

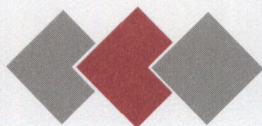
Hoboken Charter School
Auditors' Management Report
For the Fiscal Year Ended June 30, 2016



**Auditors' Management Report on Administrative Findings
Financial, Compliance and Performance
for the Hoboken Charter School**

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Certified Public Accountants & Forensic Consultants

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Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Hoboken Charter School
County of Hudson, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of the Hoboken Charter School in the County of Hudson for the year ended June 30, 2016 and have issued our report thereon dated November 16, 2016

As part of our audit, we performed procedures required by the New Jersey Department of Education and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Board of Trustees of the Hoboken Charter School's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Darren J. Fusaro, CPA
Licensed Public School Accountant
No. CS 00237100
McIntee Fusaro Del Corral, LLC
Fairfield, New Jersey

November 16, 2016

**Hoboken Charter School
Auditors' Management Report
For Fiscal Year Ended June 30, 2016**

Administrative Findings – Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees and the records of the various funds under the auspices of the Board of Trustees.

1. Administrative Practices and Procedures

Insurance

Various liability, property damage, and fire insurance coverage was carried in the amounts as detailed in the Insurance Schedule contained in the Charter School's Comprehensive Annual Financial Report (CAFR). See Exhibit J-20.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Morton Marks	Business Administrator/Board Secretary	\$ 150,000
Marie Hersch	Treasurer	\$ 150,000

2. Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the designee in the Charter School and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2016 for proper classification of orders as reserve for encumbrances and accounts payable. There were no open purchase orders at year end.

Classification of Expenditures (General and Administrative)

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no transaction errors were noted.

Treasurer's Records

The treasurer's records contained cash reconciliations for the general operating account. All of the treasurer's records were in agreement with the records of the business office.

Board Secretary's Records

The Board acknowledges that the Board secretary's monthly reports are documented in the minutes.

The school also maintains a monthly and year-to-date report of all line item transfers in a format prescribed by the Commissioner and approved by the County Superintendent.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and Title II of the E.S.E.A. as amended and re-authorized.

Other Special Federal and/or State Projects

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year (project period) for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position and results pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements (electronic, but Charter Schools can print out the DOENET screen for an auditor) filed with the Department of Education for Charter School employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Unemployment Contributions

The Charter School pays unemployment contributions on taxable wages on a quarterly basis.

3. School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law requiring bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800 for 2015-16.

The Charter School board of trustees has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

4. Charter School Enrollment System/Charter School Aid

Our audit procedures included a test of enrollment information reported on October 15, 2015 and the last day of school for on-roll, special education, bilingual and low-income students. We did not have any findings based on our procedures.

5. School Food Service

The Hoboken Charter School is responsible for distributing and processing applications for free or reduced meals to the members of the Hoboken Charter School community.

Once processed, the Hoboken Charter School Student database is updated to reflect the lunch status of all of its students. In addition, copies of all applications designated “free,” “reduced,” or “denied” are retained by the Charter School.

The Charter School is contracting directly with an outside food vendor, Karson Foods, and pays them directly for the cost of providing food for the students.

Follow-Up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings and recommendations. Corrective action had been taken on all prior year recommendations and findings.

Acknowledgement

We received the complete cooperation of all the officials of the Charter School and we greatly appreciate the courtesies extended to the members of the audit team

Hoboken Charter School
 Application for Charter School Aid
 Enrollment Count as of October 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms		Verified # Days Enrolled		Special Ed & or Bilingual		Sample Verified Documentation		Verified # Days Service Provided		Low Income		Verified Documentation		Errors
			Errors	0.00%	Errors	0.00%	Errors	0.00%	Errors	0.00%	Errors	0.00%	Errors	0.00%	Errors	0.00%	
Kindergarten	22	11	11	0	11	0	1	1	1	0	1	0	0	1	0	0	0
One	22	12	12	0	12	0	1	1	1	0	1	0	0	0	0	0	0
Two	22	11	11	0	11	0	1	1	1	0	1	0	1	0	0	0	0
Three	23	12	12	0	12	0	2	2	2	0	2	0	0	0	0	0	0
Four	22	11	11	0	11	0	0	0	0	0	0	0	0	0	0	0	0
Five	22	11	11	0	11	0	1	1	1	0	1	0	0	2	0	2	0
Six	22	11	11	0	11	0	1	1	1	0	1	0	0	4	0	4	0
Seven	22	12	12	0	12	0	1	1	1	0	1	0	0	3	0	3	0
Eight	22	11	11	0	11	0	2	2	2	0	2	0	2	2	0	2	0
Nine	25	12	12	0	12	0	2	2	2	0	2	0	7	7	0	7	0
Ten	25	13	13	0	13	0	5	5	5	0	5	0	11	11	0	11	0
Eleven	25	14	14	0	14	0	4	4	4	0	4	0	13	13	0	13	0
Twelve	24	13	13	0	13	0	2	2	2	0	2	0	10	10	0	10	0
Total	298	154	154	0	154	0	23	23	23	0	23	0	54	54	0	54	0
Percentage			0.00%		0.00%		0.00%	0.00%	0.00%		0.00%		0.00%	0.00%		0.00%	0.00%

Hoboken Charter School
 Application for Charter School Aid
 Enrollment Count as of Last Day of School Year 2016

SCHEDULE OF AUDITED ENROLLMENTS

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms		Verified # Days Enrolled	Errors	Special Ed & or Bilingual	Sample		Verified Documentation	Errors	Verified # Days Service Provided	Errors	Low Income	Verified Documentation	Errors
			Errors	Documentation				Documentation	Errors							
Kindergarten	22	12	12	0	12	0	0	0	0	0	0	0	0	0	0	0
One	22	10	10	0	10	0	0	0	0	0	0	0	0	0	0	0
Two	22	11	11	0	11	0	0	0	0	0	0	0	0	0	0	0
Three	23	11	11	0	11	0	2	2	0	0	0	2	0	0	0	0
Four	22	11	11	0	11	0	2	2	0	0	0	2	0	0	0	0
Five	22	11	11	0	11	0	4	4	0	0	0	4	0	0	0	0
Six	22	11	11	0	11	0	1	1	0	0	0	1	0	0	0	0
Seven	22	11	11	0	11	0	1	1	0	0	0	1	0	0	0	0
Eight	22	11	11	0	11	0	1	1	0	0	0	1	0	0	0	0
Nine	25	13	13	0	13	0	2	2	0	0	0	2	0	8	0	0
Ten	25	13	13	0	13	0	0	0	0	0	0	0	0	9	0	0
Eleven	25	13	13	0	13	0	4	4	0	0	0	4	0	12	0	0
Twelve	23	12	12	0	12	0	2	2	0	0	0	2	0	10	0	0
Total	297	150	150	0	150	0	19	19	0	19	0	19	0	40	40	0
Percentage				0.00%		0.00%			0.00%		0.00%		0.00%			0.00%