



McIntee Fusaro Del Corral, LLC
Certified Public Accountants & Forensic Consultants

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Hoboken Charter School
Hoboken, New Jersey

For the Fiscal Year Ended June 30, 2020

**Hoboken Charter School
Table of Contents
Fiscal Year Ended June 30, 2020**

INTRODUCTORY SECTION

Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants, Independent Auditors, and Advisors	7

FINANCIAL SECTION

Independent Auditors' Report	8 - 10
-------------------------------------	--------

Required Supplementary Information – Part I

Management's Discussion and Analysis	11 - 15
--------------------------------------	---------

BASIC FINANCIAL STATEMENTS

A. Charter School-Wide Financial Statements

A-1 Statement of Net Position	16
A-2 Statement of Activities	17

B. Fund Financial Statements

 Governmental Funds:

B-1 Balance Sheet	18
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	19
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20

 Proprietary Funds:

B-4 Statement of Net Position	21
B-5 Statement of Revenues, Expenditures and Changes in Net Position	22
B-6 Statement of Cash Flows	23

 Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	24
B-8 Statement of Changes in Fiduciary Net Position	25

Notes to the Financial Statements	26 - 51
--	---------

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	52
C-1a Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	53

Notes to the Required Supplementary Information – Part II

C-3 Budget-to-GAAP Reconciliation	54
-----------------------------------	----

Required Supplementary Information – Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability – PERS	55
L-2 Schedule of Charter School Contributions – PERS	56
L-3 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability – TPAF	57
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	58

Notes to the Required Supplementary Information – Part III

Other Supplementary Information

D. School Based Budget Schedules (Not Applicable)	N/A
E. Special Revenue Fund	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	60
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund (Not Applicable)	N/A
G. Proprietary Funds	
Enterprise Funds:	
G-1 Combining Statement of Net Position	61
G-2 Combining Statement of Revenues, Expenditures and Changes in Fund Net Position	62
G-3 Combining Statement of Cash Flows	63
Internal Service Funds: (Not Applicable)	N/A

H. Fiduciary Funds

H-1	Combining Statement of Fiduciary Net Position	64
H-2	Combining Statement of Changes in Fiduciary Net Position	65
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4	Payroll Agency and Pension Fund Schedule of Receipts and Disbursements	66

I.	Long Term Debt (Not Applicable)	N/A
----	---------------------------------	-----

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	67
J-2	Changes in Net Position	68
J-3	Fund Balances – Governmental Funds	69
J-4	Changes in Fund Balances – Governmental Funds	70
J-5	General Fund Other Local Revenue by Source	N/A

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7	Direct and Overlapping Property Tax Rates	N/A
J-8	Principal Property Taxpayers	N/A
J-9	Property Tax Levies and Collection	N/A

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	N/A
J-11	Ratios of General Bonded Debt Outstanding	N/A
J-12	Direct and Overlapping Governmental Activities Debt	N/A
J-13	Legal Debt Margin Information	N/A

Demographic and Economic Information

J-14	Demographic and Economic Statistics	71
J-15	Principal Employers	72

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	73
J-17	Operating Statistics	74
J-18	School Building Information	N/A
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	N/A
J-20	Insurance Schedule	75
J-21	Charter School Performance Framework, Financial Performance, Fiscal Ratios	76

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77 - 78
K-2	Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular 15-08 OMB	79 - 80
K-3	Schedule of Expenditures of Federal Awards, Schedule A	81
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	82
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	83 - 84
K-6	Schedule of Findings and Questioned Costs: - Section I - Summary of Auditor's Results - Section II - Financial Statement Findings - Section III – Federal Awards and State Financial Assistance and Questioned Costs	85 - 86 87 88
K-7	Summary Schedule of Prior Audit Findings	89

N/A – Not Applicable

INTRODUCTORY SECTION



A K – 12 SERVICE LEARNING SCHOOL

A K-12
LEARNING
COMMUNITY
STRIVING FOR
A JUST WORLD

November 17, 2020

Honorable Chairperson and
Members of the Board of Trustees
713 Washington Street
Hoboken, NJ 07030

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza, CN-500
Trenton, New Jersey 08625-0500

Dear Board Members and Commissioner:

The comprehensive annual financial report of the Hoboken Charter School Local Educational Agency (LEA) for the fiscal year ended June 30, 2020, 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 Hoboken Charter School Board of Trustees. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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 chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Charter School is required to undergo an annual single audit in conformity with the Uniform Guidance and the provisions of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, and regulations and findings, and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Hoboken Charter School LEA is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) in codification section 2100. All funds and account groups of the Charter School are included in this report.

HOBOKEN CHARTER SCHOOL

LOWER AND MIDDLE SCHOOL 713 WASHINGTON STREET | HOBOKEN, NJ 07030 | 201 963 0222 | 201 963 0880 FAX

UPPER SCHOOL 360 1ST STREET | 2ND FLOOR | HOBOKEN, NJ 07030 | 201 963 3280 | 201 963 0695 FAX

The Charter School provides a full range of educational services appropriate to grade levels K through 12. That program includes regular education, special education, social, health, and nutrition services that support the total education of the students and their families. The Charter School completed the 2019-2020 fiscal year with an ADE enrollment of 297.1 which is a decrease from 2018-2019's total of 297.6 of (0.5) students. The ADE count has increased from 1988-1989 (121.1) to 2019-2020 (297.1).

2) **ECONOMIC CONDITIONS AND OUTLOOK:** The Hoboken Charter School has three locations in Hoboken. The Charter School has completed its twenty second year of operations. During the 2019-2020 school year, the school served approximately 298 students in grades K-12. K-8 is located at 713 Washington St. The High School is at two new locations: 360 First Street and 124 Grand Street (Multi Center).

Hoboken Charter School is a public school located in an urban city in New Jersey. The Charter School has successfully brought together families from the diverse communities in Hoboken, evident by a significant percentage of the students qualifying for free or reduced lunches. We have the unique challenge of bringing together a diverse group of families who traditionally have had limited contact with one another. As a community, Hoboken is also experiencing many of the pressures that are the consequence of an urban city in the process of change.

Growth

The Hoboken Charter School initially opened during the 1998-1999 school year and served students in grades preK-3 and 9-10. As stated above, the Charter School served students in grades K-12 during the 2019-2020 school year.

3) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control 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 adequacy of internal controls, including the portion related to federal and state financial

HOBOKEN CHARTER SCHOOL

LOWER AND MIDDLE SCHOOL 713 WASHINGTON STREET | HOBOKEN, NJ 07030 | 201 963 0222 | 201 963 0880 FAX

UPPER SCHOOL 360 1ST STREET | 2ND FLOOR | HOBOKEN, NJ 07030 | 201 963 3280 | 201 963 0695 FAX

assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

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 approved the Board of Trustees. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. There were no open encumbrances at the end of the year.

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

6) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

7) **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The 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 Government 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.

8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, directors and officers insurance, and workman's compensation. A Schedule of Insurance coverage is found on Exhibit J-20.

9) **INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McIntee Fusaro Del Corral, LLC was selected by the management team and approved by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to

HOBOKEN CHARTER SCHOOL

LOWER AND MIDDLE SCHOOL 713 WASHINGTON STREET | HOBOKEN, NJ 07030 | 201 963 0222 | 201 963 0880 FAX

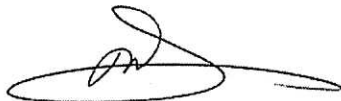
UPPER SCHOOL 360 1ST STREET | 2ND FLOOR | HOBOKEN, NJ 07030 | 201 963 3280 | 201 963 0695 FAX

meet the requirements of the Single Audit Act of 1996 and the Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) **CHALLENGES:** As an entity in its twenty first year, the Hoboken Charter School has had to face numerous challenges ranging from issues related to the refinement of fiscal accountability systems, the evaluation, redesign and implementation of the overall educational programs, and facilities-related concerns. The School must continue to be fiscally prudent in the face of a changing environment. The change in facilities location has made unifying issues the most immediate challenge. HCS has met the past challenges head on and still ended up with ample fund and cash balances and will continue to do so in the future.

ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of Hoboken Charter School Board of Trustees for their concern in providing fiscal and managerial accountability to the citizens and taxpayers whose funding flows to the Hoboken Charter School LEA and thereby contributing their full support to the development and maintenance of our financial operation. Also, special thanks should go to Darren J. Fusaro, CPA, CFE and Isabel Del Corral, CPA (McIntee Fusaro Del Corral, LLC), Charles De Meola, CPA (De Meola Zawacki Mingione & Co, LLC), and Deirdra Grode (Executive Director) who have helped provide sound fiscal advice and service to the school.

Respectfully submitted,



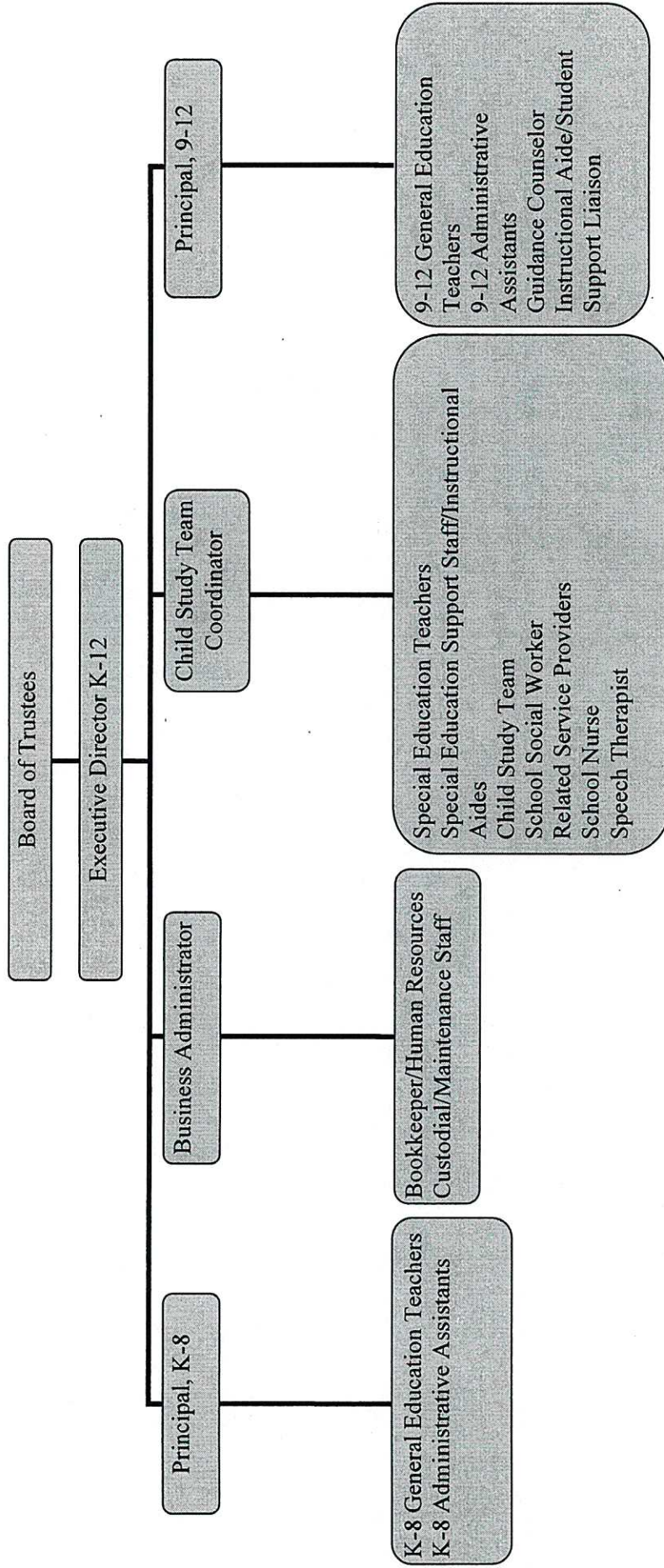
Steve Literati
Business Administrator/Board Secretary

HOBOKEN CHARTER SCHOOL

LOWER AND MIDDLE SCHOOL 713 WASHINGTON STREET | HOBOKEN, NJ 07030 | 201 963 0222 | 201 963 0880 FAX

UPPER SCHOOL 360 1ST STREET | 2ND FLOOR | HOBOKEN, NJ 07030 | 201 963 3280 | 201 963 0695 FAX

Hoboken Charter School Organizational Chart



The Hoboken Charter School (HCS) Organizational Chart outlines each employee's direct supervisor and initial point of administrative contact. Evaluations can be conducted by any member of the HCS administrative team who holds a supervisory role and appropriate certification. Although the position most closely linked to each box explains the first point of contact and supervisor, directives may be delivered by other members of the administrative team.

Hoboken Charter School
Roster of Trustees and Officers
2019 – 2020

<i>NAME:</i> <i>BOARD MEMBER, ADMINISTRATOR</i>	NAME of OFFICE; MEMBER; ADMINIS- TRATOR	BOARD STATUS: VOTING or NON-VOTING
Lauren Calmas	Chairperson	Voting
Steve Literati	Board Secretary	Non-Voting
Amanda Grant	Member	Voting
John Berger	Member	Voting
Christine Sheedy	Member	Voting
Joy Wheeler	Member	Voting
Lisa McIntyre	Member	Voting
Mark Silberberg	Member	Voting
Kelly Pansy	Member	Voting
Dana Wissing	Member	Voting
Deirdra Grode	Member	Non-Voting

Hoboken Charter School

Consultants, Independent Auditors, and Advisors

Audit Firm

McIntee Fusaro Del Corral, LLC
277 Fairfield Road, Suite 300
Fairfield, New Jersey 07004

Attorney

Saiber, Schlesinger Satz & Goldstein
One Gateway Center – 13th Floor
Newark, New Jersey 07101

Financial Consultants

DeMeola Zawacki Mingione & Co., LLC
33 Sicomac Road
North Haledon, New Jersey 07508

Official Depository

Bank of America
615 Washington Street
Hoboken, New Jersey 07030

FINANCIAL SECTION



McIntee Fusaro Del Corral, LLC
Certified Public Accountants & Forensic Consultants

Independent Auditors' Report

The Honorable President and
Members of the Board of Trustees
Hoboken Charter School
County of Hudson
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 Hoboken Charter School (the "Charter School") in the County of Hudson, State of New Jersey, as of and for the year ended June 30, 2020, 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 Hoboken Charter School, in the County of Hudson, State of New Jersey as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 and postemployment benefits schedules in Exhibits L-1 through L-3 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 (CFR) Part 200, *Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, and State Aid*, and 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 other supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, 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 Hoboken Charter School's internal control over financial reporting and compliance.

November 17, 2020



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



Required Supplementary Information – Part I

**Hoboken Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

Our discussion and analysis of Hoboken Charter School's financial performance provides an overview of the School's financial activities for the year ended June 30, 2020, which was the School's 22nd year of operations. Please read it in conjunction with the Independent Auditors' Report and the Charter School's financial statements, including the notes to the financial statements.

Financial Highlights

The Charter School's net position increased by \$503,507 and totaled \$1,770,899 as of June 30, 2020.

Total revenues on a budgetary basis (gross) for the year (both general and program-related) decreased by \$78,841 in fiscal year 2020 compared to fiscal year 2019, totaling \$5,198,916 for the year. General Revenues increased by \$7,932 compared to the prior fiscal year. Program revenues for fiscal year 2020 decreased from the previous year by \$70,909.

Total general expenses on a budgetary basis (gross) for the year decreased by \$364,243 compared to fiscal year 2019. The primary reason was decrease in salaries and materials and supplies.

Using this Annual Financial Report

This annual financial 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 Charter School's operations in more detail than the Charter School-Wide statements.

The *governmental fund 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-term and long-term financial information about the activities the Charter School operates like a business, such as food services and enrichment programs.

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.

Entity-Wide Statements

The entity-wide statements report information about the Charter School as a whole using the accrual basis of accounting similar to the accounting used by private sector corporations. 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 revenues and expenditures 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 changes in them. The change in net position provides the reader with a tool to assist in determining whether the School's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as student enrollment stability and facility conditions in arriving at a conclusion regarding the overall health of the Charter School.

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

Governmental activities: Most of the Charter School's basic services are included here as regular and special education and administration. Charter School and State Aid fund 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

Our analysis of the Charter School's major funds and fund financial statements provides detailed information about the most significant funds – not the Charter School as a whole. The Charter School's funds use different accounting approaches as further described in the notes to the financial statements. Some funds are required by state law and bond covenants and other funds are established to control and manage money for particular purposes such as the proper use of Federal grant revenue.

The Charter School has three types of funds:

Governmental Funds

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

Proprietary Funds

Services for which fees are charged are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the entity-wide statements. The Charter School's Enterprise Funds are the same as its Business-type activities but provide more detail and additional information, such as cash flows.

Fiduciary Funds

The Charter School is a fiduciary for assets that belong to others such as the Payroll Agency Fund, Unemployment Compensation Fund, and Teachers' Pension and Annuity Fund. 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's fiduciary activities are reported in a separate statement of Fiduciary Net Position. These activities are excluded from the Charter School's other financial statements because the assets cannot be utilized by the Charter School to finance 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.

Table 1
Net Position

	Governmental and Business-Type Activities	
	June 30,	
	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ 1,437,481	\$ 1,450,615
Receivables	325,176	72,777
Prepaid Expenses	517,350	44,960
Due from Agency Fund	<u>111,786</u>	<u>111,786</u>
Total Assets	<u>1,680,138</u>	<u>1,680,138</u>
Liabilities:		
Accounts Payable	-0-	32,742
Accrued Salaries and Payroll Taxes	-0-	246,594
Loan Payable - PPP	529,439	
Deferred Revenue	<u>91,455</u>	<u>133,410</u>
Total Liabilities	<u>620,894</u>	<u>412,746</u>
Total Unrestricted Net Position	<u>\$ 1,770,899</u>	<u>\$ 1,267,392</u>

Table 2
Changes in Net Position

Revenues:		
General Revenues:		
District Equalization Aid	\$ 3,534,358	\$ 3,548,035
Security Aid	62,443	58,834
Special Education Categorical Aid	126,780	140,300
State Adjustment Aid	934,218	1,005,948
State Non-Public Aid	31,326	19,055
Payroll Tax Transfer Aid	75,115	-0-
FICA Reimbursement	179,079	147,169
Program Revenues:		
Operating Grants, Contributions, and Programs	<u>434,676</u>	<u>505,585</u>
Total Revenues	<u>5,377,995</u>	<u>5,424,926</u>
Expenditures:		
Instructional Services	2,065,006	2,086,456
Supporting Services	1,247,802	1,383,385
Administration	1,303,923	1,449,682
Other	<u>257,757</u>	<u>319,208</u>
Total Expenditures	<u>4,874,488</u>	<u>5,238,731</u>
Changes in Net Position	503,507	186,195
Net Position, Beginning of Year	<u>1,267,392</u>	<u>1,081,197</u>
Net Position, End of Year	<u>\$ 1,770,899</u>	<u>\$ 1,267,392</u>

General Fund Budget Information

The Charter School's budget is prepared on the modified accrual basis of accounting and has been enhanced by the usage of encumbrances. The tracking of expenses is focused at the Purchase Order level instead of the Invoice level. This method alerts management in a timely fashion as to when expenditures occur and how they affect the budget.

The most significant budgeted fund is the General Fund. The Charter School may amend its revenue and expenditure estimates periodically due to changing conditions. There were no significant variations between the original and final budgets. Net budget transfers totaled \$ -0-.

Factors Expected to Have an Effect on Future Operations

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

The Charter School continues to work with its non-profit foundation, Friends of Hoboken Charter School ("Friends") which holds several fundraisers in support of the Charter School. In addition, Friends has purchased a building next door to the current location of the Charter School's elementary building. The new building will be renovated and the high school is expected to move in for the 2020/21 school year.

Contacting the Charter School's Financial Management

This financial report is designed to provide our fellow citizens, customers, investors and creditors with a general overview of the School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter School office at 201-963-0222.

Basic Financial Statements

Charter School-Wide Financial Statements

**Hoboken Charter School
Statement of Net Position
June 30, 2020**

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,363,560	\$ 56,920	\$ 1,420,480
Accounts Receivable	325,176	-	325,176
Prepaid Expenses	500,000	17,350	517,350
Interfund Receivable	114,018	-	114,018
Total Assets	2,302,754	74,270	2,377,024
 Deferred Outflow of Resources	 230,446	 -	 230,446
 Total Assets	 2,533,200	 74,270	 2,607,470
 LIABILITIES			
Accounts Payable and Accrued Expenses	57,175	-	57,175
Interfund Payable		2,232	2,232
Loan Payable - PPP	529,439	-	529,439
Net Pension Liability	872,225	-	872,225
Deferred Revenue	74,455	-	74,455
Total Liabilities	1,533,294	2,232	1,535,526
 Deferred Inflow of Resources	 617,241	 -	 617,241
 Total Liabilities	 2,150,535	 2,232	 2,152,767
 NET POSITION	 \$ 382,665	 \$ 72,038	 \$ 454,703

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Statement of Activities
For the Year Ended June 30, 2020

Exhibit A-2

Functions/Programs	Expenditures	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Salaries	\$ 1,927,947	\$ -	\$ 63,985	\$ -	\$ (1,863,962)	\$ -	\$ (1,863,962)
Supplies and Materials	97,095	-	18,073	-	(79,022)	-	(79,022)
Textbooks	3,526	-	-	-	(3,526)	-	(3,526)
Business and Other Support Services	-	-	-	-	-	-	-
Purchased Professional and Technical Services	36,438	-	7,012	-	(29,426)	-	(29,426)
Support services:							
Salaries	347,305	-	-	-	(347,305)	-	(347,305)
Supplies and Materials	39,028	-	610	-	(38,418)	-	(38,418)
Rent	564,991	-	-	-	(564,991)	-	(564,991)
Purchased Professional and Technical Services	175,167	-	49,273	-	(125,894)	-	(125,894)
Payroll Taxes and Employee Benefits	22,395	-	22,395	-	-	-	-
Travel	13,293	-	-	-	(13,293)	-	(13,293)
Business and Other Support Services	13,944	-	-	-	(13,944)	-	(13,944)
Energy Costs	36,081	-	-	-	(36,081)	-	(36,081)
Miscellaneous	9,735	-	-	-	(9,735)	-	(9,735)
Property and Liability Insurance	91,295	-	-	-	(91,295)	-	(91,295)
Administration:							
Salaries	492,513	-	-	-	(492,513)	-	(492,513)
Supplies and Materials	-	-	-	-	-	-	-
Payroll Taxes and Employee Benefits	1,199,324	-	-	-	(1,199,324)	-	(1,199,324)
Purchased Professional and Technical Services	186,571	-	-	-	(186,571)	-	(186,571)
Communication and Telephone	34,575	-	-	-	(34,575)	-	(34,575)
Instructional Equipment	-	-	-	-	-	-	-
Non - Instructional Equipment	-	-	-	-	-	-	-
Total Governmental Activities	\$ 5,291,223	\$ -	\$ 161,348	\$ -	\$ (5,129,875)	\$ -	\$ (5,129,875)
Business - Type Activities:							
Food Service	37,387	28,549	-	-	-	(8,838)	(8,838)
Enrichment Program	154,938	229,208	-	-	-	74,270	74,270
Total Business - Type Activities	192,325	257,757	-	-	-	65,432	65,432
Total Primary Government Activities	\$ 5,483,548	\$ 257,757	\$ 161,348	\$ -	\$ (5,129,875)	\$ 65,432	\$ (5,064,443)
General Revenues:							
District Equalization Aid					3,534,358	-	3,534,358
Security Aid					62,443	-	62,443
Special Education Categorical Aid					126,780	-	126,780
State Adjustment Aid					934,218	-	934,218
State Non-Public Aid					31,326	-	31,326
Payroll Tax Transfer Aid					75,115	-	75,115
FICA Reimbursement					179,079	-	179,079
Long Term Disability Insurance Premium (on behalf)					1,104	-	1,104
TPAF Non-Contributory Insurance (on behalf)					8,984	-	8,984
TPAF Pension Contributions (on behalf)					501,246	-	501,246
TPAF Post Retirement Medical Benefits (on behalf)					189,286	-	189,286
Enrichment Programs					15,039	-	15,039
Interest Income					531	-	531
Total General Revenues					\$ 5,659,509	\$ -	\$ 5,659,509
Change in Net Position					529,634	65,432	595,066
Net Position (Deficit) - Beginning of Year					(146,969)	6,606	(140,363)
Net Position - End of Year					\$ 382,665	\$ 72,038	\$ 454,703

The accompanying notes to the basic financial statements are an integral part of this statement

Fund Financial Statements

**Hoboken Charter School
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,363,560	\$ -	\$ 1,363,560
Accounts Receivable	325,176	-	325,176
Prepaid Expenses	500,000	-	500,000
Interfund Receivable	114,018	-	114,018
Total Assets	\$ 2,302,754	\$ -	\$ 2,302,754
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	-	-
Accrued Salaries and Payroll Taxes	-	-	-
Loan Payable - PPP	529,439	-	529,439
Deferred Revenue	74,455	-	74,455
Total Liabilities	603,894	-	603,894
Fund Balances:			
General Fund:			
Unassigned	1,698,860	-	1,698,860
Total Fund balances	1,698,860	-	1,698,860
Total Liabilities and Fund Balances	\$ 2,302,754	\$ -	\$ 2,302,754
Fund balances - total governmental funds			1,698,860
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
The net pension liability for PERS is not due and payable in the current period and is not reported in the governmental funds			
			(872,225)
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:			
Difference between expected and actual experience (outflows)			15,655
Changes of assumptions (outflows)			87,095
Changes in proportion (outflows)			70,521
Difference between projected and actual investment earnings on pension plan investments (inflows)			(13,768)
Difference between expected and actual experience (inflows)			(3,853)
Changes of assumptions (inflows)			(302,747)
Changes in proportion (inflows)			(296,873)
Pension payment subsequent to the measurement date			57,175
Accounts payable for pension expense			(57,175)
Net position of governmental activities (A-1)			\$ 382,665

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit B-2

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
State sources:			
District Equalization Aid	\$ 3,534,358	\$ -	\$ 3,534,358
Security Aid	62,443	-	62,443
Special Education Categorical Aid	126,780	-	126,780
State Adjustment Aid	934,218	-	934,218
State Non-Public Aid	31,326	-	31,326
Payroll Tax Transfer Aid	75,115	-	75,115
FICA Reimbursement	179,079	-	179,079
TPAF Long Term Disability (on behalf)	1,104	-	1,104
TPAF Non-Contributory Insurance (on behalf)	8,984	-	8,984
TPAF Pension Contributions (on behalf)	501,246	-	501,246
TPAF Post Retirement Medical Contributions (on behalf)	189,286	-	189,286
Total - State Sources	5,643,939	-	5,643,939
Federal sources	-	161,348	161,348
Local sources	15,570	-	15,570
Total revenues	5,659,509	161,348	5,820,857
EXPENDITURES			
Current:			
Instruction:			
Salaries	1,863,962	63,985	1,927,947
Materials and Supplies	79,022	18,073	97,095
Textbooks	3,526	-	3,526
Business and Other Support Services	-	-	-
Purchased Professional and Technical Services	29,426	7,012	36,438
	1,975,936	89,070	2,065,006
Support:			
Salaries	347,305	-	347,305
Materials and Supplies	38,418	610	39,028
Rent	564,991	-	564,991
Purchased Professional and Technical Services	125,894	49,273	175,167
Payroll Taxes and Employee Benefits	-	22,395	22,395
Travel	13,293	-	13,293
Business and Other Support Services	13,944	-	13,944
Energy Costs	36,081	-	36,081
Miscellaneous	9,735	-	9,735
Property and Liability Insurance	91,295	-	91,295
	1,240,956	72,278	1,313,234
Administration:			
Salaries	492,513	-	492,513
Payroll Taxes and Employee Benefits	1,290,884	-	1,290,884
Purchased Professional and Technical Services	186,571	-	186,571
Communication and Telephone	34,575	-	34,575
	2,004,543	-	2,004,543
Facilities Acquisition and Construction Services			
Instructional Equipment	-	-	-
Non-Instructional Equipment	-	-	-
	-	-	-
Total Expenditures	5,221,435	161,348	5,382,783
Excess of Revenues Over Expenditures	438,074	-	438,074
Fund Balance, Beginning of Year	1,260,786	-	1,260,786
Fund Balance, End of Year	\$ 1,698,860	\$ -	\$ 1,698,860

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2020**

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 438,074

Amounts reported for governmental activities in the Statement
 in the Statement of Activities are different because:

Governmental funds report school pension contributions as expenditures. However, in the
 Statement of Activities, the cost of pension benefits earned net of employee contributions is
 reported as pension expense

School pension contributions	47,086	
Adjustment for rounding	(1)	
Cost of benefits earned net of employee contributions (pension expense (income) per Fiscal Year June 30, 2019 GASB 68 report)	44,475	
	91,560	91,560

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 529,634

The accompanying notes to the basic financial statements are an integral part of this statement

Proprietary Funds

**Hoboken Charter School
Statement of Net Position
Proprietary Funds
June 30, 2020**

		<u>Business-Type Activities Enterprise Funds Food Services Program</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	56,920
Accounts receivable		-
Prepaid Expenses		17,350
Inventories		-
Total current assets		<u>74,270</u>
Noncurrent assets:		
Restricted cash and cash equivalents		-
Furniture, machinery & equipment		-
Less accumulated depreciation		-
Total noncurrent assets		<u>-</u>
Total assets	\$	<u>74,270</u>
LIABILITIES		
Current liabilities:		
Accrued salaries and payroll taxes	\$	-
Interfund payable		2,232
Deferred revenue		-
Total current liabilities		<u>2,232</u>
Noncurrent Liabilities:		
Compensated absences		-
Total noncurrent liabilities		<u>-</u>
Total liabilities		<u>2,232</u>
NET POSITION		
Invested in capital assets net of related debt		-
Restricted for:		
Capital projects		-
Unrestricted		72,038
Total net position	\$	<u>74,270</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds Food Services Program
Operating revenues:	
Charges for services:	
Daily Sales - Reimbursable Programs	\$ 18,488
After School Programs	229,208
Total Operating Revenues	247,696
 Operating expenditures:	
Salaries	46,053
Payroll Taxes and Employee benefits	66,286
Other Purchased Professional Services	19,140
Cost of Sales - Reimbursable Programs	29,917
Miscellaneous	30,929
Total Operating Expenses	192,325
Operating Income (Loss)	55,371
 State Sources	
State School Lunch Program	281
Federal Sources	
Hunger-Free, Healthy Kids Act	384
National School Lunch Program	5,787
National School Breakfast Program	3,609
Total Non-Operating Revenue	10,061
 Change in net position before transfers	65,432
 Total net position - beginning of year	6,606
 Total net position - end of year	\$ 72,038

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-Type Activities Enterprise Funds Food Services Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and other funds	\$ 208,279
Payments to employees	(46,053)
Payments for employee benefits	(66,286)
Payments to suppliers	(81,144)
Net cash flows from operating activities	<u>14,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	-
Federal sources	-
Operating subsidies and transfers to other funds	-
Net cash flows from non-capital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in capital contributions	-
Purchases of capital assets	-
Gain/Loss on sale of fixed assets (proceeds)	-
Net cash flows from capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	-
Proceeds from sale/maturities of investments	-
Net cash flows from investing activities	<u>-</u>
Net increase in cash	14,796
Cash - beginning of year	<u>42,124</u>
Cash - end of year	<u>\$ 56,920</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:	
Operating income (loss)	\$ 65,432
Adjustments to reconcile operating income (loss) to net cash flows from operating activities	
(Increase) decrease in accounts receivable, net	3,907
(Increase) decrease in prepaid expenses	(3,390)
Increase in interfund payable	2,232
Increase (decrease) in deferred revenue	(53,385)
Net cash flows from operating activities	<u>\$ 14,796</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Fiduciary Funds

**Hoboken Charter School
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

Exhibit B-7

	Unemployment Compensation Trust	Agency Funds
ASSETS		
Cash	\$ 5,240	\$ 153,336
Prepaid Expenses	-	-
Total Assets	\$ 5,240	\$ 153,336
LIABILITIES		
Accounts Payable	\$ 5,240	\$ 41,550
Due to General Fund	-	111,786
Total Liabilities	5,240	153,336
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	\$ -	\$ -

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

Exhibit B-8

	Unemployment Compensation Trust	Agency Funds
ADDITIONS		
Contributions:		
Hoboken Charter School	\$ 26,051	\$ 47,504
Plan Members	15,952	219,262
Total Contributions	42,003	266,766
Investment Earnings:		
Interest	2	5
Total Additions	42,005	266,771
DEDUCTIONS		
Quarterly Contribution Reports	42,005	266,771
Unemployment Claims	-	-
Total Deductions	42,005	266,771
Change in Net Position	-	-
Net Position—Beginning Year	-	-
Net Position—End of Year	\$ -	\$ -

The accompanying notes to the basic financial statements are an integral part of this statement

Notes to the Financial Statements

Hoboken Charter School
Notes to the Financial Statements
June 30, 2020

Note A: Description of the Charter School and Reporting Entity

Hoboken Charter School (“Charter School”) is an instrument of the State of New Jersey, established to function as an educational institution. The Board of Trustees (the “Board”) consists of appointed officials and are responsible for the fiscal control of the Charter School. The Charter School is a not for profit entity organized under Internal Revenue Code Section 501(c)(3). The Charter School’s mission is to provide a rigorous, world-class education to a base of diverse students through a curriculum that ensures active participation in academics, arts and service-learning. The Charter School had an enrollment at June 30, 2020 of 298 students in grades Kindergarten through Grade Twelve.

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. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and Schools by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the School over which the Board exercises operating control. 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 School is not includable in any other reporting entity on the basis of such criteria.

Note B: Summary of Significant Accounting Policies

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body responsible for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict or contradict GASB pronouncements. The most significant of the School's accounting policies are described below:

1. Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Government-Wide Financial Statements – The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function.

Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes and compensated absences. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

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

The Charter School reports the following governmental funds:

General Fund – The General Fund is the general operating fund of the Charter School and is used to account for and report all expendable financial resources except those required to be accounted for in another fund.

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 expenditures 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 Government (other than major capital projects, or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund – Not Applicable

Debt Service Fund – Not Applicable

The Charter School reports the following proprietary funds:

Enterprise Funds (Food Service and Enrichment Program) – The Enterprise Funds 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 costs of providing 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 which includes Payroll Agency Fund and Unemployment Compensation Trust Fund.

2. **Basis of Accounting and Measurement Focus**

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements
The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and the fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

The 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred.

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 Charter School is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

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

3. 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)l. All budget amendments/transfers must be made by school 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from budgetary basis of accounting as presented in the Budgetary Comparison Schedule – General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

4. 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 deferred revenue at the year end. There were no encumbrances recorded as of June 30, 2020.

5. Cash and Cash Equivalents

Cash and cash equivalents include cash in banks. 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 Depository 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.

6. Interfund Transactions

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.

7. Accrued Salaries and Taxes

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 those earned, but undisbursed amounts be retained in a separate bank account.

8. Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's policies and employee contracts. The Charter School's policy permits employees to accumulate unused sick leave and carry forward up to 20 days to subsequent years. Upon termination, employees forfeit all accrued benefits. Therefore, no accrual for compensated absences has been recorded.

9. Deferred Revenue

Deferred revenue represents cash that has been received but not yet earned.

10. Accounting Estimates

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

11. Fund Balance Appropriated

General Fund: of the \$1,698,860 General Fund balance at June 30, 2020, all is unassigned.

12. Allowance for Uncollectible Accounts

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

13. Deficit Net Position

The Charter School had an unrestricted net position of \$382,665 in governmental activities, which is due to unassigned General Fund Balance of \$1,698,860, \$87,095 of changes in pension assumptions, \$70,521 of changes in proportion of pensions, difference between expected and actual experience of \$15,655 offset by difference between projected and actual investment earnings on pension plan investments of \$13,768, difference between expected and actual experience of \$3,853, changes in pension assumptions of \$302,747, and changes in proportion in pensions of \$296,873 and net pension liability of \$872,225. This deficit does not indicate the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

14. 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, 2020 related to pensions.

The Charter School had deferred inflows of resources at June 30, 2020 related to pensions.

15. 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 PERS and TPAF and additions to/deductions from 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. Investments are reported at fair value.

16. 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 fees for the Enrichment Program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each Enterprise Fund.

17. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The Charter School has not entered into any agreements and does not expect this Statement to impact its financial statements.

Note C: Cash and Cash Equivalents

Cash and cash equivalents include change funds and amounts in deposits.

1. Deposits

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

Note D: Operating Lease

Lease for School Facilities

The Charter School has a lease with Friends of Hoboken Charter School (a related party) for classroom and administrative office space for facilities located at 711-713 Washington Street in Hoboken. The lease is for sixty months commencing on July 1, 2017 and expiring on June 30, 2022. An addendum to the lease was enacted in November 2019, whereby the Charter School agreed to pay additional rent up to \$500,000 for construction modifications to additional premises. This amount was paid to Friends of Hoboken Charter School during the fiscal year and has been recorded as Prepaid Expenses on the Statement of Net Position (A-1). Rent expense for the 2019/2020 school year was \$360,000.

The Charter School has two leases for classroom and administrative office space located at the Hoboken Multiservice Center, Hoboken, NJ and space located at 360 First Street, Hoboken, NJ. Both leases were renewed for one year and expire on June 30, 2021. Rent is payable in equal installments of \$1,684 and \$12,360, respectively. Rent expense, including common area charges, for the 2019/2020 school year was \$204,311.

The School leases other facilities for after school programs on a month to month basis. Rent expense for the 2019/2020 school year was \$680.

Future minimum rental payments are as follows:

2021	\$ 528,522
2023	<u>360,000</u>
	<u>\$ 888,522</u>

Note E: Pension Plans

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

Public Employee's Retirement System (PERS)

1. Plan Description

The State of New Jersey Public Employee's 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 PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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.

The following represents the membership tiers for PERS:

<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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62 and tier 5 with 30 years or more 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

2. 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 is being 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 \$47,086 for fiscal year 2020.

The employee contribution rate was 7.50% effective July 1, 2019.

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

At June 30, 2020, the Charter School reported a liability of \$872,225 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the Charter School's proportion was .0048%, which was a decrease of .0009% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized pension income of \$44,475. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 15,655	\$ 3,853
Changes of assumptions	87,095	302,747
Net difference between projected and actual earnings on pension plan investments	-0-	13,768
Changes in proportion	70,521	296,873
Charter School contribution subsequent to the measurement date	<u>57,175</u>	<u>-0-</u>
	<u>\$ 230,446</u>	<u>\$ 617,241</u>

\$57,175 reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the Plan measurement date is June 30, 2019), will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	Total
2020	\$ (25,186)
2021	(81,703)
2022	(72,956)
2023	(34,256)
2024	(3,517)
	<u>\$ (217,618)</u>

Additional Information

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Collective deferred outflows of resources	\$ 3,660,314,627	\$ 6,415,820,851
Collective deferred inflows of resources	11,398,113,779	11,550,501,197
Collective net pension liability	18,143,832,155	19,689,501,539
Charter School's Portion of Net Pension Liability	872,225	1,129,297
Charter School's Portion	.00484%	.00573%

4. Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate;	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% based on years of service
Thereafter	3.00% - 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

5. Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultations 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U. S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

6. Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the state employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments as applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

7. 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 net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Charter School’s collective net pension liability would be if it were calculated using a discount rate that is 1-percentage- point higher than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
State’s Proportionate Share of the Net Pension Liability	\$ 1,109,427	\$ 878,293	\$ 683,530

8. Pension Plan Fiduciary Net Position

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

Teachers’ Pension and Annuity Fund (TPAF)

1. 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. 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 <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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. 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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.

2. Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on the actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actual determined amount.

3. Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability

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

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

At June 30, 2020 the State's proportionate share of the net pension liability associated with the Charter School was \$13,756,982. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Charter School's net pension liability was based on a projection of the 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, 2019, the Charter School's proportion was .0224%, which was an increase of .0005% from its proportion measured as of June 30, 2018.

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	\$ 13,756,982

For the year ended June 30, 2020, the Charter School recognized pension expense of \$811,424 and revenue of \$811,424 for support provided by the State.

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

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience – 2015	8.3	\$ 145,211,243	\$ -0-
Difference between expected and actual experience – 2017	8.3	150,939,884	-0-
Difference between expected and actual experience – 2018	8.29	907,352,137	-0-
Difference between expected and actual experience – 2014	8.5	-0-	7,323,009
Difference between expected and actual experience – 2016	8.3	-0-	69,755,412
Difference between expected and actual experience – 2019	8.04	-0-	136,265,890

Change of assumptions – 2014	8.5	768,874,621	-0-
Change of assumptions – 2015	8.3	2,351,172,865	-0-
Change of assumptions – 2016	8.3	5,609,216,856	-0-
Change of assumptions – 2017	8.3	-0-	8,483,527,374
Change of assumptions – 2018	8.29	-0-	5,172,258,445
Change of assumptions – 2019	8.04	-0-	3,507,345,617
Difference between projected and actual earnings on pension plan investments – 2016	5	-0-	(431,855,192)
Difference between projected and actual earnings on pension plan investments – 2017	5	-0-	452,016,524
Difference between projected and actual earnings on pension plan investments – 2018	5	-0-	288,091,115
Difference between projected and actual earnings on pension plan investments – 2019	5	-0-	(144,882,771)
		<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

\$-0- reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
	<u>\$ (7,607,077,817)</u>

5. Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.55% based on years of service
Thereafter	2.75% - 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

6. Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U. S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

7. Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the state. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's Proportionate share of the net pension liability associated with the Charter School as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Proportionate Share of the Net Pension Liability	\$ 16,261,723	\$ 13,790,221	\$ 11,739,655

9. Pension Plan Fiduciary Net Position

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

Tax Deferred Annuity Plan

The School implemented a defined contribution tax deferred annuity plan which covers all employees of the School. This plan is funded solely through employee contributions deducted from their pay or from distributions from other qualified plans. The School has no obligation to contribute to this plan.

Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with 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, NJ, 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 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 \$-0- for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$-0- for the fiscal year ended June 30, 2020.

Note F: General Information about the OPEB Plan

Plan Description and Benefits Provided

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from board of education or county college with 25 years of service or on disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their

employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

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

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

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

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

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtmlhml>

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary Increase	2.00% - 6.00% through 2026 and 3.00% - 7.00% thereafter
Discount Rate	3.87%
Healthcare Cost Trend Rates:	
Medicare PPO	5.8% decreasing to 5% after 8 years
HMO	5.8% decreasing to 5% after 8 years
Self-Insured PPO and HMO	4.5%
Prescription Drug Benefits	8.0% decreasing to 5% after 7 years
Medicare Advantage	4.50%
Retirees' Share of Benefits	
Related Costs	Projected health insurance premiums for Retirees based on the retiree's annual Retirement benefit and level of coverage

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Changes in the total OPEB Liability Reported by the State of New Jersey

	Total OPEB Liability
Balance at June 30, 2018	<u>\$ 3,186,856</u>
Changes for the year:	
Service Cost	395,714
Interest	136,689
Differences Between Expected and Actual Experiences	(240,469)
Changes in Assumptions or Other Inputs	51,109
Contributions from Members	3,119
Benefit Payments	<u>(105,223)</u>
Net Changes	<u>240,939</u>
Balance at June 30, 2019	<u>\$ 3,427,795</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower of 1-percentage-point higher than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability (School Retirees)	\$ 3,968,857	\$ 3,427,795	\$ 2,990,290

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 2,882,741	\$ 3,427,795	\$ 4,126,990

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

For the year ended June 30, 2020, the Charter School recognized OPEB expense of \$447,947 determined by the State as the total OPEB liability for benefit provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience - 2018	\$ -0-	\$ 2,071,704,933
2019	<u>-0-</u>	<u>4,697,268,753</u>
	<u>-0-</u>	<u>6,768,973,686</u>
Changes of Assumptions - 2017	-0-	2,274,586,802
- 2018	-0-	2,438,018,786
- 2018	<u>-0-</u>	<u>1,074,624,235</u>
	<u>-0-</u>	<u>5,787,229,823</u>
Total	<u>\$ -0-</u>	<u>\$ 12,556,203,509</u>

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

Year Ended June 30:

2020	\$ 1,826,528,580
2021	1,826,528,580
2022	1,826,528,580
2023	1,826,528,580
2024	1,826,528,580
Thereafter	<u>3,423,560,609</u>
	<u>\$ 12,556,203,509</u>

Note G: Social Security Tax Reimbursement

In accordance with N.J.S.A. 18A:66-66 of the State of New Jersey reimbursed the Charter School \$179,079 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure.

Note H: Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. The following table is a summary of the Charter School's contribution, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	24,816	13,414	-0-	1,048
2018-2019	25,671	12,077	-0-	5,238
2019-2020	26,051	15,952	-0-	5,240

Note I: Related Party

The Friends of Hoboken Charter School, Inc. ("The Friends") is a tax-exempt organization that was organized to support the Charter School in endeavors that are not funded by the local school districts and federal and state grants.

Note J: 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 School's programs and activities.

Note K: Commitments and Contingencies

Grant Programs – The Charter School participates in 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 agreements. Management is not aware of any material items of noncompliance which would result in disallowance of program expenditures.

Litigation – 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.

Note L: 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 full reconciliation of these items.

Note M: Loan Payable – Paycheck Protection Program

On June 10, 2020, the Charter School was granted a loan from Bank of America in the aggregate amount of \$529,439, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020. The CARES Act provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of qualifying businesses. The loan and accrued interest are forgivable after 24 weeks as long as the Charter School uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1% with a deferral of payments for the first six months. The Charter School intends to use the proceeds for purposes consistent with the PPP. While the Charter School currently believes that its use of loan proceeds will meet the conditions for forgiveness of the loan, there may be actions taken where the Charter School could be ineligible for forgiveness of the loan in whole or in part.

Note O: Evaluation of Subsequent Events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating results. The outbreak of the virus in the United States has caused business disruptions through mandated and voluntary closings of non-essential businesses and school districts. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The related financial impact and duration cannot be reasonably estimated at this time.

The Charter School has evaluated subsequent events through November 17, 2020, the date that financial statements are available for issuance. Based on this evaluation, the Charter School has determined that no subsequent events have occurred that require adjustment to or disclosure in the basic financial statements.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

**Hoboken Charter School
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
State and Local Local Sources:					
District Equalization Aid	\$ 3,534,358	\$ -	\$ 3,534,358	\$ 3,534,358	\$ -
Security Aid	62,443	-	62,443	62,443	-
Special Education Categorical Aid	126,780	-	126,780	126,780	-
State Adjustment Aid	934,218	-	934,218	934,218	-
State Non-Public Aid	31,326	-	31,326	31,326	-
Payroll Tax Transfer Aid	75,115	-	75,115	75,115	-
Enrichment Programs	-	-	-	15,039	15,039
Interest Income	-	-	-	531	531
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	179,079	179,079
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	8,984	8,984
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	501,246	501,246
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	189,286	189,286
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	1,104	1,104
Total	<u>4,764,240</u>	<u>-</u>	<u>4,764,240</u>	<u>5,659,509</u>	<u>895,269</u>
EXPENDITURES:					
Current Expense:					
Instruction:					
Salaries	1,875,151	25,889	1,901,040	1,863,962	37,078
Materials and Supplies	145,072	2,778	147,850	79,022	68,828
Textbooks	9,000	-	9,000	3,526	5,474
Business and Other Support Services	2,000	-	2,000	-	2,000
Purchased Professional and Technical Services	49,500	8,050	57,550	29,426	28,124
Total Instruction	<u>2,080,723</u>	<u>36,717</u>	<u>2,117,440</u>	<u>1,975,936</u>	<u>141,504</u>
Support:					
Salaries	332,000	16,132	348,132	347,305	827
Material and Supplies	81,500	(15,098)	66,402	38,418	27,984
Rent	575,129	24,358	599,487	564,991	34,496
Purchased Professional and Technical Services	214,350	(77,474)	136,876	125,894	10,982
Travel	42,684	-	42,684	13,293	29,391
Business and Other Support Services	10,000	5,269	15,269	13,944	1,325
Energy Costs	49,000	-	49,000	36,081	12,919
Miscellaneous	15,500	4,570	20,070	9,735	10,335
Property and Liability Insurance	95,960	25,335	121,295	91,295	30,000
Total Support	<u>1,416,123</u>	<u>(16,908)</u>	<u>1,399,215</u>	<u>1,240,956</u>	<u>158,259</u>
Administration:					
Salaries	540,000	(25,000)	515,000	492,513	22,487
Payroll Taxes and Employee Benefits	410,560	68,502	479,062	411,185	67,877
Purchased Professional and Technical Services	238,274	(13,311)	224,963	186,571	38,392
Communications and Telephone	92,000	(50,000)	42,000	34,575	7,425
Total Administration	<u>1,280,834</u>	<u>(19,809)</u>	<u>1,261,025</u>	<u>1,124,844</u>	<u>136,181</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On Behalf Contributions					
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	179,079	(179,079)
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	8,984	(8,984)
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	501,246	(501,246)
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	189,286	(189,286)
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	1,104	(1,104)
Total On Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,699</u>	<u>(879,699)</u>
Total Expenditures	<u>4,777,680</u>	<u>-</u>	<u>4,777,680</u>	<u>5,221,435</u>	<u>(443,755)</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,440)</u>	<u>-</u>	<u>(13,440)</u>	<u>438,074</u>	<u>451,514</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,260,786</u>	
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,698,860</u>	

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2020**

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	168,348	-	168,348	161,348	(7,000)
	<u>168,348</u>	<u>-</u>	<u>168,348</u>	<u>161,348</u>	<u>(7,000)</u>
EXPENDITURES:					
Current Expense:					
Instruction:					
Salaries	63,985	-	63,985	63,985	-
Materials and Supplies	18,073	-	18,073	18,073	-
Textbooks	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-
Purchased Professional and Technical Services	7,012	-	7,012	7,012	-
Total Instruction	<u>89,070</u>	<u>-</u>	<u>89,070</u>	<u>89,070</u>	<u>-</u>
Support:					
Salaries	-	-	-	-	-
Materials and Supplies	610	-	610	610	-
Rent	-	-	-	-	-
Purchased Professional and Technical Services	56,273	-	56,273	49,273	7,000
Payroll Taxes and Employee Benefits	22,395	-	22,395	22,395	-
Travel	-	-	-	-	-
Dues and Awards	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-
Property and Liability Insurance	-	-	-	-	-
Total Support	<u>79,278</u>	<u>-</u>	<u>79,278</u>	<u>72,278</u>	<u>7,000</u>
Administration:					
Salaries	-	-	-	-	-
Payroll Taxes and Employee Benefits	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Travel	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>168,348</u>	<u>-</u>	<u>168,348</u>	<u>161,348</u>	<u>7,000</u>
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Notes to the Required Supplementary Information – Part II

**Hoboken Charter School
Required Supplementary Information
Budget to GAAP Reconciliation
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020**

Exhibit C-3

**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	[C-1]	\$ 5,659,509	[C-2]	\$ 161,348
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 5,659,509</u>	[B-2]	<u>\$ 161,348</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,221,435	[C-2]	\$ 161,348
Differences - budget to GAAP Encumbrances for supplies and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received and services rendered for <i>financial reporting</i> purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 5,221,435</u>	[B-2]	<u>\$ 161,348</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Required Supplementary Information – Part III

**Schedules Related to Accounting and Reporting for Pensions
(GASB 68)**

Hoboken Charter School
Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.0072%	0.0059%	0.0064%	0.0056%	0.0062%	0.0057%	0.0048%
Charter School's proportionate share of the net pension liability	\$ 1,381,706	\$ 1,098,333	\$ 1,434,587	\$ 1,676,842	\$ 1,454,358	\$ 1,129,297	\$ 872,225
Charter School's covered employee payroll	\$ 435,555	\$ 268,168	\$ 400,117	\$ 387,275	\$ 340,003	\$ 359,197	\$ 267,575
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	317.23%	409.57%	358.54%	432.98%	427.75%	314.39%	325.97%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.13%	48.10%	53.60%	56.27%

The Charter School Implemented GASB 68 in 6/30/15

This schedule is intended to show a ten year trend. Additional years will be reported as they become available.

Hoboken Charter School
Schedule of Charter School Contributions - PERS
Last Ten Fiscal years

Exhibit L-2

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 54,473	\$ 48,361	\$ 54,943	\$ 50,298	\$ 60,009	\$ 57,622	\$ 47,504
Contributions in relation to the required contributions	<u>(54,473)</u>	<u>(48,361)</u>	<u>(54,943)</u>	<u>(50,298)</u>	<u>(60,009)</u>	<u>(57,622)</u>	<u>(47,504)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Charter School's covered employee payroll	 435,555	 268,168	 400,117	 387,275	 340,003	 359,197	 267,575
Contributions as a percentage of covered employee payroll	12.51%	18.03%	13.73%	12.99%	17.65%	16.04%	17.75%

The Charter School Implemented GASB 68 in 6/30/15

This schedule is intended to show a ten year trend. Additional years will be reported as they become available.

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Ten Fiscal years

Exhibit L-3

	2014	2015	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Charter School's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated to the charter school	<u>8,781,991</u>	<u>9,060,396</u>	<u>11,225,539</u>	<u>12,808,400</u>	<u>13,407,463</u>	<u>13,934,222</u>	<u>13,756,982</u>
	<u>\$ 8,781,991</u>	<u>\$ 9,060,396</u>	<u>\$ 11,225,539</u>	<u>\$ 12,808,400</u>	<u>\$ 13,407,463</u>	<u>\$ 13,934,222</u>	<u>\$ 13,756,982</u>
Charter School's covered payroll	\$ 1,623,257	\$ 1,915,968	\$ 2,169,784	\$ 2,261,757	\$ 2,345,141	\$ 1,962,688	\$ 2,231,803
State's proportionate share of the net pension liability attributable to the charter school as a percentage of covered payroll	541.01%	472.89%	517.36%	566.30%	571.71%	709.96%	616.41%
Plan fiduciary net position as a percentage of the total net pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

The Charter School Implemented GASB 68 in 6/30/15

This schedule is intended to show a ten year trend. Additional years will be reported as they become available.

The accompanying notes to the basic financial statements are an integral part of this statement

**Schedules Related to Accounting and Reporting for
Postemployment Benefits Other Than Pensions**

Hoboken Charter School
Schedule of Changes in the State's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years

Exhibit M-1

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 499,225	\$ 411,689	\$ 395,714
Interest	119,381	143,761	136,689
Benefit Payments	(84,420)	(85,215)	(105,223)
Contributions from Members	3,109	2,945	3,119
Differences Between Expected and Actual Experience	-	(565,363)	(240,469)
Changes of Assumptions and Other Inputs	<u>(622,484)</u>	<u>(365,708)</u>	<u>51,109</u>
Net Change in Total OPEB Liability	(85,189)	(457,891)	240,939
Total OPEB Liability - Beginning	<u>3,729,936</u>	<u>3,644,747</u>	<u>3,186,856</u>
Total OPEB Liability - Ending	<u>\$ 3,644,747</u>	<u>\$ 3,186,856</u>	<u>\$ 3,427,795</u>
Covered Employee Payroll	<u>\$ 387,275</u>	<u>\$ 340,003</u>	<u>\$ 359,197</u>
Charter School's Proportionate Share of the OPEB Liability	0.00%	0.00%	0.00%
Total OPEB Liability as a Percentage of Covered Employee Payroll	<u>941.13%</u>	<u>937.30%</u>	<u>954.29%</u>

Notes to Schedule:

Changes of Benefit Terms - None

Changes in Assumptions - None

The School Implemented GASB 75 in 6/30/18

This schedule is presented to illustrate the requirement information for ten years. However, until a full ten year trend is compiled, the School should present information for those years for which information is available.

The accompanying notes to the basic financial statements are an integral part of this statement

Notes to the Required Supplementary Information – Part III

Hoboken Charter School
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

Public Employees Retirement System (PERS)

Change in Benefit Terms:

None

Change in Assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

The long-term expected rate of return on pension plan investments remained at 7.00%.

The inflation rate increased from 2.25% and June 30, 2018 to 2.75% at June 30, 2019.

Mortality rates were based on the Pub-2010 General Below – Median Income Employee mortality tables with adjustments for males and females, and improvements from the base year of 2010 based on a generational basis.

Teachers Pension and Annuity Fund (TPAF)

Change in Benefit Terms:

None

Changes of Assumptions:

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

Mortality rates were based on the Pub-2010 Teachers Above – Median Income Employee mortality table with adjustments for males and females, and with future improvements from the base year of 2010 on a generational basis.

Other Supplementary Information

Special Revenue Fund

**Hoboken Charter School
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020**

Exhibit E-1

	IDEA Part - B	ESEA Title I	ESEA Title IV	Total
REVENUES				
Contributions	\$ -	\$ -	\$ -	\$ -
Federal Sources	60,501	93,225	7,622	161,348
Total Revenues	<u>60,501</u>	<u>93,225</u>	<u>7,622</u>	<u>161,348</u>
EXPENDITURES				
Instruction:				
Salaries	-	63,985	-	63,985
Supplies and Materials	11,228	6,845	-	18,073
Textbooks	-	-	-	-
Business and Other Support Services	-	-	-	-
Purchased Professional and Technical Services	-	-	7,012	7,012
Total Instruction	<u>11,228</u>	<u>70,830</u>	<u>7,012</u>	<u>89,070</u>
Support services:				
Salaries	-	-	-	-
Supplies and Materials	-	-	610	610
Rentals	-	-	-	-
Employee Benefits and Payroll Taxes	-	22,395	-	22,395
Purchased Professional and Technical Services	49,273	-	-	49,273
Employee Benefits and Payroll Taxes	-	-	-	-
Travel	-	-	-	-
Dues and Awards	-	-	-	-
Business and Other Support Services	-	-	-	-
Total Support Services	<u>49,273</u>	<u>22,395</u>	<u>610</u>	<u>72,278</u>
Administration				
Salaries	-	-	-	-
Employee Benefits and Payroll Taxes	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-
Travel	-	-	-	-
Supplies and Materials	-	-	-	-
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay				
Instructional Equipment	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>60,501</u>	<u>93,225</u>	<u>7,622</u>	<u>161,348</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Proprietary Funds

Hoboken Charter School
Combining Statement of Net Position
Enterprise Funds
June 30, 2020

	Non-Major Funds		
	Enrichment Program	Food Service	Totals
ASSETS			
Current assets:			
Cash	\$ 56,920	\$ -	\$ 56,920
Accounts receivable	-	-	-
Prepaid Expenses	17,350	-	17,350
Interfund Receivable	-	-	-
Total current assets	74,270	-	74,270
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Furniture, machinery & equipment	-	-	-
Less accumulated depreciation	-	-	-
Total noncurrent assets	-	-	-
Total assets	\$ 74,270	\$ -	\$ 74,270
LIABILITIES			
Current liabilities:			
Interfund Payable	\$ -	\$ 2,232	\$ 2,232
Deferred revenue	-	-	-
Total current liabilities	-	2,232	2,232
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	2,232	2,232
NET POSITION			
Invested in capital assets net of related debt	-	-	-
Restricted for:			
Capital projects	-	-	-
Unrestricted	74,270	(2,232)	72,038
Total net position	\$ 74,270	\$ (2,232)	\$ 72,038

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2020

	Non-Major Funds		Total Enterprise
	Enrichment Program	Food Service Program	
Operating revenues:			
Charges for services:			
Daily Sales - Reimbursable Programs	\$ 229,208	\$ 18,488	\$ 247,696
After School Programs	-	-	-
Total Operating Revenues	<u>229,208</u>	<u>18,488</u>	<u>247,696</u>
Operating expenditures:			
Salaries	38,583	7,470	46,053
Payroll Taxes and Employee benefits	66,286	-	66,286
Other Purchased Professional Services	19,140	-	19,140
Cost of Sales - Reimbursable Programs	-	29,917	29,917
Miscellaneous	30,929	-	30,929
Total Operating Expenses	<u>154,938</u>	<u>37,387</u>	<u>192,325</u>
Operating Income (Loss)	<u>74,270</u>	<u>(18,899)</u>	<u>55,371</u>
State Sources			
State School Lunch Program	-	281	281
Federal Sources			
Hunger-Free, Healthy Kids Act	-	384	384
National School Lunch Program	-	5,787	5,787
National School Breakfast Program	-	3,609	3,609
Total Non-Operating Revenue	<u>-</u>	<u>10,061</u>	<u>10,061</u>
Change in net position before transfers	74,270	(8,838)	65,432
Total net position - beginning of year	<u>-</u>	<u>6,606</u>	<u>6,606</u>
Total net position (deficit) - end of year	<u>\$ 74,270</u>	<u>\$ (2,232)</u>	<u>\$ 72,038</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2020

	Non-Major Funds		
	Enrichment Program	Food Service Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 175,823	\$ 32,456	\$ 208,279
Payments to employees	(46,053)	-	(46,053)
Payments for employee benefits	(66,286)	-	(66,286)
Payments to suppliers	(42,082)	(39,062)	(81,144)
Net cash flows from operating activities	<u>21,402</u>	<u>(6,606)</u>	<u>14,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	-	-	-
Federal sources	-	-	-
Operating subsidies and transfers to other funds	-	-	-
Net cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital contributions	-	-	-
Purchases of capital assets	-	-	-
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	21,402	(6,606)	14,796
Cash - beginning of year	<u>38,225</u>	<u>3,899</u>	<u>42,124</u>
Cash - end of year	<u>\$ 59,627</u>	<u>\$ (2,707)</u>	<u>\$ 56,920</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ 74,270	\$ (8,838)	\$ 65,432
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
(Increase) decrease in accounts receivable, net	3,907	-	3,907
(Increase) decrease in prepaid expenses	(3,390)	-	(3,390)
Increase in interfund payable	-	2,232	2,232
Decrease in deferred revenue	(53,385)	-	(53,385)
Net cash flows from operating activities	<u>\$ 21,402</u>	<u>\$ (6,606)</u>	<u>\$ 14,796</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Fiduciary Funds

**Hoboken Charter School
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2020**

Exhibit H-1

	Trust		Agency		
	Unemployment Compensation	Total Trust Fund	Pension	Payroll	Total Agency Fund
ASSETS					
Cash	\$ 5,240	\$ 5,240	\$ 9,438	\$ 143,898	\$ 153,336
Prepaid Expenses	-	-	-	-	-
Total Assets	<u>\$ 5,240</u>	<u>\$ 5,240</u>	<u>\$ 9,438</u>	<u>\$ 143,898</u>	<u>\$ 153,336</u>
LIABILITIES					
Accounts Payable	\$ 5,240	\$ 5,240	\$ 9,438	\$ 32,112	\$ 41,550
Due To General Fund	-	-	-	111,786	111,786
Total Liabilities	<u>\$ 5,240</u>	<u>\$ 5,240</u>	<u>\$ 9,438</u>	<u>\$ 143,898</u>	<u>\$ 153,336</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Combining Statement of Changes in Fiduciary Net Position
Trust Fund
For the Year Ended June 30, 2020

Exhibit H-2

	Unemployment Compensation Trust	Total
ADDITIONS		
Contributions:		
Hoboken Charter School	\$ 380	\$ 380
Plan Members	3,875	3,875
Total Contributions	4,255	4,255
Investment Earnings:		
Interest	-	-
Total Additions	4,255	4,255
DEDUCTIONS		
Transfer to General Fund	-	-
Quarterly Contribution Reports	-	-
Unemployment Claims	-	-
Total Deductions	-	-
Change in Net Position	4,255	4,255
Net Position—Beginning Year	-	-
Net Position—End of Year	\$ 4,255	\$ 4,255

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Payroll Agency and Pension Fund
Schedule of Receipts and Disbursements
June 30, 2020**

Exhibit H-4

	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Payroll Agency Fund				
Payroll, Deductions and Withholdings	\$ 18,596	\$ 3,388,679	\$ (3,263,377)	\$ 143,898
Pension Fund				
Pension Contributions and Withholdings	<u>10,926</u>	<u>265,283</u>	<u>(266,771)</u>	<u>9,438</u>
	<u>\$ 29,522</u>	<u>\$ 3,653,962</u>	<u>\$ (3,530,148)</u>	<u>\$ 153,336</u>

The accompanying notes to the basic financial statements are an integral part of this statement

STATISTICAL SECTION
(Unaudited)

**Hoboken Charter School
Introduction to the Statistical Section**

J series

Contents

Page

Financial Trends

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

67 - 70

Revenue Capacity

These schedules contain information that help the reader assess the district's most significant local revenue source, the property tax.

N/A

Debt Capacity

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

N/A

Demographic and Economic Information

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

71 - 72

Operating Information

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

73 - 74

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting school-wide information include information beginning in that year.*

Financial Trends

**Hoboken Charter School
Net Position by Component
Last Ten Fiscal years**

Exhibit J-1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities				**						
Unrestricted	\$ 259,492	\$ 378,775	\$ 499,729	\$ (918,668)	\$ (548,195)	\$ (292,582)	\$ (347,392)	\$ (369,369)	\$ (146,969)	\$ 380,433
Total Governmental Activities Net Position/(Deficit)	\$ 259,492	\$ 378,775	\$ 499,729	\$ (918,668)	\$ (548,195)	\$ (292,582)	\$ (347,392)	\$ (369,369)	\$ (146,969)	\$ 380,433
Business-Type Activities						##				
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204	\$ 3,494	\$ 2,352	\$ 6,606	\$ (2,232)
Total Business-Type Activities Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204	\$ 3,494	\$ 2,352	\$ 6,606	\$ (2,232)

**
Restatement of the June 30, 2014 net position as a result of the Implementation of GASB 68 during the fiscal year ended June 30, 2015

Restatement of the June 30, 2016 net position as a result of an adjustment to the Food Service Fund

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENDITURES										
Governmental Activities										
Instruction:										
Salaries	1,710,214	1,648,520	1,682,184	1,596,652	1,659,440	1,796,128	1,938,344	1,936,791	1,855,842	1,863,962
Materials and Supplies	56,085	78,411	93,661	86,685	95,439	103,623	105,941	74,692	75,775	79,022
Textbooks	7,179	8,441	15,972	19,177	6,601	10,246	12,711	4,452	5,041	3,526
Business and Other Support Services	222	7,488	3,653	849	276	-	860	-	-	-
Purchased Professional and Technical Services	79,784	66,654	52,299	66,615	74,177	56,625	56,954	42,813	40,226	29,426
	<u>1,853,484</u>	<u>1,809,514</u>	<u>1,847,769</u>	<u>1,769,978</u>	<u>1,835,933</u>	<u>1,966,622</u>	<u>2,114,810</u>	<u>2,058,748</u>	<u>1,976,884</u>	<u>1,975,936</u>
Support:										
Salaries	144,381	150,108	168,902	149,798	261,672	338,527	331,689	302,135	241,862	347,305
Materials and Supplies	89,603	84,946	100,608	216,149	88,178	62,030	64,721	65,523	71,686	38,418
Rent	372,990	543,368	401,975	456,092	525,129	534,452	449,142	483,703	582,317	564,991
Purchased Professional and Technical Services	422,652	117,665	243,604	308,041	238,437	245,244	270,795	334,111	239,283	125,894
Travel	8,002	6,875	6,959	21,289	24,790	18,415	30,550	16,489	20,781	13,293
Business and Other Support Services	31,229	44,658	37,182	71,471	93,337	43,306	52,185	66,223	5,051	13,944
Energy	-	-	-	-	-	-	-	-	46,838	36,081
Miscellaneous	-	-	-	-	-	-	-	-	15,744	9,735
Property and Liability Insurance	41,660	25,855	19,074	80,584	64,286	61,812	81,492	81,289	88,113	91,295
	<u>1,110,517</u>	<u>973,475</u>	<u>978,304</u>	<u>1,303,424</u>	<u>1,295,829</u>	<u>1,303,786</u>	<u>1,280,574</u>	<u>1,349,473</u>	<u>1,311,675</u>	<u>1,240,956</u>
Administration:										
Salaries	607,654	594,506	608,674	594,495	565,696	632,723	619,751	604,184	604,321	492,513
Payroll Taxes and Employee Benefits	803,952	771,368	630,252	648,563	1,028,010	927,047	1,082,765	1,209,880	1,282,232	1,199,324
Purchased Professional and Technical Services	166,511	162,132	276,081	177,190	145,650	110,950	132,226	146,409	140,730	186,571
Communication and Telephone	27,971	50,337	28,760	64,362	73,277	65,026	71,072	81,874	78,030	34,575
Materials and Supplies	848	2,653	918	2,636	-	-	-	-	-	-
	<u>1,606,936</u>	<u>1,580,996</u>	<u>1,544,685</u>	<u>1,487,246</u>	<u>1,812,633</u>	<u>1,735,746</u>	<u>1,905,814</u>	<u>2,042,347</u>	<u>2,105,313</u>	<u>1,912,983</u>
Facilities Acquisition and Construction Services										
Non-Instructional Equipment										
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total Governmental Expenses	4,570,937	4,363,985	4,370,758	4,560,648	4,944,395	5,006,154	5,301,198	5,450,568	5,393,872	5,129,875
Business-Type Activity:										
Food Service	-	49,284	55,941	63,474	61,603	51,022	60,094	44,507	40,588	37,387
Enrichment Program	56,561	87,697	69,236	128,747	175,182	206,568	214,049	257,928	278,620	154,938
Total Business-Type Activity Expense	56,561	136,981	125,177	192,221	236,785	257,590	274,143	302,435	319,208	192,325
Total School-Wide Expenses	\$4,627,498	\$4,500,966	\$4,495,935	\$4,752,869	\$5,181,180	\$5,263,744	\$5,575,341	\$5,753,003	\$5,713,080	\$5,322,200
General Revenues and Other Changes in Net Position										
Governmental Activities										
District Equalization Aid	\$3,067,918	\$3,156,649	\$3,266,892	\$3,356,662	\$3,493,241	\$3,570,650	\$3,475,809	\$3,169,556	\$3,548,035	\$3,534,358
Security Aid	51,425	56,660	54,631	53,907	55,122	60,477	53,973	37,079	58,834	62,443
Special Education Aid	139,613	125,565	124,551	152,051	132,617	154,259	154,651	126,518	140,300	126,780
State Adjustment Aid	971,043	925,091	853,547	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218
State Non-Public Aid	-	8,729	54,086	-	-	-	35,245	86,503	19,055	31,326
Payroll Tax Transfer Aid	-	-	-	-	-	-	-	-	-	75,115
FICA Reimbursement	129,389	122,429	137,238	121,828	139,249	155,636	161,894	171,034	147,169	179,079
TPAF Non-Contributory Insurance (on behalf)	-	-	-	-	-	6,186	7,821	7,828	9,229	8,984
TPAF Pension Contributions (on behalf)	-	-	-	-	391,513	124,174	215,851	322,554	440,870	501,246
TPAF Post Retirement Medical Contributions (on behalf)	-	-	-	-	152,432	155,223	186,369	213,387	204,164	189,286
TPAF Long Term Disability (on behalf)	-	-	-	-	-	-	1,888	1,677	1,368	1,104
Interest	18	15	9	457	-	-	76	160	795	531
Summer Program	-	24,653	-	-	-	-	-	-	-	15,039
Contributions	1,439	63,477	758	270	101,654	100,772	-	-	46	-
Total Governmental Activities	4,360,845	4,483,268	4,491,712	4,523,957	5,314,868	5,265,971	5,307,380	5,450,121	5,575,813	5,659,509
Business-Type Activities:										
Food Service	-	21,264	28,403	36,514	30,229	30,659	23,935	31,486	30,883	28,549
Operating Grants and Contributions	-	18,901	6,333	16,306	26,911	24,567	35,449	11,879	13,959	-
Enrichment Program	56,561	87,697	69,236	128,747	175,182	206,568	214,049	257,928	278,620	229,208
Total Business-Type Activity Revenue	56,561	127,862	103,972	181,567	232,322	261,794	273,433	301,293	323,462	257,757
Business-Type Activities:										
Transfer	-	9,119	21,205	10,654	4,463	-	-	-	-	-
Total Business-Type Activities	-	9,119	21,205	10,654	4,463	-	-	-	-	-
	<u>\$4,417,406</u>	<u>\$4,611,130</u>	<u>\$4,595,684</u>	<u>\$4,705,524</u>	<u>\$5,547,190</u>	<u>\$5,527,765</u>	<u>\$5,580,813</u>	<u>\$5,751,414</u>	<u>\$5,899,275</u>	<u>\$5,917,266</u>
Change in Net Position										
Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,204	\$ (710)	\$ (1,142)	\$ 4,254	\$ 65,432
Governmental Activities	\$ (210,092)	\$ 119,283	\$ 120,954	\$ (36,691)	\$ 370,473	\$ 259,817	\$ 6,182	\$ (447)	\$ 181,941	\$ 529,634

The School Implemented GASB 68 in 6/30/15

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Fund Balances - Governmental Funds
Last Ten Fiscal Years**

Exhibit J-3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	<u>\$ 259,492</u>	<u>\$ 378,775</u>	<u>\$ 499,729</u>	<u>\$ 463,038</u>	<u>\$ 801,138</u>	<u>\$ 1,073,110</u>	<u>\$ 1,079,292</u>	<u>\$ 1,078,845</u>	<u>\$ 1,260,786</u>	<u>\$ 1,698,860</u>
Total General Fund	<u>\$ 259,492</u>	<u>\$ 378,775</u>	<u>\$ 499,729</u>	<u>\$ 463,038</u>	<u>\$ 801,138</u>	<u>\$ 1,073,110</u>	<u>\$ 1,079,292</u>	<u>\$ 1,078,845</u>	<u>\$ 1,260,786</u>	<u>\$ 1,698,860</u>
All Other Governmental Funds										
Special revenue fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
District Equalization Aid	\$ 3,067,918	\$ 3,156,649	\$ 3,266,892	\$ 3,356,662	\$ 3,493,241	\$ 3,570,650	\$ 3,475,809	\$ 3,169,556	\$ 3,548,035	\$ 3,534,358
Security Aid	51,425	56,660	54,631	53,907	55,122	60,477	53,973	37,079	58,834	62,443
Special Education Categorical Aid	139,613	125,565	124,551	152,051	132,617	154,259	154,651	126,518	140,300	126,780
State Adjustment Aid	971,043	925,091	853,547	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218
State Non-Public Aid	-	8,729	54,086	-	-	-	35,245	86,503	19,055	31,326
Payroll Tax Transfer Aid	-	-	-	-	-	-	-	-	-	75,115
FICA Reimbursement	129,389	122,429	137,238	121,828	139,249	155,636	161,894	171,034	147,169	179,079
Interest earnings	18	15	9	457	-	-	76	160	795	531
Programs	-	24,653	-	-	-	-	-	-	-	15,039
Contributions	207,169	71,277	47,958	5,270	104,081	103,356	-	-	25,046	-
Federal sources	119,739	120,998	122,420	118,152	119,182	156,634	152,993	167,925	156,282	161,348
Total revenue	4,686,314	4,612,066	4,661,332	4,647,109	4,892,532	5,139,606	5,048,444	5,072,600	5,101,464	5,120,237
Expenditures										
Instruction:										
Salaries	1,768,640	1,705,780	1,735,195	1,649,652	1,709,937	1,853,266	1,970,814	2,000,830	1,913,342	1,927,947
Materials and Supplies	262,661	93,711	93,661	86,685	95,439	133,607	156,957	83,992	92,847	97,095
Textbooks	7,179	8,441	15,972	19,177	6,601	10,246	12,711	4,452	5,041	3,526
Business and Other Support Services	222	7,488	3,653	849	276	-	860	-	-	-
Purchased Professional and Technical Services	79,784	66,654	110,347	71,615	76,604	56,625	56,954	52,813	75,226	36,438
Support:										
Salaries	144,381	150,108	168,902	149,798	296,672	374,927	368,817	340,006	241,862	347,305
Materials and Supplies	89,603	84,946	147,808	216,149	91,178	62,030	64,721	65,523	71,686	39,028
Rent	372,990	543,368	401,975	456,092	525,129	534,452	449,142	483,703	582,317	564,991
Purchased Professional and Technical Services	470,809	162,266	243,604	361,752	254,867	273,784	290,327	343,100	283,630	175,167
Payroll Taxes and Employee Benefits	4,470	4,380	4,055	-	6,541	7,156	5,324	26,284	17,825	22,395
Travel	8,002	14,132	14,265	28,713	32,504	18,415	38,073	27,931	30,319	13,293
Business and Other Support Services	39,069	44,658	37,182	71,471	93,337	43,306	52,185	66,223	5,051	13,944
Energy	-	-	-	-	-	-	-	-	46,838	36,081
Miscellaneous	-	-	-	-	-	-	-	-	15,744	9,735
Property and Liability Insurance	41,660	25,855	19,074	80,584	64,286	61,812	81,492	81,289	88,113	91,295
Administration:										
Salaries	607,654	594,506	608,674	594,495	565,696	632,723	619,751	604,184	604,321	492,513
Payroll Taxes and Employee Benefits	803,952	771,368	630,252	652,580	516,438	625,105	670,836	664,434	626,601	590,264
Purchased Professional and Technical Services	166,511	162,132	276,081	177,190	145,650	110,950	132,226	146,409	140,730	186,571
Communication and Telephone	27,971	50,337	28,760	64,362	73,277	65,026	71,072	81,874	78,030	34,575
Materials and Supplies	848	2,653	918	2,636	-	-	-	-	-	-
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Expenditures	4,896,406	4,492,783	4,540,378	4,683,800	4,554,432	4,863,430	5,042,262	5,073,047	4,919,523	4,682,163
Excess of Revenues										
Over (Under) Expenditures	(210,092)	119,283	120,954	(36,691)	338,100	276,176	6,182	(447)	181,941	438,074
Other Financing Uses										
	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (210,092)	\$ 119,283	\$ 120,954	\$ (36,691)	\$ 338,100	\$ 276,176	\$ 6,182	\$ (447)	\$ 181,941	\$ 438,074

Source: School Records

The accompanying notes to the basic financial statements are an integral part of this statement

Demographic and Economic Information

**Hoboken Charter School
Demographic and Economic Statistics**

Exhibit J-14

<u>Sending District</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
Bayonne	64,897	\$ 1,954,373,155	\$ 30,115	3.90%
Guttenberg	11,121	360,731,877	32,437	2.80%
Hoboken	52,677	4,270,735,098	81,074	1.80%
Jersey City	262,075	9,553,419,975	36,453	3.50%
Newark	282,011	5,176,875,927	18,357	6.00%
North Bergen	60,666	1,608,983,652	26,522	3.20%
Paterson	145,233	2,511,514,269	17,293	6.60%
Union City	67,982	1,446,860,906	21,283	3.80%
Weehawken	14,638	842,241,244	57,538	2.40%
West New York	52,723	1,403,591,706	26,622	3.30%

Source:

^a Regional Economic Information System, Bureau of Economic Analysis

^b Personal income is based upon the population and per capita personal income presented

^c Per capita personal income information by sending district provided by Sperling's Best Places website

^d NJ Dept of Labor and Workforce Development

This information is presented for school year 2019/2020

The accompanying notes to the basic financial statements are an integral part of this statement

**Hoboken Charter School
Principal Employers**

Exhibit J-15

<u>Employer</u>	<u>2020</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
St Mary's Hospital	N/A	N/A
Steven Institute of Technology	N/A	N/A
John Wiley & Company	N/A	N/A
Marsh McClellan	N/A	N/A
City of Hoboken	N/A	N/A

N/A - Employees and Percentage of Total Municipal Employment not available

The accompanying notes to the basic financial statements are an integral part of this statement

Operating Information

**Hoboken Charter School
Full-Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Instruction	42	39	39	36	35	34	35	37	35	33
Support Services (office and lunch):	3	4	3	4	6	7	7	10	8	14
Administration	<u>12</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>8</u>
Total	<u>57</u>	<u>55</u>	<u>54</u>	<u>51</u>	<u>50</u>	<u>50</u>	<u>51</u>	<u>55</u>	<u>50</u>	<u>55</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Operating Statistics
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment as of 10/15	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	K-12	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2010-2011	274.0	4,896,406	17,870		38	7.2	273.3	258.7	0.0%	94.7%
2011-2012	271.0	4,492,783	16,579	-7.23%	39	6.9	269.0	267.6	-1.6%	99.5%
2012-2013	281.0	4,540,378	16,158	-2.54%	39	7.2	274.1	249.2	1.9%	90.9%
2013-2014	279.0	4,812,547	17,249	6.75%	36	7.8	277.1	270.3	1.1%	97.5%
2014-2015	279.0	4,729,614	16,952	-1.72%	35	8.0	285.2	281.1	2.9%	98.6%
2015-2016	298.0	5,125,225	17,199	1.46%	34	8.8	297.4	292.7	4.3%	98.4%
2016-2017	298.0	5,316,405	17,840	3.73%	35	8.5	296.9	278.2	-0.2%	93.7%
2017-2018	298.0	5,375,482	18,039	1.11%	37	8.1	292.5	276.7	-1.5%	94.6%
2018-2019	298.0	5,238,731	17,580	-2.54%	35	8.5	297.6	280.7	1.7%	94.3%
2019-2020	298.0	4,874,489	16,357	-6.95%	33	9.0	297.1	279.2	-0.2%	94.0%

Sources: School Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
The ADA is lower than normal due to the K-8 closing in September 2012 due to the fire and the High School was closed in October due to Hurricane Sandy

The accompanying notes to the basic financial statements are an integral part of this statement

Hoboken Charter School
Insurance Schedule
June 30, 2020
Unaudited

	Coverage	Deductible
CHUBB INSURANCE		
<u>PROPERTY SECTION</u>		
Premises Coverage		
713 Washington St - Personal Property	3,277,950	10,000
Business Income/Extra Expense	533,000	10,000
360 1st Street - Personal Property	1,365,812	10,000
Business Income/Extra Expense	533,000	10,000
SCHOOL ALLIANCE INSURANCE FUND:		
<u>LIABILITY SECTION</u>		
<u>Workers Compensation and Employer's Liability</u>		
<u>Specific Bodily Injury by Accident:</u>		
Workers' Compensation	Statutory	
Employers' Liability	5,000,000	
<u>Specific Bodily Injury by Disease:</u>		
Workers' Compensation	Statutory	
Employers' Liability	5,000,000	
<u>Specific Bodily Injury by Policy Limit:</u>		
Workers' Compensation	Statutory	
Employers' Liability	5,000,000	
<u>General, Employee Benefits and Automobile Liability, Abuse or Molestation and Real Property, Liability and Fire combined single limit</u>		
	5,000,000	
<u>Premises Medical Expense Limit</u>	10,000 each person	1,000
<u>Personal Injury Protection</u>	100,000 medical expense per person	
<u>SCHOOL LEADERS PROFESSIONAL LIABILITY EMPLOYMENT PRACTICES LIABILITY POLICY</u>		
<u>Limit of Liability</u>		
<u>Policy Damages Limit of Liability:</u>		
Per Claim Limit of Liability	5,000,000	5,000
Per Third Party Event Sublimit of Liability	5,000,000	5,000
Per Member Sublimit of Liability	5,000,000	5,000
<u>IEP Hearing Limit of Liability:</u>		
Per Claim Limit of Liability for Defense Costs	5,000,000	5,000
<u>Crisis Fund</u>		
Per Member Sublimit of Liability	5,000,000	5,000
<u>Limit of Liability</u>		
Each Wrongful Act	5,000,000	5,000
Each Employment	5,000,000	5,000
Each IEP Hearing	5,000,000	5,000
<u>EXCESS SCHOLL LEADERS PROFESSIONAL LIABILITY</u>		
Limit of Liability	15,000,000 each loss	
Annual Aggregate Limit	15,000,000 each policy year	
<u>CNA SURETY</u>		
Public Employees' Faithful Performance Blanket Position Bond	156,000	

Hoboken Charter School
Financial Performance - Financial Ratios
June 30, 2020

Exhibit J-21

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cash	\$ 1,280,159	\$ 1,401,261	\$ 1,363,560
Current Assets	<u>1,479,666</u>	<u>1,612,917</u>	<u>2,302,754</u>
Total Assets	<u>1,479,666</u>	<u>1,612,917</u>	<u>2,302,754</u>
Current Liabilities	<u>400,821</u>	<u>352,131</u>	<u>603,894</u>
Total Liabilities	<u>400,821</u>	<u>352,131</u>	<u>603,894</u>
Net Position	<u>\$ 1,078,845</u>	<u>\$ 1,260,786</u>	<u>\$ 1,698,860</u>
Total Revenues	\$ 4,901,566	\$ 4,954,295	\$ 4,779,810
Total Expenses	<u>4,902,013</u>	<u>4,772,354</u>	<u>4,341,736</u>
Change in Net Position	<u>\$ (447)</u>	<u>\$ 181,941</u>	<u>\$ 438,074</u>
Final Average Daily Enrollment	292.50	297.60	297.10
March 30th Budgeted Enrollment	298	298	298

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	3.69	4.58	3.81	3.98
Unrestricted Days Cash	95.32	107.17	114.63	105.34
Enrollment Variance	98.15%	99.87%	99.70%	100.00%
Default	No	No	No	
Sustainability Indicators:				
Total Margin	-0.01%	3.67%	9.17%	4.23%
Debt to Asset	0.27	0.22	0.26	0.25
Cash Flow	175,668	121,102	(37,701)	296,770
Debt Service Coverage Ratio	N/A	N/A	N/A	

SINGLE AUDIT SECTION

**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
Hoboken Charter School
County of Hudson
Hoboken, New Jersey

We have audited, 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 (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hoboken Charter School (the "Charter School"), in the County of Hudson, State of New Jersey, as of and for the year ended June 30, 2020, 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 November 17, 2020.

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 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.



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

November 17, 2020



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



**Report on Compliance for Each Major State Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance and New Jersey Circular 15-08 OMB**

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Hoboken Charter School's (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 year ended June 30, 2020. 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.

Auditor's Responsibility

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

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



Opinion on Each Major State Program

In our opinion, the 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 year ended June 30, 2020.

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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 of that testing based on the requirements of the Uniform Guidance and New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

November 17, 2020



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



Hoboken Charter School
 Schedule of Expenditures of Federal Awards
 For the Fiscal Ended June 30, 2020

Schedule A
 Exhibit K-3

(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		
Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	From	To	Balance at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
	84.010A	S010A180030	NCLB-8140-18	93,225	7/1/19	6/30/20	\$ -	\$ -	93,225	\$ (93,225)	\$ -	\$ -	\$ -	\$ -	\$ -
	84.027	H027A190100	IDEA-8140-18	60,501	7/1/19	6/30/20	-	-	60,501	(60,501)	-	-	-	-	-
	84.024	S424A190031	NCLB-8140-18	7,622	7/1/19	6/30/20	-	-	7,622	(7,622)	-	-	-	-	-
	Total Special Revenue Fund														
							-	-	161,348	(161,348)	-	-	-	-	-
U.S. Department of Agriculture															
Passed-through State Department of Agriculture															
Enterprise Fund:															
	10.553	191NJ304N1099	N/A	3,609	7/1/19	6/30/20	(1,756)	-	5,365	(3,609)	-	-	-	-	-
	10.555	191NJ304N1099	N/A	5,787	7/1/19	6/30/20	(1,903)	-	7,690	(5,787)	-	-	-	-	-
	10.592	191NJ304N1099	N/A	384	7/1/19	6/30/20	(134)	-	518	(384)	-	-	-	-	-
	Total Enterprise Fund														
							(3,793)	-	13,573	(9,780)	-	-	-	-	-
	Sub-Total Federal Financial Awards														
							\$ (3,793)	\$ -	\$ 174,921	\$ (171,128)	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

Hoboken Charter School
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2019			Balance at June 30, 2020			MEMO				
				Deferred Revenue	Budgetary (Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances		Budgetary/GAAP (Accounts Receivable)	Deferred Revenue	Due to Grantor	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	20-495-034+5120-078	3,534,358	7/1/19	6/30/20	34,486	(68,870)	3,377,068	(3,609,473)	(24,052)	-	(308,329)	17,488	-	3,609,473
Special Education Categorical Aid	20-495-034+5120-089	126,780	7/1/19	6/30/20	-	-	126,780	(126,780)	-	-	-	-	-	126,780
Security Aid	20-495-034+5120-084	62,443	7/1/19	6/30/20	-	-	62,443	(62,443)	-	-	-	-	-	62,443
Charter School Aid	20-495-034+5120-071	1,040,659	7/1/19	6/30/20	38,309	-	984,202	(965,544)	-	-	-	56,967	-	965,544
Social Security Tax	20-495-034+5094-003	179,079	7/1/19	6/30/20	-	-	179,079	(179,079)	-	-	-	-	-	179,079
On-Behalf Non-Contributory Insurance	20-495-034+5094-004	8,984	7/1/19	6/30/20	-	-	8,984	(8,984)	-	-	-	-	-	8,984
On-Behalf TPAF Long Term Disability Insurance Contributions	20-495-034+5094-001	1,104	7/1/19	6/30/20	-	-	1,104	(1,104)	-	-	-	-	-	1,104
On-Behalf TPAF Post Retirement Medical Contributions	20-495-034+5094-001	189,286	7/1/19	6/30/20	-	-	189,286	(189,286)	-	-	-	-	-	189,286
On-Behalf TPAF Pension Contributions	20-495-034+5095-002	501,246	7/1/19	6/30/20	-	-	501,246	(501,246)	-	-	-	-	-	501,246
Total General Fund					72,795	(68,870)	5,430,192	(5,643,939)	(24,052)	-	(308,329)	74,455	-	5,643,939
Enterprise Fund:														
State Department of Agriculture														
National School Lunch Program (State Share)	20-100-010-3350-023	281	7/1/19	6/30/20	-	(114)	395	(281)	-	-	-	-	-	281
Total Enterprise Fund					-	(114)	395	(281)	-	-	-	-	-	281
Total State Financial Assistance					72,795	(68,984)	5,430,587	(5,644,220)	(24,052)	-	(308,329)	74,455	-	5,644,220
Less:														
On-Behalf Non-Contributory Insurance	20-495-034+5094-004							8,984						
On-Behalf TPAF Long Term Disability Insurance Contributions	20-495-034+5094-001							1,104						
On-Behalf TPAF Post Retirement Medical Contributions	20-495-034+5094-001							189,286						
On-Behalf TPAF Pension Contributions	20-495-034+5095-002							501,246						
Total for State Financial Assistance-Major Program Determination								(4,943,600)						

The accompanying notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule

Hoboken Charter School
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200 – *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures of federal awards and state financial assistance are recognized following the cost principles of 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: 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 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 revenues, whereas the GAAP basis does not.

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

	Federal	State	Total
General Fund	\$ -0-	\$ 5,643,939	\$ 5,643,939
Food Service Fund	9,780	281	10,061
Special Revenue Fund	<u>161,348</u>	<u>-0-</u>	<u>161,348</u>
Total Awards and Financial Assistance	<u>\$ 171,128</u>	<u>\$ 5,644,220</u>	<u>\$ 5,815,348</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

The amount reported as TPAF Pension Contributions and TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

Note 6: On-Behalf Programs Not Subject to the State Single Audit

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

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes x no

2) Significant deficiency(ies) identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to general-purpose financial
statements noted? _____ yes x no

Federal Awards Section

Not applicable since expenditures of Federal awards were below the single audit threshold.

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020
(continued)**

Section I – Summary of Auditor’s Results (cont’d.)

State Awards

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes x no

2) Significant deficiency(ies) identified that are not considered to be material weaknesses? yes x none

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? yes x no

Identification of major programs:

<u>State Grant/Project Number</u>	<u>Name of State Program</u>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Categorical Aid
20-495-034-5120-084	Security Aid
20-495-034-5120-071	Charter School Aid

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020
(continued)**

Section II – Financial Statement Findings

None

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020
(continued)**

*Section III – Federal Awards and State Financial Assistance Findings and
Questioned Costs*

STATE AWARDS

None

**Hoboken Charter School
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Findings:

None