,270	15,561	45,713	8,833	36,581	-	5,992	1,419	12,577
Transfers	(25,000)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	9,626,377	7,680,912	5,845,986	5,002,584	5,458,228	5,663,341	4,863,093	5,518,490	3,832,799	3,922,272
Business-Type Activities:										
Investment Earnings	761	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	146	191
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	761	-	-	-	-	-	-	-	146	191
Total Charter School-wide	\$ 9,652,138	\$ 7,680,912	\$ 5,845,986	\$ 5,002,584	\$ 5,458,228	\$ 5,663,341	\$ 4,863,093	\$ 5,518,537	\$ 3,832,945	\$ 3,922,463
Change in Net Assets/Position										
Governmental Activities	\$ 2,513,827	\$ 734,541	\$ 655,049	\$ 679,049	\$ 416,476	\$ 624,375	\$ 397,367	\$ 400,518	\$ 84,933	\$ (66,996)
Business-Type Activities	(29,296)	12,706	2,220	(3,309)	8,524	(11,227)	13,680	392	(7,621)	(3,653)
Total Charter School	\$ 2,484,531	\$ 747,247	\$ 657,269	\$ 675,740	\$ 425,000	\$ 613,148	\$ 411,047	\$ 400,910	\$ 77,312	\$ (70,649)

Source: Annual Comprehensive Financial Report

QUEEN CITY ACADEMY CHARTER SCHOOL

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund	\$ 90,073	\$ 81,538	\$ 81,888	\$ 75,000	\$ 76,329	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ 258,999
Restricted	6,361,926	3,991,875	3,274,375	2,632,917	1,941,654	1,589,222	1,104,897	922,759	1,004,987	696,801
Unassigned	6,451,999	4,073,413	3,356,263	2,707,917	2,017,983	1,664,222	1,104,897	997,759	1,079,987	955,800
Total General Fund	\$ 6,451,999	\$ 4,073,413	\$ 3,356,263	\$ 2,707,917	\$ 2,017,983	\$ 1,664,222	\$ 1,104,897	\$ 997,759	\$ 1,079,987	\$ 955,800
All Other Governmental Funds										
Restricted	\$ 4,608	\$ 11,084	\$ 15,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 4,608	\$ 11,084	\$ 15,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Local Sources:										
Local Tax Levy	\$ 912,656	\$ 893,446	\$ 833,227	\$ 705,589	\$ 722,250	\$ 867,671	\$ 830,252	\$ 790,442	\$ 624,001	\$ 623,795
Interest in Investments	54,300	661	49	299	661	553	356	314	214	85
Miscellaneous Revenue	994,350	98,471	23,800	45,713	8,833	36,581	-	5,992	1,419	12,577
Other Restricted Misc Revenue	36	-	-	-	-	-	-	-	-	-
State Sources	6,377,849	5,054,134	4,232,003	4,148,736	4,263,357	4,045,397	3,901,414	4,578,198	3,062,651	3,057,478
Federal Sources	1,085,283	1,066,238	485,734	222,644	284,097	249,236	243,447	258,947	220,790	233,572
Total Revenues	9,424,474	7,112,950	5,574,813	5,122,981	5,279,198	5,199,438	4,975,469	5,633,893	3,909,075	3,927,507
Expenditures										
Instruction	2,680,053	2,120,939	1,989,811	1,856,806	1,978,613	1,871,492	1,869,720	2,007,751	1,637,512	1,689,958
Administration	2,626,595	2,347,118	1,911,040	1,692,532	1,730,074	1,647,750	1,651,291	1,523,031	1,247,984	1,237,775
Support Services	1,430,749	1,603,408	806,781	721,354	1,012,174	907,025	908,762	860,525	686,818	668,807
Capital Outlay	289,967	866,832	213,949	440,460	(1,105,238)	213,846	271,256	1,324,814	212,574	271,256
Total Expenditures	7,027,364	6,938,297	4,921,581	4,711,152	3,615,623	4,640,113	4,701,029	5,716,121	3,784,888	3,867,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,397,110	174,653	653,232	411,829	1,663,575	559,325	274,440	(82,228)	124,187	59,711
Other Financing Sources (Uses)										
Lease Proceeds	-	538,385	-	-	-	-	-	-	-	-
Transfers to Cover Deficit	(25,000)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(25,000)	538,385	-	-	-	-	-	-	-	-
Net Change in Fund Balance	\$ 2,372,110	\$ 713,038	\$ 653,232	\$ 411,829	\$ 1,663,575	\$ 559,325	\$ 274,440	\$ (82,228)	\$ 124,187	\$ 59,711

Source: Annual Comprehensive Financial Report

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

Fiscal Year Ending June 30,	Interest	Miscellaneous Revenue	Total
2023	\$ 54,300	\$ 987,978	\$ 1,042,278
2022	545	80,345	80,890
2021	517	15,561	16,078
2020	299	33,748	34,047
2019	661	1,692	2,353
2018	553	11,216	11,769
2017	356	-	356
2016	314	5,992	6,306
2015	214	1,419	1,633
2014	85	6,577	6,662

Source: Annual Comprehensive Financial Report

OPERATING INFORMATION

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

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction	29	29	33	33	33	33	33	33	33	34
Administrative	5	5	3	3	3	3	3	3	3	3
Support Services	6	6	5	5	5	5	5	5	5	5
Food Service	2	2	1	1	1	1	1	1	1	1
Total	42	42	42	42	42	42	42	42	42	43

Source: Charter School Personnel Records

QUEEN CITY ACADEMY CHARTER 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		Percent Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2023	386	\$ 6,737,397	\$ 17,454	-7.14%	28	1:9	386.00	386.00	11.66%	100.00%
2022	323	6,071,465	18,797	28.97%	28	1:9	341.00	311.83	0.00%	91.45%
2021	323	4,707,632	14,575	10.57%	28	1:9	341.00	311.83	5.10%	91.45%
2020	324	4,270,692	13,181	-9.54%	28	1:9	323.60	308.16	0.00%	95.23%
2019	324	4,720,861	14,571	6.66%	28	1:9	323.60	308.16	0.00%	95.23%
2018	324	4,426,267	13,661	-0.08%	28	1:9	323.60	310.00	0.37%	95.80%
2017	324	4,429,773	13,672	0.88%	28	1:9	322.40	309.50	-0.12%	96.00%
2016	324	4,391,307	13,553	-5.53%	28	1:9	322.80	310.55	22.80%	96.21%
2015	249	3,572,314	14,347	-0.27%	24	1:9	249.20	232.50	-0.48%	93.30%
2014	250	3,596,540	14,386	0.22%	24	1:9	250.40	234.85	2.16%	93.79%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
324	324	324	324	324	324	324	324	252	260	260
386	324	324	324	324	324	324	324	252	252	252

Charter School Building

Lower School

Square Feet

Capacity (students)

Enrollment

Number of Schools at June 30, 2023

Lower School = 1

Upper School = 1

QUEEN CITY ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2023

COVERAGE	LIMITS	SUMMARY	DEDUCTIBLE
Package:	Covered	815 West 7th Street, Plainfield, NJ 07060	
NJSIG	Location		
07/01/2022-07/01/2023			
P801V			
\$23,020			
<u>Property</u>			
Building	\$ 5,936,000		\$ 1,000
Personal Property	650,000		1,000
Business Income/Tuition	500,000		1,000
Electronic Data Processing	450,000		1,000
<u>General Liability</u>			
Single Limit for Bodily Injury and Property Damage	6,000,000		
Products / Completed Operations Aggregate	6,000,000		
Annual Aggregate for Child Molestation / Sexual Abuse	6,000,000		
Personal Injury / Advertising Injury	6,000,000	each occurrence	
Employee Benefits Liability	6,000,000	each claim	1,000
Premise Medical Payments	5,000		
<u>Automobile Liability</u>			
Hired / Non Owed Automobile Limit	6,000,000		
<u>Crime</u>			
Faithful Performance	25,000		500
Forgery & Alteration	25,000		500
Money & Securities	25,000		500
Money Orders/Counterfeit	25,000		500
Computer Fraud	10,000		500
<u>Crisis Management</u>			
Ransom	1,000,000	each event	
In Transit / Delivery	1,000,000	each event	
Judgements, Settlements, and Defense	1,000,000	each event	
Death or Dismemberment	250,000	each person	
Disappearance	150,000	each person	
Child Abduction	1,000,000	each incident	
Hostage Crisis - Expenses	1,000,000	each event	
<u>Site Pollution</u>			
3rd Party Claims for Bodily Injury, Property Damage and Remediation Expenses / Aggregate	1,000,000		50,000
1st Party Remediation Expenses	1,000,000	each incident / aggregate	50,000
Emergency Response Expenses	1,000,000	each incident / aggregate	50,000
Disinfection Event Expenses	1,000,000	each incident / aggregate	50,000
<u>Active Assailant</u>			
Demolition and Rebuild Following an Active Assailant Incident	5,000,000	per occurrence / aggregate	w/ 25% or 75%
<u>Breazely Breach Response / Cyber Liability</u>			
Damages, Claims Expenses, Penalties and PCI Fines, Expenses and Costs Aggregate	2,000,000		10,000
Coverage for Privacy Breach Response Services - Notified Individuals	250,000		10,000
Coverage for Privacy Breach Response Services - Notified Individuals - Aggregate	2,000,000		10,000
Coverage for all Computer Expert Services, Legal Services, and Public Relations and Crisis Management Expenses	1,000,000		10,000

Source: Charter School's Records

QUEEN CITY ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2023

COVERAGE	LIMITS	SUMMARY	DEDUCTIBLE
<u>Breazely Breach Response / Cyber Liability (Continued)</u>			
Coverage for all Computer Expert Services, Legal Services, and Public Relations and Crisis Management Expenses - Aggregate	2,000,000		10,000
Notified Individuals Limit of Coverage - Aggregate	250,000		10,000
Notified Individuals Limit of Coverage - Aggregate	2,000,000		10,000
Fraudulent Instruction Coverage - Scheduled Insured	100,000	each claim	10,000
Fraudulent Instruction Coverage - Aggregate	250,000		10,000
Cyber Extortion Loss	1,000,000		10,000
Data Protection Loss	1,000,000		10,000
Public Official Bonds			
Western Surety			
07/01/2022-07/01/2023			
65546222			
\$700			
Board Secretary/BA	200,000	Christopher Lessard	1,000
Student Accident			
Berkeley Life and Health Insurance Company			
07/01/2022-07/01/2023			
T5MP-760008			
\$1,406			
Maximum Medical Benefit Amount - Enrolled Students	1,000,000		
Benefit Period	3 Years		
Accidental Death Dismemberment Benefits	10,000		
Accidental Death Dismemberment Benefits Aggregate	500,000		
Excess Medical Benefit Amount	5,000,000		25,000
Benefit Period	10 Years		
Accidental Death Dismemberment Benefits	10,000		
School Leaders E&O			
NJSIG			
07/01/2022-07/01/2023			
E801V			
\$15,763			
Coverage A	6,000,000	each loss	5,000
Coverage B	100,000	each loss	5,000
Coverage B	300,000	annual aggregate	
Worker's Compensation			
NJSIG			
	3,000,000	Each Accident	
	3,000,000	Each Employee	
	3,000,000	Policy Limit	
\$2,109			
\$3,864,175 School Prof and \$0 School Non-Prof with 0.8081 MOD			
Supplemental Indemnity			
NJSIG			
	Statutory	7-Day Waiting Period	
07/01/2022-07/01/2023			
6477-5774			
\$1,077			

Source: Charter School's Records

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

	2021 Audit	2022 Audit	2023 Audit	Source
Cash	3,249,875	3,803,489	4,579,251	Audit: Exhibit A-1
Current Assets (include cash)	3,674,257	5,128,184	6,799,864	Audit: Exhibit A-1
Current Liabilities	333,185	1,102,265	393,049	Audit: Exhibit A-1
Total Expenses	5,389,475	7,317,045	7,570,399	Audit: Exhibit A-2
Change in Net Position	657,269	747,247	2,484,531	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*	323.00	323.00	386.00	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)	364	364	364	March 30 Charter School Budget
<i>Complete section only if auditee has mortgage/note/bond payable:</i>				
Depreciation Expense	135,506	135,506	133,615	Auditor/Workpapers
Interest Expense	47,601	44,065	7,145	Auditor/Workpapers
Principal Payments	108,793	88,606	177,211	Auditor/Workpapers
Interest Payments	-	30,885	23,102	Auditor/Workpapers

Performance Indicators	2021	2022	2023	3 YR CUM	Calculation****	Target***
Near Term Indicators						
1a. Current Ratio (working capital ratio)	11.03	4.65	17.30		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b. Unrestricted days cash on hand	220	190	221		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c. Enrollment Variance	89%	89%	106%	95%	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	791,966	553,614	775,762	2,121,342	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b Debt Service Coverage Ratio	7.72	7.76	13.11		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
 *** 2023 =2023 Cash -2022 Cash; 2022 =2022 Cash -2021 Cash; 2021 =2021 Cash -2020 Cash
 **** Refer to NJ Performance Framework

Meets Standard
 Does Not Meet Standard
 Falls Far Below Standard

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Queen City Academy Charter School (Charter School), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2023.

Report on Internal Control over Financial Reporting

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

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

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


Report on Compliance and Other Matters

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

Purpose of this Report

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


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants


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

Union, New Jersey
December 5, 2023

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY U.S.
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the compliance of the Queen City Academy Charter School (Charter School), in the County of Union, State of New Jersey, with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2023. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Queen City Academy Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Queen City Academy Charter School's compliance with the requirements of each major federal and state program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purposes.


BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



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

Union, New Jersey
December 5, 2023

QUEEN CITY ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALCFDA Number	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022	Carryover/ (Valkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2023 Unexpended Revenue	Due to Grantor
General Fund:														
U.S. Department of Federal Communications Commission														
Universal Service Fund - Schools and Libraries (E-Rate)	32.004		N/A	\$ 42,866	7/1/22 6/30/23	\$ -	-	\$ 42,866	\$ (42,866)	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund								42,866	(42,866)	-	-	-	-	-
Special Revenue Fund:														
U.S. Department of Education														
Passed-through State Department of Education														
Every Student Succeeds Act Cluster														
Title I Part A	84.010	S010A220030	ESSA - 7600 - 23	226,142	7/1/22 9/30/23	-	-	13,525	(226,142)	-	(212,617)	-	-	-
Title I Part A Carryover	84.010	S010A210030	ESSA - 7600 - 22	150,976	7/1/21 9/30/22	(57,279)	-	57,279	-	-	-	-	-	-
Title III Carryover	84.365	S365A210030	ESSA - 7600 - 22	21,239	7/1/21 9/30/22	(3,250)	-	3,250	-	-	-	-	-	-
Title II Part A SEA	84.367A	S367A220029	ESSA - 7600 - 23	20,206	7/1/22 9/30/23	-	-	4,015	(20,206)	-	(16,191)	-	-	-
Title II Part A SEA Carryover	84.367A	S367A210029	ESSA - 7600 - 22	15,193	7/1/21 9/30/22	(7,985)	-	7,985	-	-	-	-	-	-
Title II Part A SEA Carryover	84.367A	S367A200029	ESSA - 7600 - 21	13,864	7/1/20 6/30/21	1,500	-	-	-	(1,500)	-	-	-	-
Title IV Carryover	84.424A	S424A220031	ESSA - 7600 - 23	18,713	7/1/22 9/30/23	-	-	3,825	(18,713)	-	(18,713)	-	-	-
Title IV Carryover	84.424A	S424A210031	ESSA - 7600 - 22	10,659	7/1/21 9/30/22	(3,825)	-	89,879	(265,061)	(1,500)	(247,521)	-	-	-
Total Every Student Succeeds Act Cluster								189,879	(428,666)	(1,500)	(428,666)	-	-	-
Special Education Cluster:														
IDEA - Part B Basic														
IDEA - Part B Basic	84.027A	H027A220100	IDEA - 7600 - 23	135,327	7/1/22 9/30/23	-	-	10,121	(135,327)	-	(135,327)	-	-	-
IDEA - Part B Basic Carryover	84.027A	H027A210100	IDEA - 7600 - 22	68,726	7/1/21 9/30/22	(10,121)	-	10,121	-	-	-	-	-	-
ARP I.D.E.A. Basic	84.027X	H027X210100	IDEA - 7600 - 22	18,548	3/1/21 9/30/24	(5,576)	-	10,121	(135,327)	-	(5,576)	(140,903)	-	-
Total Special Education Cluster								20,242	(470,654)	-	(140,903)	-	-	-
Other Special Revenue Funds:														
Public Charter Schools (NJCPSA Federal CSP)	84.282	U282A220015	N/A	827,127	9/1/22 8/31/23	-	-	153,128	(584,469)	-	(401,341)	-	-	-
Public Charter Schools (NJCPSA Federal CSP)	84.282	U282A210015	N/A	1,041,750	9/1/21 8/31/22	(255,698)	-	255,698	-	-	-	-	-	-
CARES ESSER I Fund	84.425D	S425D200027	N/A	28,891	3/1/20 9/30/22	(1,224)	-	1,224	-	-	-	-	-	-
CRRSA ESSER II Fund	84.425D	S425D210027	N/A	400,290	3/1/21 9/30/24	(22,911)	-	185,689	(400,290)	-	(214,401)	-	-	-
CRRSA ESSER II Fund	84.425D	S425D200027	N/A	549,669	3/1/21 9/30/24	-	-	22,911	(217)	-	(17,822)	-	-	-
CRRSA ESSER II Fund Learning Acceleration	84.425D	S425D210027	N/A	2,136	3/1/21 9/30/24	-	-	217	(217)	-	-	-	-	-
CRRSA ESSER II Fund Learning Acceleration	84.425D	S425D200027	N/A	40,000	3/1/21 9/30/24	(17,822)	-	6,976	(6,876)	-	(39,597)	-	-	-
CRRSA ESSER II Fund Mental Health	84.425D	S425D210027	N/A	92,465	3/1/22 9/30/24	-	-	265,078	(304,675)	-	(39,597)	-	-	-
ARP ESSER Fund	84.425U	S425U200027	N/A	1,073,639	3/1/22 9/30/24	(129,186)	-	129,186	-	-	-	-	-	-
ARP ESSER Fund Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/1/22 9/30/24	-	-	(475)	(475)	-	(475)	-	-	-
ARP ESSER Fund Evidence Based Comprehensive Beyond the School Day	84.425U	S425U200027	N/A	40,000	3/1/22 9/30/24	(404)	-	-	-	-	(404)	-	-	-
ARP ESSER Fund NJTSS Mental Health Support Staffing	84.425U	S425U200027	N/A	45,000	3/1/22 9/30/24	(428,116)	-	1,020,307	(1,267,102)	-	(674,911)	-	-	-
Total Other Special Revenue Funds								1,120,307	(1,687,490)	(1,500)	(1,063,339)	-	-	-
Total Special Revenue Fund								1,120,307	(1,687,490)	(1,500)	(1,063,339)	-	-	-
Enterprise Fund:														
U.S. Department of Agriculture														
Passed-through State Department of Education														
Child Nutrition Program Cluster														
School Breakfast Program	10.553	231NJ304N1199	N/A	53,098	7/1/22 6/30/23	-	-	38,591	(53,098)	-	(14,507)	-	-	-
School Breakfast Program	10.553	221NJ304N1099	N/A	46,303	6/30/22	(9,190)	-	9,190	-	-	-	-	-	-
National School Lunch Program - Cash Assistance	10.555	144.387	N/A	144,387	7/1/22 6/30/23	-	-	104,252	(144,387)	-	(40,135)	-	-	-
National School Lunch Program - Cash Assistance	10.555	221NJ304N1099	N/A	173,965	7/1/21 6/30/22	(34,507)	-	34,507	-	-	-	-	-	-
Total Enterprise Fund U.S. Department of Agriculture								186,540	(197,485)	-	(54,642)	-	-	-
Total Federal Financial Awards								1,349,713	(1,907,841)	(1,500)	(1,117,977)	-	-	-

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Years Balance	Balance at June 30, 2023		MEMO
			From	To	Reverend (Accounts Receivable)	Due to Grantor					Unearned/ Incentive Payable	Due to Grantor	
State Department of Education													
General Fund:													
State Aid-Public Cluster:													
Equalization Aid - State Share - Charter School Aid	23-495-034-5120-071	\$ 5,072,630	7/1/22	6/30/23	\$ -	\$ -	\$ 5,072,630	\$ (5,072,630)	\$ -	\$ -	\$ -	\$ -	\$ 5,072,630
Special Education Categorical Aid	23-495-034-5120-089	184,067	7/1/22	6/30/23	-	-	184,067	(184,067)	-	-	-	-	184,067
Security Aid	23-495-034-5120-084	179,842	7/1/22	6/30/23	-	-	179,842	(179,842)	-	-	-	-	179,842
Total State Aid-Public Cluster							5,436,539	(5,436,539)	-	-	-	-	5,436,539
Other General Funds:													
On-Behalf TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	169,438	7/1/22	6/30/23	-	-	169,438	(169,438)	-	-	-	-	169,438
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	644,991	7/1/22	6/30/23	-	-	644,991	(644,991)	-	-	-	-	644,991
Reimbursed TPAF - Social Security	23-495-034-5094-003	126,288	7/1/22	6/30/23	(6,005)	-	119,484	(126,288)	-	-	(6,804)	-	126,288
On-Behalf TPAF - Social Security	22-495-034-5094-003	129,503	7/1/21	6/30/22	-	-	6,005	(593)	-	-	-	-	593
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	593	7/1/22	6/30/23	(6,005)	-	940,571	(94,310)	-	-	(6,804)	-	941,310
Total Other General Funds							6,377,050	(6,377,849)	-	-	(6,804)	-	6,377,849
Total General Fund							55,513	55,513	-	-	55,513	-	-
Special Revenue Fund:							26,624	26,624	-	-	26,624	-	-
SDA Grant Emergent Needs and Capital Maintenance	23-100-034-5120-519	55,513	7/1/22	6/30/23	-	-	-	-	-	-	-	-	-
SDA Grant Emergent Needs and Capital Maintenance	22-100-034-5120-519	26,624	7/1/21	6/30/22	26,624	-	-	-	-	-	-	-	-
Total Special Revenue Fund							55,513	55,513	-	-	82,137	-	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch and Lunch Reduced Supplement Programs (State Share)	23-100-010-3350-023	4,739	7/1/22	6/30/23	(794)	-	3,390	(4,739)	-	-	(1,349)	-	1,349
National School Lunch Program (State Share)	22-100-010-3350-023	3,491	7/1/21	6/30/22	-	-	794	-	-	-	-	-	-
National School Breakfast/Afterlunch Supplement and Reduced Supplement Programs (State Share)	23-100-010-3350-023	3,294	7/1/22	6/30/23	-	-	2,350	(3,294)	-	-	(944)	-	944
Total Enterprise Fund							6,534	(6,033)	-	-	(2,293)	-	2,293
Total State Financial Assistance							19,825	19,825	19,825	19,825	19,825	19,825	19,825
State Financial Assistance Not Subject to Major Program Determination:													
On-Behalf TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	169,438	7/1/22	6/30/23	-	-	169,438	(169,438)	-	-	-	-	(169,438)
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	644,991	7/1/22	6/30/23	-	-	644,991	(644,991)	-	-	-	-	(644,991)
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	593	7/1/22	6/30/23	-	-	(593)	593	-	-	-	-	(593)
Total On-Behalf TPAF Pension System Contributions							815,022	(815,022)	-	-	-	-	(815,022)
Total State Financial Assistance Subject to Major Program Determination							5,624,075	(5,570,860)	5,624,075	(5,570,860)	(9,097)	9,097	5,570,860

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP BASIC FINANCIAL STATEMENTS

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

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and \$625,073 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 follows:

	Federal	State	Total
General Fund	\$ 42,866	\$ 6,377,849	\$ 6,420,715
Special Revenue Fund	1,042,417	-	1,042,417
Food Service Fund	197,485	8,033	205,518
Total Awards & Financial Assistance	\$1,282,768	\$ 6,385,882	\$ 7,668,650

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Queen City Academy Charter School has no loan balances outstanding at June 30, 2023.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2023. 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, 2023.

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

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2023

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

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

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 226,142
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>20,206</u>
 Total	 <u>\$ 246,348</u>

NOTE 9. DE MINIMIS INDIRECT COST RATES

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

NOTE 10. MAJOR PROGRAMS

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

QUEEN CITY ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance? _____ Yes X No

Identification of major federal programs:

AL Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.282	U282A220015	Public Charter Schools (NJCPSA Federal CSP)
84.425D	S425D210027	EDUCATION STABILIZATION FUND: CRRSA ESSER II Fund
84.425D	S425D210027	CRRSA ESSER II Fund Learning Acceleration
84.425D	S425D210027	CRRSA ESSER II Fund Mental Health
84.425U	S425U210027	ARP ESSER Fund
84.425U	S425U210027	ARP ESSER Fund Evidence Based Comprehensive Beyond the School Day

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

Auditee qualified as low-risk auditee? X Yes _____ No

QUEEN CITY ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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 No

Internal control over major programs:

 1) Material weakness(es) identified? Yes No

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

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 15-08-OMB, as applicable? Yes No

Identification of major state programs:

GMIS Number(s)	Name of State Program
	STATE AID-PUBLIC CLUSTER:
23-495-034-5120-071	Equalization Aid - State Share - Charter School Aid
23-495-034-5120-089	Special Education Categorical Aid
23-495-034-5120-084	Security Aid

QUEEN CITY ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Findings – N/A

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in the Uniform Guidance audit.

Finding

There were no matters reported.

Section III – Schedule of Federal and State Award Findings and Questioned Costs – N/A

This section identifies audit findings required to be reported by Title 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ OMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

QUEEN CITY ACADEMY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2023

STATUS OF PRIOR-YEAR FINDINGS – N/A

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 Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (511 (a)(b)) and NJ Circular 04-04-OMB and/or 15-08-OMB, as applicable.

Findings

There were no matters reported.