

**THE ELYSIAN CHARTER SCHOOL OF HOBOKEN**

**The Elysian Charter School of Hoboken  
Hoboken, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**The Elysian Charter School of Hoboken**

**Hoboken, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**The Elysian Charter School of Hoboken  
Finance Department**

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INTRODUCTORY SECTION

# Elysian

Charter School of Hoboken

*"A Positively Different Public School"*

1460 Garden Street - Hoboken, NJ 07030  
201-876-0102 – Fax 201-876-9576 – www.ecsnj.org – Harry Laub PhD, Director

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September 15, 2017

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Hoboken, New Jersey

Dear Board Members:

The comprehensive annual financial report of The Elysian Charter School of Hoboken (the "Charter School") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational Charter, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, 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 supplementary 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 Charter School is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports 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.

## 1) REPORTING ENTITY AND ITS SERVICES:

The Elysian Charter School of Hoboken is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The Elysian Charter School of Hoboken constitutes the Charter School's reporting entity.

The Elysian Charter School of Hoboken operates a comprehensive ten-month school. Students attend classes 8:30 to 2:55. In addition, programs are available from 7:30am to 6:00pm. There is an average of 16 students in a class. Parents are heavily involved in school activities and governance. Students learn to use computers as part of their ongoing instruction.

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
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2) MAJOR INITIATIVES:

The Elysian Charter School of Hoboken's approach to learning, teaching and community is based on a progressive philosophy that is taught in the tradition of hands-on and cooperative learning. Our philosophy leads us to teach in a manner that is child-centered, holistic, progressive and academically rigorous.

Our Charter School provides for 288 students with two classes for each grade from kindergarten to eighth grade (16 students per class), permitting us to live the adage "It takes a community to raise a child". We are involved at every level.

The teachers and administrators at the Charter School are open to new ideas, to create new curricula and to having children become active and responsible for their own learning. In our learning environment, language, conversation and discussion are seen as very important parts of the learning process that lead to the development of critical thinking skills.

The Elysian Charter School of Hoboken's curriculum meets the required New Jersey State Standards and grows directly out of the work created by teachers who collaborate on a regular basis. We always keep our focus on the whole child who always has strengths on which he or she can learn and grow.

Our goal is to educate children to become curious, lifelong learners with an appreciation of the arts, the diversity of all peoples in the world, and the self-confidence to fulfill his or her life's dreams.

Since its inception in 1997 The Elysian Charter School of Hoboken has been looking for a permanent home that would bring the entire school under one roof and provide the stability of knowing that there is a long term lease. This goal was realized in the summer of 2015, when the Charter School signed a 30 year lease and moved to its new home at 1460 Garden Street.

3) INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the Charter School has complied with applicable laws, regulations, contracts and grants.

4) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

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 restrictions, commitments and/or assignments of fund balance at June 30, 2017.

5) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

6) CASH MANAGEMENT:

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The 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.

7) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

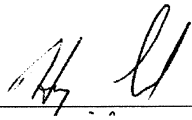
8) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Trustees at its organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB 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 supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable Chairperson and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Page 4  
September 15, 2017

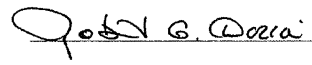
9) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of Trustees of The Elysian Charter School of Hoboken for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.



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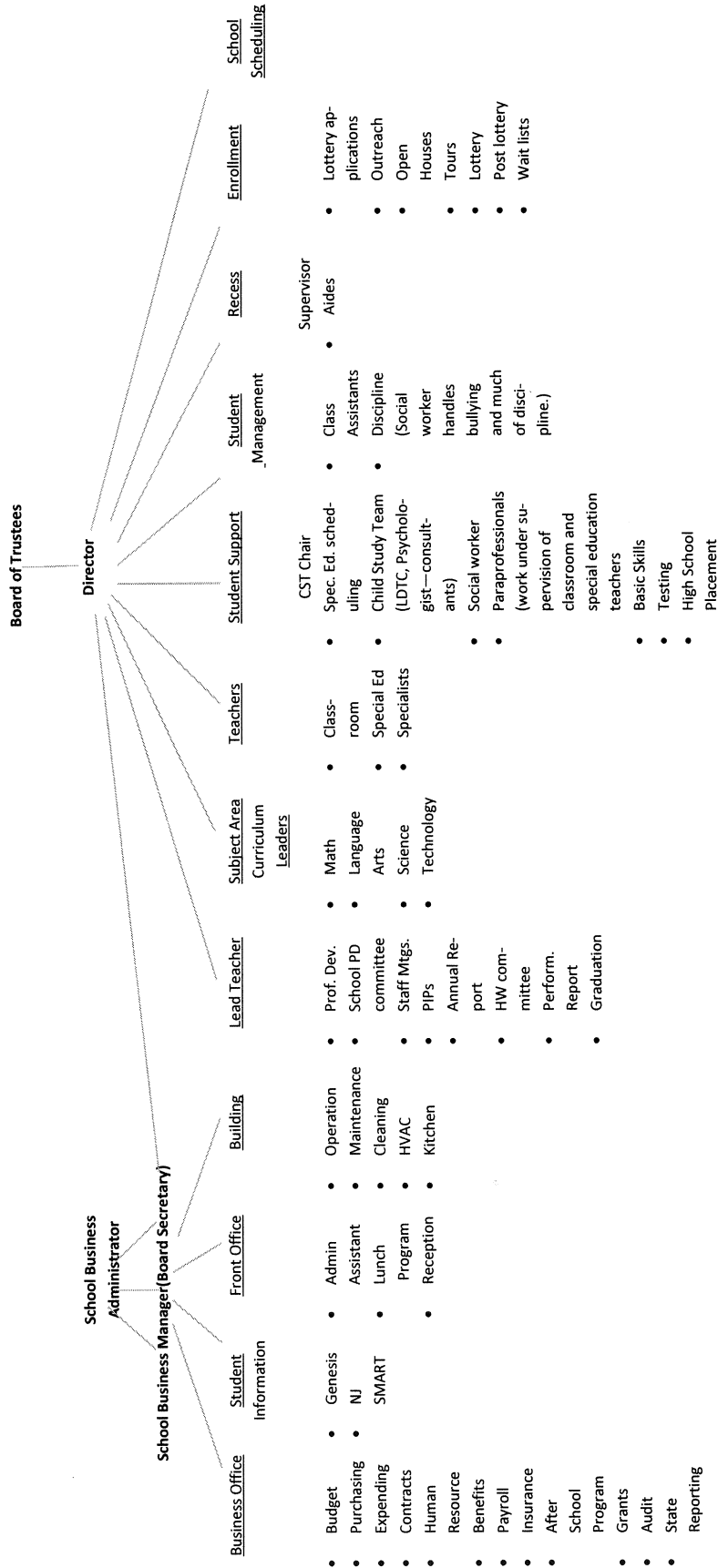
Director



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Business Administrator

**Elysian Organizational Chart**  
2016 – 17 School Year



**THE ELYSIAN CHARTER SCHOOL OF HOBOKEN**  
**ROSTER OF OFFICIALS**  
**JUNE 30, 2017**

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Eduardo Gonzalez, President	03/19
AnneMarie Schreiber, Vice President	03/18
Alison Ziegler, Treasurer	03/20
Paul Ballantyne	03/19
Ken Nilsen	03/20
Malin Kallberg-Shroff	03/19
Mary Kelly	03/18
Jennifer O'Callaghan	03/18
Brian Blake	03/18

<u>Other Officials</u>	<u>Title</u>
Dr. Harry Laub, Ph.D	Director
Robert G. Doria	Business Administrator
Diane Macon	Assistant Business Administrator/ Business Manager
Melissa Landera	Staff Representative
Hillary Quist	Staff Representative



# **THE ELYSIAN CHARTER SCHOOL OF HOBOKEN**

Consultants and Advisors

## **Audit Firm**

### **Nisivoccia LLP, CPAs**

Mount Arlington Corporate Center

200 Valley Road, Suite 300

Mount Arlington, NJ, 07856

and

Lawrence Business Park

11 Lawrence Road

Newton, NJ 07860

## **Attorneys**

### **Porzio, Bromberg, Newman, PC**

100 Southgate Parkway

Morristown, NJ 07962-1997

### **Cleary, Giacobbe, Alfieri, Jacobs, LLC**

5 Ravine Dr

PO Box 553

Matawan, NJ 07747

## **Official Depository**

### **PNC Bank**

111 River Street

Hoboken, NJ 07030

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Hoboken, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elysian Charter School of Hoboken (the "Charter School") in the County of Hudson, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Elysian Charter School of Hoboken, in the County of Hudson, as of June 30, 2017, and the respective changes in 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.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting 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* in considering the Charter School's internal control over financial reporting and compliance.

September 15, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

This section of The Elysian Charter School of Hoboken's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

**Financial Highlights**

- Overall revenue was \$5,981,817.
- Overall expenses were \$6,192,167.

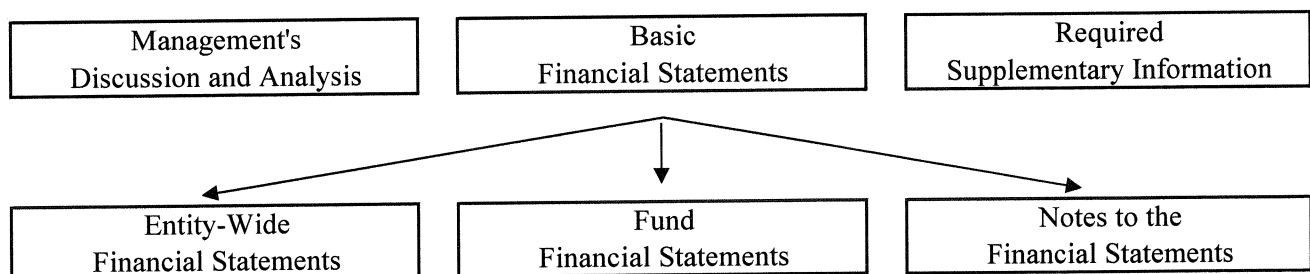
**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *entity-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-Wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the School operates like a business, such as food services and the before and after school program.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Charter School's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of The Elysian Charter School of Hoboken's Financial Report**



**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Figure A-2**

*Major Features of the Entity-Wide and Fund Financial Statements*

	Entity-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The activities of the entity that are not proprietary or fiduciary, such as special education and building maintenance	Activities the entity operates similar to private businesses: food services and before and after school program	Instances in which the entity administers resources on behalf of someone else, such as payroll
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

***Entity-wide Statements***

The entity-wide statements report information about the Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Charter School's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two entity-wide statements report the Charter School's *net position* and how it has changed. Net position—the difference between the Charter School's assets, deferred inflows and outflows, and liabilities – is one way to measure the Charter School's financial health or *position*.

- Over time, increases or decreases in the School's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Charter School's overall health, you need to consider additional nonfinancial factors such as changes in the Charter School's enrollment and the condition of school buildings and other facilities.

In the entity-wide financial statements, the School's activities are divided into two categories:

- *Governmental activities*: Most of the Charter School's basic services are included here, such as regular and special education and administration. Local Levy – Charter School Aid and state aid finance most of these activities.
- *Business-type activities*: The Charter School charges fees to help it cover the costs of certain services it provides.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the Charter School's funds, focusing on its most significant or "major" funds – not the Charter School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The Charter School establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The School has three kinds of funds:

- *Governmental funds*: Most of the Charter School's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Entity-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Fund Financial Statements (Cont'd)**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The Charter School is the trustee, or *fiduciary*, for assets that belong to others, such as payroll agency funds. The Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Charter School excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

**Financial Analysis of the School as a Whole**

*Net Position.* The Charter School's *combined* net position was (\$494,417), on June 30, 2017, (\$210,350) or 74.05% less than it was the year before. (See Figure A-3).

**Figure A-3  
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total Charter School		Percentage
	2016/2017	2015/16	2016/2017	2015/16	2016/2017	2015/16	Change 2016/2017
Current and Other Assets	\$ 898,706	\$ 870,112	\$ 51,060	\$ 134,993	\$ 949,766	\$1,005,105	-5.51%
Capital Assets, Net	69,323	21,734			69,323	21,734	218.96%
Total Assets	968,029	891,846	51,060	134,993	1,019,089	1,026,839	-0.75%
Deferred Outflows of Resources	839,253	444,187			839,253	444,187	88.94%
Other Liabilities	114,968	84,417	5,455	161	120,423	84,578	42.38%
Long-Term Liabilities	2,182,215	1,580,414			2,182,215	1,580,414	38.08%
Total Liabilities	2,297,183	1,664,831	5,455	161	2,302,638	1,664,992	38.30%
Deferred Inflows of Resources	50,121	90,101			50,121	90,101	-44.37%
Net Position:							
Investment in Capital Assets	69,323	21,734			69,323	21,734	218.96%
Restricted	60,000	45,000			60,000	45,000	33.33%
Unrestricted/(Deficit)	(669,345)	(485,633)	45,605	134,832	(623,740)	(350,801)	-77.80%
Total Net Position/(Deficit)	\$ (540,022)	\$ (418,899)	\$ 45,605	\$ 134,832	\$ (494,417)	\$ (284,067)	-74.05%

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

*Changes in Net Position.* The Charter School's net position decreased (\$210,350) during the year. (See Figure A-4). Investment in capital assets increased \$47,589 as a result of current year additions of \$129,096 offset by current year depreciation of \$81,507. Restricted net position increased \$15,000 as a result of the accrual required for School Escrow. Unrestricted net position decreased \$272,939 which was in governmental activities primarily due to unexpended budget appropriations combined with a decrease of \$89,227 from the operation of the Charter School's business-type activities and the increase in net pension liability of \$601,801.

**Figure A-4  
Change in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total Charter School		Percentage
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 155,480	\$ 161,455	\$ 155,480	\$ 161,455	-3.70%
Operating Grants and Contributions	\$ 832,478	\$ 778,553	23,951	53,107	856,429	831,660	2.98%
General Revenue:							
Charter School Aid	3,008,308	2,907,594			3,008,308	2,907,594	3.46%
Unrestricted Federal and State Aid	1,929,772	1,737,707			1,929,772	1,737,707	11.05%
Other	31,828	32,409			31,828	32,409	-1.79%
Total Revenue	<u>5,802,386</u>	<u>5,456,263</u>	<u>179,431</u>	<u>214,562</u>	<u>5,981,817</u>	<u>5,670,825</u>	5.48%
Expenses:							
Instruction	4,255,755	4,079,626			4,255,755	4,079,626	4.32%
Pupil & Instruction Services	292,472				292,472		100.00%
Administration & Business	902,035	484,543			902,035	484,543	86.16%
School Support Services		640,897				640,897	-100.00%
Maintenance & Operations	446,740				446,740		100.00%
Other	81,507	11,909	213,658	183,072	295,165	194,981	51.38%
Total Expenses	<u>5,978,509</u>	<u>5,216,975</u>	<u>213,658</u>	<u>183,072</u>	<u>6,192,167</u>	<u>5,400,047</u>	14.67%
Transfer	55,000		(55,000)				0.00%
Increase/(Decrease) in Net Position	<u>\$ (121,123)</u>	<u>\$ 239,288</u>	<u>\$ (89,227)</u>	<u>\$ 31,490</u>	<u>\$ (210,350)</u>	<u>\$ 270,778</u>	-177.68%

*Revenue Sources.* The Charter School's total revenue for the 2016-2017 school year was \$5,981,817. (See Figure A-5). Charter School Aid accounted for more than half of the Charter School's revenue 50.29% (See Figure A-5). Another 46.58% came from state and federal aid, and the remaining 3.19% came from charges for services and miscellaneous sources.

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Figure A-5  
Sources of Revenue for Fiscal Year 2017**

Sources of Income	2017	Percentage
Charter School Aid	\$ 3,008,308	50.29%
Unrestricted Federal and State Aid	1,929,772	32.26%
Operating Grants and Contributions	856,429	14.32%
Charges for Services	155,480	2.60%
Other	31,828	0.53%
	<u>\$ 5,981,817</u>	<u>100.00%</u>

*Expenses.* The total cost of all programs and services was \$6,192,167. The Charter School's expenses are predominantly related to student instruction and support (73.45%). (See Figure A-6). The Charter School's general administrative expenses and maintenance accounted for 21.78% of total costs. Other costs including depreciation expense account for 4.77%.

**Figure A-6  
Expenses for Fiscal Year 2017**

Expense Category	2017	Percentage
Instruction	\$ 4,255,755	68.73%
Pupil & Instruction Services	292,472	4.72%
Administration & Business	902,035	14.57%
Maintenance & Operations	446,740	7.21%
Other	295,165	4.77%
	<u>\$ 6,192,167</u>	<u>100.00%</u>

**Governmental Activities**

Through careful budgeting, the Charter School has managed to maintain programs. Careful management of expenses remains essential for the Charter School to sustain its financial health.

Figure A-7 presents the cost of four major Charter School activities: instruction, administration, support services and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Figure A-7  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016/2017	2015/2016	2016/2017	2015/2016
Instruction	\$ 4,255,755	\$ 4,079,626	\$ 3,423,277	\$ 3,301,073
Pupil & Instruction Services	292,472		292,472	
Administration & Business	902,035		902,035	
General Administration Services		484,543		484,543
School Support Services		640,897		640,897
Maintenance & Operations	446,740		446,740	640,897
Other	81,507	11,909	81,507	11,909
<b>Total</b>	<b>\$ 5,978,509</b>	<b>\$ 5,216,975</b>	<b>\$ 5,146,031</b>	<b>\$ 4,438,422</b>

***Governmental Activities***

- The cost of all governmental activities this year was \$5,978,509.
- A significant portion \$3,008,308 of the Charter School's activities was financed through amounts raised by local school district tax levies and transferred to the Charter School in the form of Charter School Aid.
- The federal and state governments subsidized certain programs with \$2,762,250 in grants and general aid.

***Business-Type Activities***

The net position from the District's business-type activity decreased \$89,227 which is primarily attributable to a increase in staff and expenses in the after school program. (Refer to Figure A-4).

**Financial Analysis of the Charter School's Funds**

The Charter School's financial position improved on a fund basis through budgetary control. Faculty salary costs have increased slightly with the addition of new staff. Fringe benefit costs for all staff continue to increase.

**General Fund Budgetary Highlights**

Over the course of the year, the Charter School revised the annual operating budget several times. These budget amendments represented changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Capital Assets**

Capital assets of governmental activities increased \$47,589 as a result of current year additions and depreciation. (More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.)

**Figure A-8**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Percent Change 2016/2017
	2016/2017	2015/2016	
Buildings and Building Improvements	\$ 768	\$ 3,860	-80.10%
Machinery and Equipment	68,555	17,874	283.55%
Total Capital Assets, Net of Depreciation	<u>\$ 69,323</u>	<u>\$ 21,734</u>	218.96%

**Long-term Liabilities**

At year-end, the Charter School has \$2,182,215 of Net Pension Liability which is a \$601,801 increase. (See Figure A-9)

**Figure A-9**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change 2016/17
	2016/17	2015/16	
Net Pension Liability	<u>\$ 2,182,215</u>	<u>\$ 1,580,414</u>	38.08%

**Factors Bearing on the Charter School's Future**

At the time these financial statements were prepared and audited, The Elysian Charter School of Hoboken was aware of existing circumstances that could significantly affect its financial health in the future:

- The state aid and revenue received from the resident school districts as per the NJDOE Charter School Payment schedule remains flat at the 2007-08 level. Elysian Charter is receiving a non-recurring revenue adjustment to fund the school at the 2007-08 per pupil level rather than at the 2007-08 total budget.
- The Charter School is working with its non-profit foundation, the Friends of Elysian Charter School, which holds several main fundraisers in support of the Charter School.

**The Elysian Charter School of Hoboken  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

**Contacting the District's Financial Management**

This financial report is designed to provide the Charter School's students, parents, sending school districts, customers and investors and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter School Office, 1460 Garden Street Hoboken, New Jersey 07030.

BASIC FINANCIAL STATEMENTS



ENTITY-WIDE FINANCIAL STATEMENTS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 682,934	\$ 179,055	\$ 861,989
Interfund Receivable	40,658		40,658
Internal Balances	132,265	(132,265)	
Receivable from State Government	23,129	76	23,205
Receivable from Federal Government		1,981	1,981
Receivable from Other Governments	19,720	2,213	21,933
Capital Assets, net:			
Depreciable Building and Building Improvements and Machinery and Equipment	69,323		69,323
<b>Total Assets</b>	<b>968,029</b>	<b>51,060</b>	<b>1,019,089</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Changes in Assumptions - Pensions	452,038		452,038
Difference Between Expected & Actual Pension Experience	40,583		40,583
Change in Proportions - Pensions	188,422		188,422
Net Difference Between Projected and Actual Interest Earnings - Pensions	83,210		83,210
Contribution Subsequent to Measurement Date - Pension	75,000		75,000
<b>Total Deferred Outflows of Resources</b>	<b>839,253</b>		<b>839,253</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	113,754	5,455	119,209
Unearned Revenue	1,214		1,214
<b>Noncurrent Liabilities:</b>			
Due Beyond One Year	2,182,215		2,182,215
<b>Total Liabilities</b>	<b>2,297,183</b>	<b>5,455</b>	<b>2,302,638</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Changes in Proportion - Pensions	50,121		50,121
<b>Total Deferred Inflows of Resources</b>	<b>50,121</b>		<b>50,121</b>
<b>NET POSITION</b>			
Investment in Capital Assets	69,323		69,323
Restricted	60,000		60,000
Unrestricted/(Deficit)	(669,345)	45,605	(623,740)
<b>Total Net Position/(Deficit)</b>	<b>\$ (540,022)</b>	<b>\$ 45,605</b>	<b>\$ (494,417)</b>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular Instruction	\$ 3,610,721		\$ 832,478	\$ (2,778,243)		\$ (2,778,243)
Special Education	449,785			(449,785)		(449,785)
Other Education	195,249			(195,249)		(195,249)
<b>Support Services:</b>						
Student & Instruction Related Services	292,472			(292,472)		(292,472)
General Administrative Services	395,489			(395,489)		(395,489)
School Administrative Services	259,530			(259,530)		(259,530)
Central Services	224,208			(224,208)		(224,208)
Administrative Information Technology	22,808			(22,808)		(22,808)
Plant Operations and Maintenance	446,740			(446,740)		(446,740)
Unallocated Depreciation Expense	81,507			(81,507)		(81,507)
<b>Total Governmental Activities</b>	<b>5,978,509</b>		<b>832,478</b>	<b>(5,146,031)</b>		<b>(5,146,031)</b>
<b>Business-Type Activities:</b>						
Food Service	125,059	\$ 64,499	23,951		\$ (36,609)	(36,609)
Before and After School Program	88,599	90,981			2,382	2,382
<b>Total Business-Type Activities</b>	<b>213,658</b>	<b>155,480</b>	<b>23,951</b>		<b>(34,227)</b>	<b>(34,227)</b>
<b>Total Primary Government</b>	<b>\$ 6,192,167</b>	<b>\$ 155,480</b>	<b>\$ 856,429</b>	<b>(5,146,031)</b>	<b>(34,227)</b>	<b>(5,180,258)</b>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue		Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenue:						
Local Property Taxes - Charter School Aid				\$ 3,008,308	\$	\$ 3,008,308
Unrestricted Federal and State Aid				1,929,772		1,929,772
Miscellaneous Income				31,828		31,828
Transfers				55,000	\$ (55,000)	
Total General Revenue and Transfers				5,024,908	(55,000)	4,969,908
Change in Net Position				(121,123)	(89,227)	(210,350)
Net Position/(Deficit) - Beginning				(418,899)	134,832	(284,067)
Net Position/(Deficit) - Ending				\$ (540,022)	\$ 45,605	\$ (494,417)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 679,835	\$ 3,099	\$ 682,934
Interfund Receivable:			
Proprietary Funds	132,265		132,265
Fiduciary Funds	40,658		40,658
Intergovernmental Receivable:			
State	6,537		6,537
Other	36,312		36,312
<b>Total Assets</b>	<b>\$ 895,607</b>	<b>\$ 3,099</b>	<b>\$ 898,706</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 36,869	\$ 1,885	\$ 38,754
Unearned Revenue		1,214	1,214
<b>Total Liabilities</b>	<b>36,869</b>	<b>3,099</b>	<b>39,968</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Fund Balances:</b>			
Restricted:			
Charter School Escrow	\$ 60,000		\$ 60,000
Unassigned:			
General Fund	798,738		798,738
<b>Total Fund Balances</b>	<b>858,738</b>		<b>858,738</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 895,607</b>	<b>\$ 3,099</b>	<b>\$ 898,706</b>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Amounts Reported for *Governmental Activities* in the *Statement of Net Position* (Exhibit A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$289,088 and the accumulated depreciation is \$219,765.

\$ 69,323

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.

(2,182,215)

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Deferred Outflows:

452,038

Changes in Assumptions - Pensions

83,210

Net Difference between Projected and Actual Interest Earnings - Pensions

40,583

Difference Between Expected and Actual Experience - Pensions

188,422

Changes in Proportions - Pensions

Deferred Inflows:

(50,121)

Changes in Proportions - Pensions

Net Position/(Deficit) of Governmental Activities

\$ (540,022)

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUE:</b>			
Local Sources:			
Charter School Aid	\$ 3,008,308		\$ 3,008,308
Miscellaneous	31,828		31,828
Total - Local Sources	3,040,136		3,040,136
State Sources	1,633,423		1,633,423
Federal Sources		\$ 138,637	138,637
Total Revenue	4,673,559	138,637	4,812,196
<b>EXPENDITURES:</b>			
Current:			
Instruction	1,964,390	113,199	2,077,589
Special Education Instruction	244,224		244,224
Basic Skills/Remedial Instruction	39,319		39,319
School Sponsored Athletics Instruction	16,000		16,000
Vocational Programs	48,537		48,537
Support Services and Undistributed Costs:			
Health Services	54,387		54,387
Attendance and Social Work Services	69,980		69,980
Child Study Team	42,830		42,830
General Administration Services	352,777		352,777
School Administration	7,765	25,438	33,203
Central Services	119,260		119,260
Administrative Information Technology	12,132		12,132
Required Maintenance of School Facilities	33,195		33,195
Custodial Services	430,133		430,133
Unallocated Benefits	1,286,044		1,286,044
Total Expenditures	4,720,973	138,637	4,859,610
Excess of Revenue over Expenditures	(47,414)		(47,414)
<b>OTHER FINANCING SOURCES/(USES)</b>			
Operating Transfer In/(Out):			
Before and After School Program	95,000		95,000
Food Service Fund	(40,000)		(40,000)
Total Other Financing Sources/(Uses)	55,000		55,000
Net Change in Fund Balances	7,586		7,586
Fund Balance—July 1	851,152		851,152
Fund Balance—June 30	\$ 858,738	\$ - 0 -	\$ 858,738

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	7,586
<p>Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Activities</i> (Exhibit A-2) are Different Because:</p> <p>Capital outlays are reported in Governmental Funds as expenditures. However, in the <i>Statement of Activities</i>, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.</p>		
Depreciation expense	\$	(81,507)
Adjustment to Capital Asset Values		<u>129,096</u>
		47,589
<p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p>		
Change in Net Pension Liability		(601,801)
Deferred Outflows:		
Changes in Assumptions		282,314
Changes in Proportion		17,119
Difference between Expected and Actual Experience		2,880
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		83,210
Deferred Inflows:		
Changes in Proportion		14,570
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>25,410</u>
Change in Net Position (from Exhibit A-2)	\$	<u><u>(121,123)</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Business-Type Activities - <u>Enterprise Funds</u> <u>Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 179,055
Accounts Receivable:	
State	76
Federal	1,981
Other	2,213
	183,325
Total Current Assets	183,325
Total Assets	183,325
 <u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	132,265
Accounts Payable	5,455
	137,720
Total Current Liabilities	137,720
 <u>NET POSITION:</u>	
Unrestricted	45,605
Total Net Position	\$ 45,605

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type            Activities -            Enterprise Funds</u> <u>Non-Major Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 64,499
Before and After School Revenue	<u>90,981</u>
Total Operating Revenue	<u>155,480</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	62,909
Salaries and Employee Benefits	117,779
Supplies and Materials	5,543
Purchase Professional Services	3,258
Other Purchased Services	3,369
Miscellaneous Expenses	<u>20,800</u>
Total Operating Expenses	<u>213,658</u>
Operating Loss	<u>(58,178)</u>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	880
Federal Sources:	
School Breakfast Program	2,609
National School Lunch Program	<u>20,462</u>
Total Non-Operating Revenue	<u>23,951</u>
Change in Net Position before Transfers	(34,227)
Transfer from/(to) the General Fund	<u>(55,000)</u>
Change in Net Position after Transfers	(89,227)
Net Position - Beginning of Year	<u>134,832</u>
Net Position - End of Year	<u>\$ 45,605</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
 AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - <u>Enterprise Funds</u> <u>Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 153,554
Payments to Employees	(117,779)
Payments to Suppliers	<u>(90,585)</u>
Net Cash (Used for) Operating Activities	<u>(54,810)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	23,783
Intrafund Advanced - General Fund	28,014
Transfers In/(Out):	
General Fund	<u>(55,000)</u>
Net Cash Used For Noncapital Financing Activities	<u>(3,203)</u>
Net Decrease in Cash and Cash Equivalents	(58,013)
Cash and Cash Equivalents, July 1	<u>237,068</u>
Cash and Cash Equivalents, June 30	<u>\$ 179,055</u>
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Loss	\$ (58,178)
Adjustment to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(1,926)
Increase/(Decrease) in Accounts Payable	<u>5,294</u>
Net Cash Used for Operating Activities	<u>\$ (54,810)</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	Agency		Total
	Payroll	Student Activities	
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 75,669	\$ 16,410	\$ 92,079
Total Assets	<u>\$ 75,669</u>	<u>\$ 16,410</u>	<u>\$ 92,079</u>
<u>LIABILITIES:</u>			
Due to Student Groups		\$ 16,410	\$ 16,410
Interfund Payable:			
General Fund	\$ 40,658		40,658
Payroll Deductions and Withholdings	<u>35,011</u>		<u>35,011</u>
Total Liabilities	<u>\$ 75,669</u>	<u>\$ 16,410</u>	<u>\$ 92,079</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
 AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (the "Board") of The Elysian Charter School of Hoboken (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. A Director is appointed by the Board and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the Charter School's governmental and business-type activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between governmental and business type activities of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function 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 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 governmental funds as major is important for public interest and to promote consistency among 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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the Charter School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, School taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The Charter School reports the following proprietary fund:

Enterprise (Food Service and Before and After School Program) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and child care operations. The food service fund and before and after school program fund are 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 the Payroll Agency, and the Student Activity Agency Funds.

C. Measurement Focus and Basis of Accounting

The Charter School-Wide financial statements, the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes (in the form of Charter School Aid) is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Charter School considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the Charter School's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the Charter School's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the Charter School the entire balance of aid in the amount reported to each district by the State Department of Education. The School is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the Charter School may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. 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. 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 made by Trustee Board resolution. All budgetary 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).

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

The accounting records of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 4,673,559	\$ 138,637
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 4,673,559	\$ 138,637
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,720,973	\$ 138,637
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,720,973	\$ 138,637

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The Charter School generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the Charter School has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School-wide statements are reported in the same manner as general revenues. 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 funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances:

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 revenue fund are reported as restricted, committed and/or assigned 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 unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses which benefit future periods, 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. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

During the Charter School's initial year a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School has reviewed capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements and proprietary funds are as follows on the following page:

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd)

	Estimated Useful Life
Building Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the Charter School-Wide statement of net position, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

M. 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. As of June 30, 2017, there were no accrued salaries.

N. Unearned Revenue:

Unearned revenue represents cash and/or commodities which have been received but not yet earned. See Note (1D) regarding the Special Revenue Fund.

O. Fund Balance Appropriated:

General Fund: Of the \$858,738 General Fund balance at June 30, 2017, \$60,000 is restricted for Charter School escrow and \$798,738 is unassigned.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Deficit Net Position:

The Charter School has a deficit in unrestricted net position of \$669,345 in governmental activities, which is due to unassigned General Fund balance of \$798,738, \$452,038 of changes in pension assumptions, \$188,422 of changes in proportions in pensions, difference between expected and actual experience in pensions of \$40,583, net difference between projected and actual investments earning in pension plan investments of \$83,210; offset by changes in proportion in pensions of \$50,121 and net pension liability of \$2,182,215. This deficit does not indicate the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

Q. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Charter School that is applicable to a future reporting period. The Charter School had deferred outflows of resources at June 30, 2017 for the changes in assumptions in pensions, the changes in proportions for pensions, the difference between expected and actual pension experience, net difference between projected and actual investments earning in pension plan investments and the Charter School contribution subsequent to the measurement date.

The Charter School had deferred inflows of resources at June 30, 2017 for the changes in proportion in pension.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has funds restricted at June 30, 2017 for Charter School Escrow.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2017.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2017.

S. Revenue - 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 property taxes (Charter School Aid), grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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 nonexchange 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 (in the form of Charter School Aid), interest and tuition.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue – Operating Revenue and Expenses

Operating revenue 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 and Before and After School Care program fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each Enterprise Fund.

U. Management Estimates:

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

V. 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 position 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.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND CHARTER SCHOOL-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Charter School 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 requires disclosure of the level of custodial credit risk assumed by the Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Charter School ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investment section of this note.

Custodial Credit Risk – The Charter School does not have a formal policy with respect to custodial credit risk. However, the Charter School ensures that Charter School funds are only deposited in financial institutions in which Charter Schools are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts 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. School districts 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 5% of the average daily balance of collected public funds on deposit, and

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

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NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the Charter School consisted of the following:

	Cash and Cash Equivalents
Checking & Savings Accounts	\$ 954,068

During the period ended June 30, 2017, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2017, was \$954,068 and the bank balance was \$975,010.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2017 were as follows

	<u>Balance</u>		<u>Decreases/</u>	<u>Balance</u>
	<u>June 30, 2016</u>	<u>Increases</u>	<u>Adjustments</u>	<u>June 30, 2017</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 10,044			\$ 10,044
Machinery and Equipment	149,948		\$ 129,096	279,044
Total Capital Assets Being Depreciated	<u>159,992</u>		<u>129,096</u>	<u>289,088</u>
Governmental Activities Capital Assets	<u>159,992</u>		<u>129,096</u>	<u>289,088</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,184)	(3,092)		(9,276)
Machinery and Equipment	<u>(132,074)</u>	<u>(78,415)</u>		<u>(210,489)</u>
Total Accumulated Depreciation	<u>(138,258)</u>	<u>(81,507)</u>		<u>(219,765)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,734</u>	<u>\$ (81,507)</u>	<u>\$ 129,096</u>	<u>\$ 69,323</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 81,507</u>
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NOTE 5. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combinedpdf>.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 5. POST-RETIREMENT BENEFITS (Cont'd)

The State's on behalf Post-Retirement Medical Contributions to TPAF for the Charter School amounted to \$170,613, \$192,734, and \$182,949 for 2017, 2016, and 2015, respectively.

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in long-term liabilities reported in the charter school-wide financial statements:

	Balance June 30, 2016	Accrued	Balance June 30, 2017
Net Pension Liability	\$ 1,580,414	\$ 601,801	\$ 2,182,215

A. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$0- and the long-term portion is \$2,182,215. See Note 7 for more information on PERS.

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

Tier	Definition
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

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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. 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 \$69,926 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the Charter School reported a liability of \$2,182,215 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.00737%, which was an increase of 0.00033% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$241,751. At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page:

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 27,431	
	2015	5.72	112,089	
	2016	5.57	<u>312,518</u>	
			<u>452,038</u>	
Difference in Expected and Actual Experience	2015	5.72	31,099	
	2016	5.57	<u>9,484</u>	
			<u>40,583</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(41,106)	
	2015	5	26,299	
	2016	5	<u>98,017</u>	
			<u>83,210</u>	
Changes in Proportion	2014	6.44		\$ 50,121
	2015	5.72	135,010	
	2016	5.57	<u>53,412</u>	
			<u>188,422</u>	<u>50,121</u>
Contribution Subsequent to the Measurement Date	2016	1	<u>75,000</u>	
			<u>\$ 839,253</u>	<u>\$ 50,121</u>

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

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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2017	\$ 129,643
2018	129,643
2019	150,196
2020	126,186
2021	40,163
	\$ 575,831

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the table on the following page:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%



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NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
State's proportionate share of the Net Pension Liability Associated with the Charter School	\$ 2,674,050	\$ 2,182,215	\$ 1,776,163
<u>Pension plan Fiduciary Net Position</u>			

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' 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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

The vesting and benefit provisions 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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 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 to 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.

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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included 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 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2017, the State of New Jersey contributed \$197,602 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$1,194,952.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the Charter School was \$15,903,838. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.020%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

Charter School's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School		15,903,838
Total	\$	15,903,838

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$1,194,952 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

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NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2017	2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

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NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	\$ 18,992,737	\$ 15,903,838	\$ 13,381,354

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Charter School recognized pension expense of \$1,837 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$3,367 for the year ended June 30, 2017.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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.

The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

Property and Liability Insurance

The Charter School is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the Charter School could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Group as of June 30, 2016 is as follows on the following page: The financial statements for the fiscal year ended June 30, 2017 was not available as of the date of this report.

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 311,014,416
Net Position	\$ 68,222,264
Total Revenue	\$ 124,872,219
Total Expenses	\$ 113,965,181
Change in Net Position	\$ 10,907,038
Member Dividends	\$ -0-



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
Phone: (609) 386-6060  
Fax: (609) 386-8877

NOTE 9. ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Charter School's programs and activities.

NOTE 10. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 172,923	
Proprietary Funds:		
Food Service Fund		\$ 17,212
Before and After School Program		115,053
Fiduciary Fund		40,658
	<u>\$ 172,923</u>	<u>\$ 172,923</u>

The interfund receivable in the General Fund consists of funds due from the Fiduciary Funds for an excess of funds turned over to the Payroll Agency Fund in error and funds advanced to the Special Revenue Fund for the deficit in cash created by the Federal Grants receivable. The interfund between the Proprietary Funds and the General Fund represent expenses paid by the General Fund not liquidated by year end.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 12. LEASE OF FACILITIES

On February 25, 2015, Elysian Charter School of Hoboken entered into a lease with BIT Investment Sixty-One LLC for the schools new location at 1460 Garden Street., Hoboken NJ 07030. The term of the lease begins September 1, 2015 and will continue through June 30, 2045 unless the Charter School is no longer in existence. Under the terms of the lease the rent will be set at \$350,000 with a 10% increase every ten years.

NOTE 13. COMMITMENTS AND CONTINGENCIES

The Charter School is periodically involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School.

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Encumbrances

At June 30, 2017 there were no encumbrances.

NOTE 14. ACCOUNTS PAYABLE

Accounts payable recorded in the Charter School's Governmental and Business-Type Activities as of June 30, 2017 consisted of the following:

	<u>Governmental Funds</u>			Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Funds Subtotal</u>			
Vendors	\$ 36,869	\$ 1,885	\$ 38,754		\$ 38,754	\$ 5,455
State of New Jersey				\$ 75,000	75,000	
	<u>\$ 36,869</u>	<u>\$ 1,885</u>	<u>\$ 38,754</u>	<u>\$ 75,000</u>	<u>\$ 113,754</u>	<u>\$ 5,455</u>

REQUIRED SUPPLEMENTARY SCHEDULES

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0059618947%	0.0070403351%	0.0073680833%
District's proportionate share of the net pension liability	\$ 1,116,230	\$ 1,580,414	\$ 2,182,215
District's covered employee payroll	\$ 457,184	\$ 470,367	\$ 545,200
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	244.15%	336.00%	400.26%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 49,149	\$ 60,528	\$ 69,926
Contributions in relation to the contractually required contribution	<u>(49,149)</u>	<u>(60,528)</u>	<u>(69,926)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 425,620	\$ 457,184	\$ 470,367
Contributions as a percentage of covered employee payroll	11.55%	13.24%	14.87%

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE CHARTER SCHOOL  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0183326457%	0.0213163518%	0.0202168205%
State's proportionate share of the net pension liability attributable to the District	\$ 9,798,202	\$ 13,472,845	\$ 15,903,838
Charter School's covered employee payroll	\$ 2,007,917	\$ 1,874,152	\$ 1,929,793
State's proportionate share of the net pension liability attributable to the Charter School as a percentage of its covered employee payroll	487.98%	718.88%	824.12%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 527,235	\$ 822,638	\$ 1,194,952
Contributions in relation to the contractually required contribution	(115,244)	(161,863)	(197,602)
Contribution deficiency/(excess)	<u>\$ 411,991</u>	<u>\$ 660,775</u>	<u>\$ 997,350</u>
District's covered employee payroll	\$ 2,007,917	\$ 1,874,152	\$ 1,929,793
Contributions as a percentage of covered employee payroll	26.26%	43.89%	61.92%

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Unaudited)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Levy - Charter School Aid - Local Share	\$ 3,030,759	\$ (22,451)	\$ 3,008,308	\$ 3,008,308	\$ 31,828
Miscellaneous				31,828	
Total - Local Sources	3,030,759	(22,451)	3,008,308	3,040,136	31,828
State Sources:					
Local Levy - Charter School Aid - State Share	337,162	47,417	384,579	384,579	
Adjustment Aid	675,936	(155,920)	520,016	520,016	
Special Education Aid - Charter School Aid	143,406	37,007	180,413	180,413	
Security Aid	32,241	2,746	34,987	34,987	
On-Behalf TPAF Pension Contributions (Non-Budgeted)				197,602	197,602
On-Behalf TPAF Pension NCGI (Non-Budgeted)				7,160	7,160
On-Behalf TPAF Pension LTDI (Non-Budgeted)				469	469
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				170,613	170,613
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				137,584	137,584
Total State Sources	1,188,745	(68,750)	1,119,995	1,633,423	513,428
Total Revenues	4,219,504	(91,201)	4,128,303	4,673,559	545,256
EXPENDITURES					
Current Expense:					
Instruction:					
Kindergarten - Salaries of Teachers	153,360	26,208	179,568	166,469	13,099
Grades 1-5 - Salaries of Teachers	710,700	(25,858)	684,842	684,842	
Grades 6-8 - Salaries of Teachers	431,180	(19,614)	411,566	411,566	
Other Salaries for Instruction	551,077	19,537	570,614	564,841	5,773
Purchased Professional/Technical Services	75,190	(4,190)	71,000	67,106	3,894
Other Purchased Services (400-500 Series)	41,605	(5,081)	36,524	36,064	460

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Instruction (Cont'd):					
General Supplies	\$ 33,250		\$ 33,250	\$ 24,849	\$ 8,401
Textbooks	3,000	(1,000)	2,000	1,000	1,000
Miscellaneous Expenses	8,000		8,000	7,653	347
Total Regular Programs - Instruction	<u>2,007,362</u>	<u>(9,998)</u>	<u>1,997,364</u>	<u>1,964,390</u>	<u>32,974</u>
Special Education/Resource Room - Instruction:					
Salaries - Special Education/Resource Room	275,860	(30,000)	245,860	244,224	1,636
Total Special Education/Resource Room - Instruction	<u>275,860</u>	<u>(30,000)</u>	<u>245,860</u>	<u>244,224</u>	<u>1,636</u>
Basic Skills/Remedial - Instruction:					
Salaries - Basic Skills/Remedial		43,580	43,580	39,319	4,261
Total Basic Skills/Remedial - Instruction		<u>43,580</u>	<u>43,580</u>	<u>39,319</u>	<u>4,261</u>
School Sponsored Athletics - Instruction:					
Salaries - Coach	16,000		16,000	16,000	
Total School Sponsored Athletics - Instruction	<u>16,000</u>		<u>16,000</u>	<u>16,000</u>	
Vocational Programs - Instruction:					
Salaries - Food Service		50,620	50,620	48,537	2,083
Total Vocational Programs - Instruction		<u>50,620</u>	<u>50,620</u>	<u>48,537</u>	<u>2,083</u>
Total Instruction	<u>2,299,222</u>	<u>54,202</u>	<u>2,353,424</u>	<u>2,312,470</u>	<u>40,954</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Undistributed Expenditures:					
Current Expense:					
Attendance and Social Work Services:					
Salaries - Social Worker	\$ 51,500	1,000	\$ 69,980	\$ 69,980	
Total - Attendance and Social Work Services	3,500	500	69,980	69,980	
Health Services:	55,000	1,500	56,500	54,387	2,113
Salaries - Nurse			52,500	52,500	
Supplies - Medical			4,000	1,887	\$ 2,113
Total Health Services				54,387	2,113
Child Study Team:					
Salaries - Child Study Team	31,250	(10,000)	21,250	19,880	1,370
Occupational Therapy	35,000	(9,250)	25,750	22,950	2,800
Total Child Study Team	66,250	(19,250)	47,000	42,830	4,170
Support Services - General Administration:					
Salaries - Administration	238,860	(84,960)	153,900	139,871	14,029
Salaries of Secretarial and Clerical Assistants	121,067	(3,745)	117,322	117,322	
Purchased Professional/Technical Services	17,050	2,355	19,405	17,598	1,807
Other Purchased Services (400-500 Series)	21,500	(6,000)	15,500	14,625	875
Communications	26,600	(1,500)	25,100	24,674	426
Supplies and Materials	20,000	(6,000)	14,000	13,989	11
Legal Services	10,000		10,000	4,134	5,866
Purchased Professional Services - Audit	17,595		17,595	17,595	
Miscellaneous Expenses		3,000	3,000	2,969	31
Total Support Services - General Administration	472,672	(96,850)	375,822	352,777	23,045

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Undistributed Expenditures:					
Current Expense:					
Support Services - School Administration:					
Other Purchased Services (400-500 Series)	\$ 14,800	\$ (4,588)	\$ 10,211	\$ 5,670	\$ 4,541
Miscellaneous Expenses	2,000	3,500	5,500	2,095	3,405
Support Services - School Administration:	16,800	(1,088)	15,711	7,765	7,946
Central Services:					
Salaries - Business Office		127,284	127,284	119,260	8,024
Central Services:		127,284	127,284	119,260	8,024
Administrative Information Technology:					
Salaries		12,132	12,132	12,132	
Administrative Information Technology:		12,132	12,132	12,132	
Required Maintenance of School Facilities					
Salaries - Maintenance	22,500	10,000	32,500	31,719	781
Pest Control	1,800		1,800	1,476	324
Total Required Maintenance of School Facilities	24,300	10,000	34,300	33,195	1,105
Custodial Services:					
Contracted Services - Building	38,470	(37,607)	863		863
Rent of Land & Buildings	350,000	(7,440)	342,560	325,060	17,500
Insurance	63,000	(9,500)	53,500	52,930	570
Supplies - Maintenance	18,000	(12,394)	5,606	3,801	1,805
Utilities	60,000	(19,000)	41,000	39,000	2,000
Miscellaneous Expense	7,025	3,415	10,440	9,342	1,098
Total Custodial Services	536,495	(82,526)	453,969	430,133	23,836

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Student Transportation Services:					
Salaires for Pupil Transportation:					
Other than to/between Home and School	\$ 5,000		\$ 5,000		\$ 5,000
Student Transportation Services	5,000		5,000		5,000
Unallocated Benefits					
Social Security Contributions	75,000	\$ 7,000	82,000	\$ 80,761	1,239
Other Retirement Contributions - PERS	64,000	8,113	72,113	69,926	2,187
Unemployment Compensation	15,000		15,000	14,900	100
Health Benefits	592,000	(41,184)	550,816	528,877	21,939
Unused Sick Payment to Terminated/Retired Staff	384,209	(257,022)	127,187	78,152	49,035
Total Unallocated Benefits	1,130,209	(283,093)	847,116	772,616	74,500
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				197,602	(197,602)
On-Behalf TPAF Pension NCGI (Non-Budgeted)				7,160	(7,160)
On-Behalf TPAF Pension LTDI (Non-Budgeted)				469	(469)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				170,613	(170,613)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				137,584	(137,584)
Total On-Behalf Contributions				513,428	(513,428)
Total Current Expense/Total Expenditures	4,605,948	(207,709)	4,398,239	4,720,973	(322,735)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(386,444)	116,508	(269,936)	(47,414)	222,522

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfers In/(Out):					
Before and After School Program	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	
Food Service Fund	(40,000)	(40,000)	(40,000)	(40,000)	
Total Other Financing Sources/(Uses):	55,000	55,000	55,000	55,000	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (386,444)	171,508	(214,936)	7,586	\$ 222,522
Fund Balance, July 1	851,152		851,152	851,152	
Fund Balance, June 30	\$ 464,708	\$ 171,508	\$ 636,216	\$ 858,738	\$ 222,522
Recapitulation:					
Restricted - Charter School Escrow				\$ 60,000	
Unassigned				798,738	
Fund Balance per Governmental Funds (GAAP)				\$ 858,738	



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Federal Sources	\$ 138,637		\$ 138,637	\$ 138,637	
Total Revenue	138,637		138,637	138,637	
Expenditures:					
Instruction:					
Salaries of Teachers	109,241		109,241	109,241	
General Supplies	3,958		3,958	3,958	
Total Instruction	113,199		113,199	113,199	
Support Services:					
Personal Services - Employee Benefits	20,413		20,413	20,413	
Purchased Technical Services	5,025		5,025	5,025	
Total Support Services	25,438		25,438	25,438	
Total Expenditures	138,637		138,637	138,637	
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 4,673,559</u>	<u>\$ 138,637</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,673,559</u>	<u>\$ 138,637</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 4,720,973</u>	<u>\$ 138,637</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,720,973</u>	<u>\$ 138,637</u>

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Trustees. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind		IDEA Part B Basic	IDEA Part B Preschool	Totals June 30, 2017
	Title I	Title II Part A			
<b>REVENUE:</b>					
Federal Sources	\$ 72,067	\$ 8,041	\$ 57,587	\$ 942	\$ 138,637
Total Revenue	72,067	8,041	57,587	942	138,637
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	63,537		45,704		109,241
General Supplies		3,016		942	3,958
Total Instruction	63,537	3,016	45,704	942	113,199
Support Services:					
Personal Services - Employee Benefits	8,530		11,883		20,413
Professional and Technical Services		5,025			5,025
Total Support Services	8,530	5,025	11,883		25,438
Total Expenditures	\$ 72,067	\$ 8,041	\$ 57,587	\$ 942	\$ 138,637

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service Program</u>	<u>Before and After School Program</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 27,161	\$ 151,894	\$ 179,055
Accounts Receivable:			
State	76		76
Federal	1,981		1,981
Other		2,213	2,213
Total Current Assets	<u>29,218</u>	<u>154,107</u>	<u>183,325</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	5,174	281	5,455
Interfund Payable:			
General Fund	17,212	115,053	132,265
Total Current Liabilities	<u>22,386</u>	<u>115,334</u>	<u>137,720</u>
<u>NET POSITION:</u>			
Unrestricted	<u>6,832</u>	<u>38,773</u>	<u>45,605</u>
Total Net Position	<u>\$ 6,832</u>	<u>\$ 38,773</u>	<u>\$ 45,605</u>



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Before and After School Program</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 64,499		\$ 64,499
Before and After School Revenue		\$ 90,981	90,981
Total Operating Revenue	<u>64,499</u>	<u>90,981</u>	<u>155,480</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	62,909		62,909
Salaries and Employee Benefits	57,147	60,632	117,779
Supplies and Materials	634	4,909	5,543
Purchase Professional Services	1,000	2,258	3,258
Other Purchased Services	3,369		3,369
Miscellaneous Expenses		20,800	20,800
Total Operating Expenses	<u>125,059</u>	<u>88,599</u>	<u>213,658</u>
Operating Loss	<u>(60,560)</u>	<u>2,382</u>	<u>(58,178)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	880		880
Federal Sources:			
School Breakfast Program	2,609		2,609
National School Lunch Program	20,462		20,462
Total Non-Operating Revenue	<u>23,951</u>		<u>23,951</u>
Change in Net Position before Transfers	(36,609)	2,382	(34,227)
Transfer from/(to) General Fund	<u>40,000</u>	<u>(95,000)</u>	<u>(55,000)</u>
Change in Net Position after Transfers	3,391	(92,618)	(89,227)
Net Position - Beginning of Year	<u>3,441</u>	<u>131,391</u>	<u>134,832</u>
Net Position - End of Year	<u>\$ 6,832</u>	<u>\$ 38,773</u>	<u>\$ 45,605</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Before and After School Program</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 64,499	\$ 89,055	\$ 153,554
Payments to Employees	(57,147)	(60,632)	(117,779)
Payments to Suppliers	(62,738)	(27,847)	(90,585)
Net Cash Provided by/(Used for) Operating Activities	<u>(55,386)</u>	<u>576</u>	<u>(54,810)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	23,783		23,783
Intrafund - Advanced	(77,316)	77,316	
Intrafund Advanced - General Fund	(19,538)	47,552	28,014
Transfers In/(Out):			
General Fund	40,000	(95,000)	(55,000)
Net Cash Provided Used For Noncapital Financing Activities	<u>(33,071)</u>	<u>29,868</u>	<u>(3,203)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(88,457)	30,444	(58,013)
Cash and Cash Equivalents, July 1	<u>115,618</u>	<u>121,450</u>	<u>237,068</u>
Cash and Cash Equivalents, June 30	<u>\$ 27,161</u>	<u>\$ 151,894</u>	<u>\$ 179,055</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (60,560)	\$ 2,382	\$ (58,178)
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		(1,926)	(1,926)
Increase/(Decrease) in Accounts Payable	5,174	120	5,294
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (55,386)</u>	<u>\$ 576</u>	<u>\$ (54,810)</u>

FIDUCIARY FUNDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Payroll Agency	Student Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 75,669	\$ 16,410	\$ 92,079
Total Assets	\$ 75,669	\$ 16,410	\$ 92,079
<u>LIABILITIES:</u>			
Due to Student Groups		\$ 16,410	\$ 16,410
Interfund Payable:			
General Fund	\$ 40,658		40,658
Payroll Deductions and Withholdings	35,011		35,011
Total Liabilities	\$ 75,669	\$ 16,410	\$ 92,079

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 8,490	\$ 100,984	\$ 93,064	\$ 16,410
Total Assets	<u>\$ 8,490</u>	<u>\$ 100,984</u>	<u>\$ 93,064</u>	<u>\$ 16,410</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 2,045	\$ 100,984	\$ 86,619	\$ 16,410
Interfund Payable:				
General Fund	6,445		6,445	
Total Liabilities	<u>\$ 8,490</u>	<u>\$ 100,984</u>	<u>\$ 93,064</u>	<u>\$ 16,410</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elysian Charter School:				
Student Account	\$ 2,045	\$ 100,984	\$ 86,619	\$ 16,410
Interfund Payable	<u>6,445</u>		<u>6,445</u>	
Total	<u>\$ 8,490</u>	<u>\$ 100,984</u>	<u>\$ 93,064</u>	<u>\$ 16,410</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 93,522	\$ 5,719,155	\$ 5,737,008	\$ 75,669
Total Assets	<u>\$ 93,522</u>	<u>\$ 5,719,155</u>	<u>\$ 5,737,008</u>	<u>\$ 75,669</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 56,935	\$ 11,631	\$ 27,908	\$ 40,658
Payroll Deductions and Withholdings	<u>36,587</u>	<u>5,707,524</u>	<u>5,709,100</u>	<u>35,011</u>
Total Liabilities	<u>\$ 93,522</u>	<u>\$ 5,719,155</u>	<u>\$ 5,737,008</u>	<u>\$ 75,669</u>



LONG-TERM DEBT  
(NOT APPLICABLE)

STATISTICAL SECTION  
(Unaudited)

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Investment in Capital Assets	\$ 733,849	\$ 894,556	\$ 866,907	\$ 73,534	\$ 82,608	\$ 70,534	\$ 43,257	\$ 33,643	\$ 21,734	\$ 69,323
Restricted							15,000	30,000	45,000	60,000
Unrestricted/(Deficit)	173,015	120,717	59,814	75,498	258,685	370,531	(743,670) *	(721,830) *	(485,633) *	(669,345) *
<b>Total Governmental Activities Net Position/(Deficit)</b>	<b>\$ 906,864</b>	<b>\$ 1,015,273</b>	<b>\$ 926,721</b>	<b>\$ 149,032</b>	<b>\$ 341,293</b>	<b>\$ 441,065</b>	<b>\$ (685,413)</b>	<b>\$ (658,187)</b>	<b>\$ (418,899)</b>	<b>\$ (540,022)</b>
<b>Business-Type Activities</b>										
Unrestricted	\$ 2,375	\$ 2,057	\$ 4,250	\$ 17,892	\$ 10,100	\$ 14,814	\$ 58,185	\$ 103,342	\$ 134,832	\$ 45,605
<b>Total Business-Type Activities Net Position</b>	<b>\$ 2,375</b>	<b>\$ 2,057</b>	<b>\$ 4,250</b>	<b>\$ 17,892</b>	<b>\$ 10,100</b>	<b>\$ 14,814</b>	<b>\$ 58,185</b>	<b>\$ 103,342</b>	<b>\$ 134,832</b>	<b>\$ 45,605</b>
<b>Entity-Wide:</b>										
Investment in Capital Assets	\$ 733,849	\$ 894,556	\$ 866,907	\$ 73,534	\$ 82,608	\$ 70,534	\$ 43,257	\$ 33,643	\$ 21,734	\$ 69,323
Restricted							15,000	30,000	45,000	60,000
Unrestricted/(Deficit)	175,390	122,774	64,064	93,390	268,785	385,345	(685,485)	(618,488)	(350,801)	(623,740)
<b>Total Entity Net Position/(Deficit)</b>	<b>\$ 909,239</b>	<b>\$ 1,017,330</b>	<b>\$ 930,971</b>	<b>\$ 166,924</b>	<b>\$ 351,393</b>	<b>\$ 455,879</b>	<b>\$ (627,228)</b>	<b>\$ (554,845)</b>	<b>\$ (284,067)</b>	<b>\$ (494,417)</b>

\*Note in the deficit reflected in the Net Position is a direct result of the implementation of GASB Standard #68

Source: Charter School Financial Reports

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 *
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,202,291	\$ 2,223,785	\$ 2,195,343	\$ 2,314,878	\$ 2,401,274	\$ 3,125,661	\$ 3,176,722	\$ 3,694,262	\$ 4,079,626	\$ 3,610,721
Special Education										449,785
Other Education										195,249
Support Services:										
Student & Instruction Related Services										292,472
General Administrative Services										395,489
School Administrative Services										259,530
Central Services										224,208
Administrative Information Technology										22,808
Plant Operations and Maintenance									484,543	446,740
General Administrative Services	1,200,369	942,158	1,298,718	1,004,587	1,166,879	1,002,765	445,282	438,827	484,543	
School Administrative Services	782,677	834,772	838,066	770,944	750,581	380,717	826,523	871,010	640,897	
Unallocated Depreciation	24,770	26,210	27,649	27,649	12,745	12,074	27,277	25,642	11,909	81,507
Capital Outlay	26,450	186,917	5,435			36,644	5,280	9,614		
Total Governmental Activities Expenses	4,236,557	4,213,842	4,365,211	4,118,058	4,331,479	4,557,861	4,481,084	5,039,355	5,216,975	5,978,509
Business-Type Activities:										
Food Service	139,572	159,218	92,182	60,682	88,091	71,308	66,714	63,588	134,664	125,059
Before and After School Program			73,134	66,749	89,575	79,799	44,831	42,892	48,408	88,599
Total Business-type Activities Expense	139,572	159,218	165,316	127,431	177,666	151,107	111,545	106,480	183,072	213,658
Total Entity Expenses	4,376,129	4,373,060	4,530,527	4,245,489	4,509,145	4,708,968	4,592,629	5,145,835	5,400,047	6,192,167
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions			\$ 179,685	\$ 390,233	\$ 519,479	\$ 727,015	\$ 600,078	\$ 671,677	\$ 778,553	\$ 832,478
Total Governmental Activities Program Revenues			179,685	390,233	519,479	727,015	600,078	671,677	778,553	832,478
Business-Type Activities:										
Charges for Services:										
Food Service			56,623	44,335	51,157	41,670	56,011	59,588	47,890	64,499
Before and After School Program	139,254	167,509	73,686	68,935	90,514	83,070	73,581	68,070	113,565	90,981
Operating Grants and Contributions			37,200	27,745	28,179	26,559	25,324	23,979	53,107	23,951
Total Business-type Activities Program Revenues	139,254	167,509	167,509	141,015	169,850	151,299	154,916	151,637	214,562	179,431
Total Entity Program Revenues	139,254	167,509	347,194	531,248	689,329	878,314	754,994	823,314	993,115	1,011,909

\* In 2017 the District implemented Uniform Minimum Chart of Account for New Jersey Schools

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Net (Expense)/Revenue										
Governmental Activities	\$ (4,236,557)	\$ (4,213,842)	\$ (4,185,526)	\$ (3,727,825)	\$ (3,812,000)	\$ (3,830,846)	\$ (3,881,006)	\$ (4,367,678)	\$ (4,438,422)	\$ (5,146,031)
Business-type Activities	(318)	8,291	2,193	13,584	(7,816)	192	43,371	45,157	31,490	(34,227)
<b>Total Entity-wide Net Expense/Revenues</b>	<b>\$ (4,236,875)</b>	<b>\$ (4,205,551)</b>	<b>\$ (4,183,333)</b>	<b>\$ (3,714,241)</b>	<b>\$ (3,819,816)</b>	<b>\$ (3,830,654)</b>	<b>\$ (3,837,635)</b>	<b>\$ (4,322,521)</b>	<b>\$ (4,406,932)</b>	<b>\$ (5,180,258)</b>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Local Property Taxes - Charter School Aid	2,362,908	2,017,123	3,189,583	2,289,186	2,517,975	2,841,095	2,882,079	2,994,522	2,907,594	3,008,308
Unrestricted Federal and State Aid	1,599,063	2,102,519	735,510	1,424,153	1,478,394	1,114,905	1,098,351	1,391,416	1,737,707	1,929,772
Special Item - Increases/(Decreases) in Capital Assets	32,210	186,917		(158,128)						
Special Item - Cancellation of Accounts Receivable						(22,768)				
Transfers						(4,522)				
Miscellaneous Income	23,427	15,702	171,881	2,521	7,892	1,908	7,368	8,966	32,409	55,000
<b>Total Governmental Activities</b>	<b>4,017,608</b>	<b>4,322,261</b>	<b>4,096,974</b>	<b>3,557,732</b>	<b>4,004,261</b>	<b>3,930,618</b>	<b>3,987,798</b>	<b>4,394,904</b>	<b>4,677,710</b>	<b>5,024,908</b>
Business-Type Activities:										
Transfer				58	24	4,522				(55,000)
Miscellaneous Income				58	24					(55,000)
<b>Total Business-Type Activities</b>	<b>\$ 4,017,608</b>	<b>\$ 4,322,261</b>	<b>\$ 4,096,974</b>	<b>\$ 3,557,790</b>	<b>\$ 4,004,285</b>	<b>\$ 3,935,140</b>	<b>\$ 3,987,798</b>	<b>\$ 4,394,904</b>	<b>\$ 4,677,710</b>	<b>\$ 4,969,908</b>
<b>Total Entity-Wide</b>	<b>\$ (218,949)</b>	<b>\$ 108,419</b>	<b>\$ (88,552)</b>	<b>\$ (170,093)</b>	<b>\$ 192,261</b>	<b>\$ 99,772</b>	<b>\$ 106,792</b>	<b>\$ 27,226</b>	<b>\$ 239,288</b>	<b>\$ (121,123)</b>
Change in Net Position:										
Governmental Activities	(318)	8,291	2,193	13,642	(7,792)	4,714	43,371	45,157	31,490	(89,227)
Business-type Activities	(219,267)	116,710	(86,359)	(156,451)	184,469	104,486	150,163	72,383	270,778	(210,350)

Source: Charter School Financial Reports

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (Modified Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved/Restricted										
Unreserved	\$ 173,015	\$ 120,717	\$ 59,814				\$ 15,000	\$ 30,000	\$ 45,000	\$ 60,000
Assigned				\$ 75,498	\$ 258,685	\$ 370,531	11,187	505,084	806,152	798,738
Unassigned		120,717	59,814	75,498	258,685	370,531	504,600	535,084	851,152	858,738
Total General Fund	173,015	120,717	59,814	75,498	258,685	370,531	504,600	535,084	851,152	858,738
Total All Governmental Funds	\$ 173,015	\$ 120,717	\$ 59,814	\$ 75,498	\$ 258,685	\$ 370,531	\$ 504,600	\$ 535,084	\$ 851,152	\$ 858,738

Source: Charter School Financial Reports

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
<b>Revenues:</b>										
Tax Levy (Charter School Aid)	\$ 2,362,908	\$ 2,017,123	\$ 3,189,583	\$ 2,289,186	\$ 2,517,975	\$ 2,841,095	\$ 2,882,079	\$ 2,994,522	\$ 2,907,594	\$ 3,008,308
Miscellaneous	131,304	15,702	186,766	5,058	13,946	23,881	7,895	8,966	32,409	31,828
State Sources	1,526,186	1,997,548	735,510	1,724,901	1,891,566	1,723,302	1,605,113	1,553,141	1,710,948	1,633,423
Federal Sources	104,254	104,961	165,100	86,948	100,253	96,645	92,789	97,961	144,537	138,637
<b>Total Revenue</b>	<b>4,124,652</b>	<b>4,135,334</b>	<b>4,276,959</b>	<b>4,106,093</b>	<b>4,523,740</b>	<b>4,684,923</b>	<b>4,587,876</b>	<b>4,654,590</b>	<b>4,795,488</b>	<b>4,812,196</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	1,999,492	2,004,765	2,030,964	2,058,963	2,116,969	2,250,588	2,251,655	2,257,237	2,264,772	2,077,589
Special Education Instruction										244,224
Basic Skills/Remedial Instruction										39,319
School Sponsored Athletics Instruction										16,000
Vocational Programs										48,537
<b>Support Services:</b>										
Health Services										54,387
Attendance and Social Work Services										69,980
Child Study Team										42,830
General Administration Services	1,199,369	938,826	1,158,123	1,004,587	1,166,879	1,002,765	1,015,759	1,032,966	1,056,228	352,777
School Administration Services	782,677	834,772	838,066	770,944	750,581	815,221	826,523	871,010	668,111	33,203
Central Services										119,260
Administrative Information Technology	99,545	117,391	125,289	255,915	284,305	440,569	354,590	437,251	490,309	1,286,044
Required Maintenance of School Facilities	139,572									12,132
Custodial Services	26,450	186,917	5,435		21,819	36,644	5,280	25,642		33,195
Food Service	104,254	104,961	179,985							430,133
<b>Total Expenditures</b>	<b>4,351,359</b>	<b>4,187,632</b>	<b>4,337,862</b>	<b>4,090,409</b>	<b>4,340,553</b>	<b>4,545,787</b>	<b>4,453,807</b>	<b>4,624,106</b>	<b>4,479,420</b>	<b>4,859,610</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(226,707)</b>	<b>(52,298)</b>	<b>(60,903)</b>	<b>15,684</b>	<b>183,187</b>	<b>139,136</b>	<b>134,069</b>	<b>30,484</b>	<b>316,068</b>	<b>(47,414)</b>
<b>Other Financing Sources/(Uses):</b>										
Transfers In										95,000
Transfers Out										(40,000)
<b>Total Other Financing Sources/(Uses)</b>						<b>(4,522)</b>				<b>55,000</b>
<b>Net Change In Fund Balances</b>	<b>\$ (226,707)</b>	<b>\$ (52,298)</b>	<b>\$ (60,903)</b>	<b>\$ 15,684</b>	<b>\$ 183,187</b>	<b>\$ 111,846</b>	<b>\$ 134,069</b>	<b>\$ 30,484</b>	<b>\$ 316,068</b>	<b>\$ 7,586</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: Charter School Financial Reports

\* In 2017 the District implemented Uniform Minimum Chart of Account for New Jersey Schools

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
 (Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Local Levy - Charter School Aid	Other	Total
2008	\$ 2,362,908	\$ 23,427	\$ 2,386,335
2009	2,017,123	15,702	2,032,825
2010	3,189,583	186,766	3,376,349
2011	2,289,186	2,521	2,291,707
2012	2,517,975	7,892	2,525,867
2013	2,841,095	1,908	2,843,003
2014	2,882,079	7,368	2,889,447
2015	2,994,522	8,966	3,003,488
2016	2,907,594	32,409	2,940,003
2017	3,008,308	31,828	3,040,136

Source: The Elysian Charter School of Hoboken Financial Reports.



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	22.0	22.0	22.0	22.0	21.8	21.8	21.8	23.0	23.0	23.9
Special Education	5.0	5.0	4.4	3.2	3.3	3.3	3.3	3.5	3.5	3.8
Support Services:										
Student & Instruction Related Services	8.0	8.0	8.0	5.0	5.5	5.5	5.5	5.5	5.5	12.0
School Administrative Services	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General and Business Administrative Services	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Plant Operations and Maintenance	1.0	1.0								0.8
Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.5	4.5	4.5
Food Service	4.0	4.0	2.5	2.5	2.0	2.0	2.0	3.5	3.5	3.5
Child Care	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	5.0
<b>Total</b>	<b>50.0</b>	<b>50.0</b>	<b>46.9</b>	<b>40.7</b>	<b>40.6</b>	<b>40.6</b>	<b>40.6</b>	<b>48.5</b>	<b>48.5</b>	<b>58.0</b>

Source: Charter School Personnel Records

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

OPERATING STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percent Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						Middle	Middle				
2008	266.0	\$ 3,954,762	\$ 14,868	1.22%	22.0	12.0	270.0	265.9	0.00%	98.48%	
2009	273.0	3,983,801	14,593	-1.85%	22.0	12.0	273.0	268.9	1.11%	98.50%	
2010	286.0	4,337,862	15,167	3.94%	22.0	12.0	286.0	276.0	4.76%	96.50%	
2011	288.0	4,090,409	14,203	-6.36%	26.0	16.0	288.0	279.9	0.70%	97.19%	
2012	288.0	4,318,734	14,996	5.58%	25.1	16.0	288.0	265.2	0.00%	92.08%	
2013	288.0	4,509,143	15,657	4.41%	25.1	16.0	288.0	269.7	0.00%	93.65%	
2014	288.0	4,448,527	15,446	-1.34%	25.1	16.0	288.0	272.2	0.00%	94.51%	
2015	288.0	4,598,464	15,967	3.37%	25.1	16.0	288.0	282.1	0.00%	97.95%	
2016	288.0	4,479,420	15,554	-2.59%	25.1	16.0	288.0	278.1	0.00%	96.56%	
2017	288.0	4,859,610	16,874	8.49%	25.1	16.0	288.0	278.1	0.00%	96.56%	

Note: Enrollment is based on the annual October Student count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculations.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Charter School Business Office

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Building</u>					
Main Campus					
Square Feet	17,000	17,000	17,000	17,000	17,000
Capacity (students)	192	192	224	224	224
Enrollment	172	179	222	224	224
Second Campus					
Square Feet	12,000	12,000	10,000	10,000	10,000
Capacity (students)	96	96	64	64	64
Enrollment	94	94	64	64	64
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Building</u>					
Main Campus					
Square Feet	17,000	17,000	17,000	28,577	28,577
Capacity (students)	224	224	224	288	288
Enrollment	224	224	224	288	288
Second Campus					
Square Feet	10,000	10,000	10,000	N/A	N/A
Capacity (students)	64	64	64	N/A	N/A
Enrollment	64	64	64	N/A	N/A

Number of Schools at June 30, 2017

Charter School (K-8) = 1

Source: Charter School Business Office

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
INSURANCE SCHEDULE  
JUNE 30, 2017  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy: NJSIG		
Commercial Property	\$ 50,000,000	\$ 1,000
Boiler and Machinery	Included in Group Limit	1,000
General Liability	16,000,000	
Automotive Liability	16,000,000	
School Board Legal Liability	16,000,000	5,000
Umbrella	Included in General Liability	
Workers' Compensation	2,000,000	
Public Official Bond - NJSIG		
School Business Administrator	150,000	
School Business Manager	150,000	

Source: Charter School Business Office

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
FINANCIAL PERFORMANCE  
JUNE 30, 2017  
UNAUDITED

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash	\$ 575,919	\$ 857,584	\$ 861,989
Current Assets	103,748	251,772	87,777
Capital Assets, Net	33,643	21,734	69,323
Total Assets	<u>713,310</u>	<u>1,131,090</u>	<u>1,019,089</u>
Deferred Outflows of Resources	<u>35,100</u>	<u>444,187</u>	<u>839,253</u>
Current Liabilities	41,241	188,829	120,423
Long-Term Liabilities	<u>1,116,230</u>	<u>1,580,414</u>	<u>2,182,215</u>
Total Liabilities	<u>1,157,471</u>	<u>1,769,243</u>	<u>2,302,638</u>
Deferred Inflows of Resources	<u>145,784</u>	<u>90,101</u>	<u>50,121</u>
Net Position/(Deficit)	<u>\$ (554,845)</u>	<u>\$ (284,067)</u>	<u>\$ (494,417)</u>
Total Revenue	\$ 5,218,218	\$ 5,670,825	\$ 5,981,817
Total Expenses	<u>5,145,835</u>	<u>5,400,047</u>	<u>6,192,167</u>
Change in Net Position	<u>\$ 72,383</u>	<u>\$ 270,778</u>	<u>\$ (210,350)</u>
Depreciation Expense	\$ 11,909	\$ 11,909	\$ 81,507
Interest Expense	N/A	N/A	N/A
Principal Payments	N/A	N/A	N/A
Interest Payments	N/A	N/A	N/A
Final Average Daily Enrollment	288	288	288
March 30th Budgeted Enrollment	288	288	288
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Near Term Indicators:			
Current Ratio	0.09	0.16	0.04
Unrestricted Days Cash	294.70	276.74	308.73
Enrollment Variance	100%	100%	100%
Default	No	No	No
Sustainability Indicators:			
Total Margin	1%	5%	-4%
Debt to Asset	1.62	1.56	2.26
Cash Flow	263,107	281,665	4,405
Debt Service Coverage Ratio	N/A	N/A	N/A

N/A - Not Applicable

Source: Charter School Business Office

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 Auditors' Report

The Honorable President and Members  
 of the Board of Trustees  
 The Elysian Charter School of Hoboken  
 Hoboken, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elysian Charter School of Hoboken, (the "Charter School") in the County of Hudson as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 15, 2017.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Charter School'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Page 2

### **Compliance and Other Matters**


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

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 15, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant





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Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Hoboken, New Jersey

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

We have audited the Elysian Charter School of Hoboken (the "Charter School's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2017. The Charter School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

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

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

The Honorable President and Members  
of the Board of Trustees  
The Elysian Charter School of Hoboken  
Page 2

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

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

**Report on Internal Control Over Compliance**

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

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

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

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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

September 15, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2016		Balance, June 30, 2017		
					Cash Received	Budgetary Accounts Receivable	Budgetary Accounts Receivable	Due to Grantor	
<b>General Fund</b>									
U.S. Department of Agriculture Passed-through									
State of New Jersey Department of Agriculture									
<u>Child Nutrition Cluster</u>									
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	\$ 2,609	\$ 2,421	\$ (2,609)	\$ 188		
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	2,674	216				
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	20,467	18,669	(20,462)	1,793		
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	19,589	1,603				
Total U.S. Department of Agriculture					1,819	22,909	(23,071)	1,981	
<b>Special Revenue Fund:</b>									
US Department of Education Passed-through State									
of New Jersey Department of Education									
<u>Special Education Cluster:</u>									
IDEA - Part B, Basic	84.027A	IDEA 6420-17	7/1/16-6/30/17	57,587	57,587	(57,587)			
IDEA - Part B, Preschool	84.173	IDEA 6420-17	7/1/16-6/30/17	942	942	(942)			
Total Special Education Cluster					58,529	(58,529)			
No Child Left Behind:									
Title I - Part A	84.010A	NCLB 6420-17	7/1/16-6/30/17	72,067	72,067	(72,067)			
Title I - Part A	84.010A	NCLB 6420-16	7/1/15-6/30/16	75,280	31,649				
Title II - Part A	84.367A	NCLB 6420-17	7/1/16-6/30/17	8,041	8,041	(8,041)			
Title II - Part A	84.367A	NCLB 6420-16	7/1/15-6/30/16	8,249	8,249				
Total U.S. Department of Education					39,898	178,535	(138,637)		
Total Federal Awards					\$ 41,717	\$ 201,444	\$ (161,708)	\$ 1,981	\$ - 0 -

N/A - Not Applicable/Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2016		June 30, 2017		MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Paid to Grantor	
State Department of Education:								
General Fund:								
Local Levy - State Share	17-495-034-5120-071	7/1/16 - 6/30/17	\$ 384,579	\$	384,579	\$ (384,579)		\$ 384,579
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	520,016		520,016	(520,016)		520,016
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	34,987		34,987	(34,987)		34,987
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	180,413		180,413	(180,413)		180,413
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16 - 6/30/17	137,584		131,047	(137,584)		137,584
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15 - 6/30/16	135,712	\$ 6,622	6,622			135,712
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	170,613		170,613	(170,613)		170,613
On-Behalf Long Term Disability Insurance Contributic	17-495-034-5094-001	7/1/16 - 6/30/17	469		469	(469)		469
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	197,602		197,602	(197,602)		197,602
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	7/1/16 - 6/30/17	7,160		7,160	(7,160)		7,160
Total General Fund			6,622	1,633,508	(1,633,423)		6,537	1,769,135
Enterprise Fund								
State Department of Agriculture	17-100-010-3350-023	7/1/16 - 6/30/17	880		804	(880)		880
State School Lunch	16-100-010-3350-023	7/1/15 - 6/30/16	844		70			844
Total Enterprise Fund			70	874	(880)		76	1,724
Total State Awards			\$ 6,692	\$ 1,634,382	\$ (1,634,303)	\$ - 0 -	\$ 6,613	\$ 1,770,859
Less: On-Behalf TPAF Pension System Contributions:								
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	170,613			170,613		
On-Behalf Long Term Disability Insurance Contributic	17-495-034-5094-001	7/1/16 - 6/30/17	469			469		
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	197,602			197,602		
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	7/1/16 - 6/30/17	7,160			7,160		
Subtotal - On-Behalf TPAF Pension System Contributions						375,844		
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						\$ (1,258,459)		

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of The Elysian Charter School of Hoboken (the "Charter School") under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from budgetary basis to the GAAP basis is \$-0- for the general fund and special revenue funds. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,633,423	\$ 1,633,423
Special Revenue Fund	\$ 138,637		138,637
Food Service Fund	23,071	880	23,951
	<u>\$ 161,708</u>	<u>\$ 1,634,303</u>	<u>\$ 1,796,011</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the Charter School expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Charter School was not subject to the single audit provisions of the Uniform Guidance for the fiscal year end June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The Charter School's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Local Levy - State Share	17-495-034-5120-071	7/01/15-6/30/16	\$ 384,579	\$ 384,579
Adjustment Aid	17-495-034-5120-085	7/01/15-6/30/16	520,016	520,016
Security Aid	17-495-034-5120-084	7/01/15-6/30/16	34,987	34,987
Special Education Aid	17-495-034-5120-089	7/01/15-6/30/16	180,413	180,413

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The Charter School was determined to be as a "low risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year audit findings.