

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Hoboken Charter School  
Hoboken, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Hoboken Charter School  
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Fiscal Year Ended June 30, 2023**

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N/A – Not Applicable

## **INTRODUCTORY SECTION**



## A K – 12 SERVICE LEARNING SCHOOL

A K-12  
LEARNING  
COMMUNITY  
STRIVING FOR  
A JUST WORLD

November 21, 2023

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 annual comprehensive financial report of the Hoboken Charter School Local Educational Agency (LEA) for the fiscal year ended June 30, 2023, 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 and Board of Trustees of the Hoboken Charter School. 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 annual comprehensive 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the 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 2022-2023 fiscal year with an ADE enrollment of 301.1 The ADE count has increased from 1988-1989 (121.1) to 2022-2023 (301.1).

**2) ECONOMIC CONDITIONS AND OUTLOOK:** The Hoboken Charter School has two locations in Hoboken. The Charter School completed its twenty-fifth year of operations. During the 2022-2023 school year, the school served approximately 298 students in grades K-12. K-8 is located at 713 Washington Street. The High School is located at 711 Washington Street, a building located next door to the K-8 School, and joined by an enclosed bridge on the second, third, and fourth floors. The High School at 711 Washington Street was newly renovated and opened in March 2021.

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 and surrounding communities, 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 2022-2023 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.

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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 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.

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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 meet the requirements of the Single Audit Act of 1996 and the Uniform Guidance and New Jersey's 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 entering its twenty sixth 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. The renewal of the School's charter for another five year period, announced by the State on February 1, 2022 was a validation of our efforts.

**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 Fusaro, CPA and Isabel Del Corral, CPA (McIntee Fusaro Del Corral, LLC), Charles De Meola, CPA (De Meola Zawacki Mingione & Co, LLC), Deirdra Grode (Executive Director), Joy Wheeler (president of the Board of Trustees), and Kelly Pansy (chair of the Finance Committee of the Board) who have helped provide sound fiscal advice and service to the school.

Respectfully submitted,



Steve Literati  
Business Administrator/Board Secretary

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# **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 – 13<sup>th</sup> 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**

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hoboken Charter School (the "Charter School") in the County of Hudson as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hoboken Charter School, in the County of Hudson, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

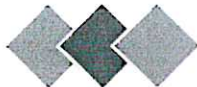
### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and requirements prescribed by the Office we:

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

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



## Required Supplementary Information

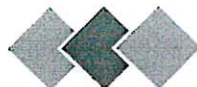
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefits schedules in Exhibits L-1 through L-3 and the related notes and the budgetary comparison information in Exhibits 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 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.

## Supplementary 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 schedules 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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.

## Other Information

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



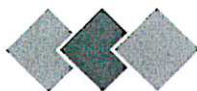
### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

*McIntee Fusaro Del Corral, LLC*

**McIntee Fusaro Del Corral, LLC**

November 21, 2023  
Fairfield, New Jersey





## **Required Supplementary Information – Part I**

**Hoboken Charter School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(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, 2023, which was the School's 24th 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 \$708,063 and totaled \$2,897,175 as of June 30, 2023.

Total revenues on a budgetary basis for the year (general, special, and program-related) decreased by \$129,789 in fiscal year 2023 compared to the prior fiscal year, totaling \$5,984,716 for the year. General and Special Revenues decreased by \$261,035 compared to the prior fiscal year. Program revenues for fiscal year 2023 increased from the prior fiscal year by \$120,515. The primary decrease in General revenue was due to the forgiveness of the PPP Loan in the amount of \$529,439 in 2022. Special Revenue increased because of additional federal funding from the CARES Act and American Rescue Plan. Program revenue increased because of additional after school programs.

Total General, Special and Program expenses on a budgetary basis for the year increased by \$430,522 primarily due to an increase in rent compared to the prior fiscal year.

**Using this Annual Financial Report**

This annual financial report consists of three parts: management's discussion and analysis (this section), the basis 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 as 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 on 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**

	<b>Governmental and Business-Type Activities</b>	
	<b><u>June 30,</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Assets:</b>		
Cash	\$ 2,695,857	\$ 2,726,657
Receivables	433,807	184,125
Prepaid Expenses	42,825	28,148
Operating Lease – Right of Use Asset	<u>3,227,029</u>	<u>3,226,698</u>
<b>Total Assets</b>	<b><u>6,399,518</u></b>	<b><u>6,098,419</u></b>
<b>Liabilities:</b>		
Accounts Payable	204,746	176,234
Operating Lease Liability	3,227,029	3,226,698
Deferred Revenue	<u>70,568</u>	<u>80,484</u>
<b>Total Liabilities</b>	<b><u>3,502,343</u></b>	<b><u>3,483,415</u></b>
<b>Total Unrestricted Net Position</b>	<b><u>\$ 2,897,175</u></b>	<b><u>\$ 2,682,214</u></b>

**Table 2**  
**Changes in Net Position**

<b>Revenues:</b>		
<b>General Revenues:</b>		
District Equalization Aid	\$ 4,048,090	\$ 3,989,306
Security Aid	55,268	70,135
Special Education Categorical Aid	131,372	167,032
State Adjustment Aid	110,928	155,075
State Non-Public Aid	13,557	45,284
Payroll Tax Transfer Aid	420,818	318,507
FICA Reimbursement	177,961	167,230
<b>Program Revenues:</b>		
Operating Grants, Contributions, and Programs	<u>1,026,722</u>	<u>1,201,936</u>
<b>Total Revenues</b>	<b><u>5,984,716</u></b>	<b><u>6,114,505</u></b>
<b>Expenditures:</b>		
Instructional Services	2,514,793	2,334,774
Supporting Services	1,518,120	1,380,780
Administration	1,455,549	1,443,652
Other	<u>281,293</u>	<u>180,027</u>
<b>Total Expenditures</b>	<b><u>5,769,755</u></b>	<b><u>5,339,233</u></b>
<b>Changes in Net Position</b>	<b>214,961</b>	<b>775,272</b>
<b>Net Position, Beginning of Year</b>	<b><u>2,682,214</u></b>	<b><u>1,906,942</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 2,897,175</u></b>	<b><u>\$ 2,682,214</u></b>

## **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 on 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.

## **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, 2023**

Exhibit A-1

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 2,311,586	\$ 384,271	\$ 2,695,857
Accounts Receivable	433,807	-	433,807
Operating Lease - Right of Use Asset	3,277,029	-	3,277,029
Prepaid Expenses	42,825	-	42,825
	6,065,247	384,271	6,449,518
 Deferred Outflow of Resources	 103,171	 -	 103,171
Total Assets	6,168,418	384,271	6,552,689
 <b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	179,746	25,000	204,746
Operating Lease Liability	3,277,029	-	3,277,029
Net Pension Liability	451,838	-	451,838
Deferred Revenue	70,568	-	70,568
	3,979,181	25,000	4,004,181
 Deferred Inflow of Resources	 503,991	 -	 503,991
Total Liabilities	4,483,172	25,000	4,508,172
 <b>NET POSITION</b>			
Restricted for:			
Unemployment Compensation	6,077	-	6,077
Unrestricted	1,679,169	-	1,679,169
	1,685,246	359,271	2,044,517
Total Net Position	\$ 1,685,246	\$ 359,271	\$ 2,044,517

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

**Hoboken Charter School  
Statement of Activities  
For the Year Ended June 30, 2023**

Exhibit A-2

Functions/Programs	Expenditures	Program Revenues			Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
Instruction	\$ 2,514,793	\$ -	\$ 520,158	\$ -	\$ (1,994,635)	\$ -	\$ (1,994,635)
Administration	2,286,560	-	65,311	-	(2,221,249)	-	(2,221,249)
Support Services	1,518,120	-	-	-	(1,518,120)	-	(1,518,120)
<b>Total Governmental Activities</b>	<b>6,319,473</b>	<b>-</b>	<b>585,469</b>	<b>-</b>	<b>(5,734,004)</b>	<b>-</b>	<b>(5,734,004)</b>
<b>Business - Type Activities:</b>							
Food Service	54,338	69,388	-	-	-	15,050	15,050
Enrichment Program	226,955	352,366	-	-	-	125,411	125,411
<b>Total Business - Type Activities</b>	<b>281,293</b>	<b>421,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,461</b>	<b>140,461</b>
<b>Total Primary Government Activities</b>	<b>\$ 6,600,766</b>	<b>\$ 421,754</b>	<b>\$ 585,469</b>	<b>\$ -</b>	<b>\$ (5,734,004)</b>	<b>\$ 140,461</b>	<b>\$ (5,593,543)</b>
<b>General Revenues:</b>							
		District Equalization Aid			4,048,090	-	4,048,090
		Security Aid			55,268	-	55,268
		Special Education Categorical Aid			131,372	-	131,372
		State Adjustment Aid			110,928	-	110,928
		State Non-Public Aid			13,557	-	13,557
		Payroll Tax Transfer Aid			420,818	-	420,818
		FICA Reimbursement			177,961	-	177,961
		Long Term Disability Insurance Premium (on behalf)			627	-	627
		TPAF Non-Contributory Insurance (on behalf)			11,086	-	11,086
		TPAF Pension Contributions (on behalf)			799,050	-	799,050
		TPAF Post Retirement Medical Benefits (on behalf)			212,821	-	212,821
		Interest Income			17,492	-	17,492
		Other Income			2,007	-	2,007
<b>Total General Revenues</b>					<b>6,001,077</b>	<b>-</b>	<b>6,001,077</b>
<b>Change in Net Position</b>					<b>267,073</b>	<b>140,461</b>	<b>407,534</b>
<b>Net Position - Beginning of Year</b>					<b>1,418,173</b>	<b>218,810</b>	<b>1,636,983</b>
<b>Net Position - End of Year</b>					<b>\$ 1,685,246</b>	<b>\$ 359,271</b>	<b>\$ 2,044,517</b>

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

**Hoboken Charter School  
Balance Sheet  
Governmental Funds  
June 30, 2023**

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 2,311,586	\$ -	\$ 2,311,586
Accounts Receivable	293,041	140,766	433,807
Operating Lease - Right of Use Asset	3,277,029	-	3,277,029
Prepaid Expenses	-	42,825	42,825
Interfund Receivable	12,435	-	12,435
<b>Total Assets</b>	<b>\$ 5,894,091</b>	<b>\$ 183,591</b>	<b>\$ 6,077,682</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	65,432	114,314	179,746
Interfund Payable	-	12,435	12,435
Operating Lease Liability	3,277,029	-	3,277,029
Deferred Revenue	13,726	56,842	70,568
<b>Total Liabilities</b>	<b>3,356,187</b>	<b>183,591</b>	<b>3,539,778</b>
Fund Balances:			
Restricted:			
Unemployment Compensation	6,077	-	6,077
Unassigned	2,531,827	-	2,531,827
<b>Total Fund balances</b>	<b>2,537,904</b>	<b>-</b>	<b>2,537,904</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,894,091</b>	<b>\$ 183,591</b>	<b>\$ 6,077,682</b>
Fund balances - total governmental funds			2,537,904
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			
			(451,838)
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)			3,261
Changes of assumptions (outflows)			1,400
Difference between expected and actual experience (inflows)			18,701
Changes in proportion (outflows)			79,809
Difference between expected and actual experience (inflows)			(2,876)
Changes of assumptions (inflows)			(67,658)
Changes in proportion (inflows)			(433,457)
Pension payment subsequent to the measurement date			49,469
Accounts payable for pension expense			(49,469)
<b>Net position of governmental activities (A-1)</b>			<b>\$ 1,685,246</b>

**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, 2023**

Exhibit B-2

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
State sources:			
District Equalization Aid	\$ 4,048,090	\$ -	\$ 4,048,090
Security Aid	55,268	-	55,268
Special Education Categorical Aid	131,372	-	131,372
State Adjustment Aid	110,928	-	110,928
State Non-Public Aid	13,557	-	13,557
Payroll Tax Transfer Aid	420,818	-	420,818
FICA Reimbursement	177,961	-	177,961
TPAF Long Term Disability (on behalf)	627	-	627
TPAF Non-Contributory Insurance (on behalf)	11,086	-	11,086
TPAF Pension Contributions (on behalf)	799,050	-	799,050
TPAF Post Retirement Medical Contributions (on behalf)	<u>212,821</u>	-	<u>212,821</u>
Total - State Sources	5,981,578	-	5,981,578
Federal sources	-	566,894	566,894
Local sources	<u>19,499</u>	<u>18,575</u>	<u>38,074</u>
Total revenues	<u>6,001,077</u>	<u>585,469</u>	<u>6,586,546</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,994,635	520,158	2,514,793
Administration	2,413,822	65,311	2,479,133
Support	<u>1,518,120</u>	-	<u>1,518,120</u>
Total Expenditures	<u>5,926,577</u>	<u>585,469</u>	<u>6,512,046</u>
Net Change in Fund Balance	74,500	-	74,500
Fund Balance, Beginning of Year	<u>2,463,404</u>	-	<u>2,463,404</u>
Fund Balance, End of Year	<u>\$ 2,537,904</u>	<u>\$ -</u>	<u>\$ 2,537,904</u>

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, 2023**

**Exhibit B-3**

**Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)** **\$ 74,500**

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	37,756	
Adjustment	2	
Cost of benefits earned net of employee contributions (pension (expense) benefit) per Fiscal Year June 30, 2022 GASB 68 report)	154,815	
		192,573

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 267,073**

**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, 2023**

Exhibit B-4

	<b>Business-Type Activities Enterprise Funds Food Services Program</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 384,271
Accounts receivable	-
Prepaid Expenses	-
Inventories	-
Total current assets	384,271
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery & equipment	-
Less accumulated depreciation	-
Total noncurrent assets	-
Total assets	\$ 384,271
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 25,000
Interfund payable	-
Deferred revenue	-
Total current liabilities	25,000
Noncurrent Liabilities:	
Compensated absences	-
Total noncurrent liabilities	-
Total liabilities	25,000
<b>NET POSITION</b>	
Invested in capital assets net of related debt	-
Restricted for:	
Capital projects	-
Unrestricted	359,271
Total net position	\$ 384,271

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, 2023**

Exhibit B-5

	<b>Business-Type                      Activities                      Enterprise Funds  <u>Food Services Program</u></b>
Operating revenues:	
Charges for services:	
After School Programs	\$ 352,366
Meal Programs	<u>40,596</u>
Total Operating Revenues	<u>392,962</u>
Operating expenditures:	
Salaries	147,742
Other Purchased Professional Services	38,993
Cost of Sales - Reimbursable Programs	45,995
Miscellaneous	<u>48,563</u>
Total Operating Expenses	<u>281,293</u>
Operating Income	<u>111,669</u>
State Sources	
State School Breakfast and Lunch Program	956
Federal Sources	
Supply Chain Assitance	7,332
Hunger-Free, Healthy Kids Act	626
National School Lunch Program	17,792
National School Breakfast Program	<u>2,086</u>
Total Non-Operating Revenue	<u>28,792</u>
Change in net position before transfers	140,461
Total net position - beginning of year	<u>218,810</u>
Total net position - end of year	<u>\$ 359,271</u>

**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, 2023**

Exhibit B-6

		<b>Business-Type Activities Enterprise Funds Food Services Program</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other funds	\$	409,754
Payments to employees		(147,742)
Payments to suppliers		(108,551)
Net cash flows from operating activities		153,461
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources		-
Federal sources		-
Operating subsidies and transfers to other funds		-
Net cash flows from non-capital financing activities		-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
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		-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends		-
Proceeds from sale/maturities of investments		-
Net cash flows from investing activities		-
Net increase in cash		153,461
Cash - beginning of year		230,810
Cash - end of year	\$	384,271
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>		
Operating income	\$	140,461
Adjustments to reconcile operating income to net cash flows from operating activities		
Increase in accounts payable		25,000
Decrease in deferred revenue		(12,000)
Net cash flows from operating activities	\$	153,461

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, 2023**

**Note A: Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. An Executive Director is appointed by the Board and is responsible for the administrative control of the Charter School. 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 included in any other reporting entity on the basis of such criteria.

**2. Basis of Presentation**

**Charter School-Wide Financial Statements:**

The statement of net position and the statement of activities present financial information about the Charter School’s Governmental activities. These statements include the financial activities of the overall Charter School in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Charter School's activities. Direct expenses are those that are specifically associated with and 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) charges paid by 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. Revenue that is not classified as program revenue is presented as general revenue. 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. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the 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.

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

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. “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.

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

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

#### **4. 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 legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end. The accounting records of the special revenue fund are maintained on a 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.

#### **5. 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, 2023.

**6. 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.

**7. 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.

**8. 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.

**9. 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 for compensated absences 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. Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. 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.

**10. Deferred Revenue**

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

**11. 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.

**12. Fund Balance Appropriated**

The General Fund balance of \$2,531,827 on June 30, 2023, is all unassigned.

**13. Allowance for Uncollectible Accounts**

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

**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 inflows and outflows of resources on June 30, 2023, 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 - Exchange and Non-exchange Transactions**

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

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



**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.

**18. Leases**

The Charter School categorizes leases with contractual terms longer than twelve months as either operating or finance. The operating lease on June 30, 2023 is for 4 years for the property. Former capital leases are now referred to as finance leases and operating leases are now recorded on the balance sheet and referred to as operating leases, both finance and operating leases are considered right of use assets. The Charter School has elected the practical expedient to not capitalize leases with a term of twelve months or less. The short-term leases are instead expenses as incurred on a straight-line basis. The Charter School also elected the practical expedient to utilize the risk-free rate for all classes of assets when the rate implicit in the lease is not determinable. Lastly, the Charter School elected the practical expedient to not separate the lease from non-lease components. On June 30, 2023, the Charter School determined that these assets are not impaired.

**Note B: Explanation of Certain Differences between Governmental Fund Statements and Charter School-Wide Statements**

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

**Note C: Cash and Cash Equivalents**

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

**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.

During the year ended June 30, 2023, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents on June 30, 2023, was \$2,311,586.

**Note D: Lease**

**Lease for School Facilities**

The Charter School has a lease with Friends of Hoboken Charter School for classroom and administrative office space facilities under a long-term non-cancelable operating lease. The lease expires on June 30, 2027, with a provision for renewal. The Charter School includes in the determination of the right-of-use asset and lease liability renewal options when the options are reasonably certain to be exercised. The lease is payable in monthly installments of \$76,666.67.

The discount rate is not readily determinable from the lease. The Charter School used an estimated incremental borrowing rate based on a 5-year U.S. Treasury Note.

Total lease expense for the year ended June 30, 2023 was \$920,000.

The future minimum lease payments as of June 30 are as follows:

2024	\$ 920,000
2025	920,000
2026	920,000
2027	<u>920,000</u>
Total	3,680,000
Less Interest	<u>(402,971)</u>
Present Value of Lease Liability	<u>\$ 3,277,029</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), a tax-qualified defined contribution money purchase pension plan under Internal Code (IRC) 401(a).

**Public Employee's Retirement System (PERS)**

**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 Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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.

#### **Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022.

A special funding situation exists for certain local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay additional costs incurred by local employers under chapter 366, P.L. 2001. This legislation established the prosecutors Part of the PERS which provides enhanced retirement benefits for prosecutors enrolled in PERS. The State is liable for the increased pension costs to a county that resulted from the enrolment of prosecutors in the Prosecutors Part. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

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

On June 30, 2023, the Charter School reported a liability of \$451,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. On June 30, 2022, the Charter School's proportion was .0030%, which was a decrease of .0007% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Charter School recognized pension income of \$154,815. On June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,261	\$ 2,876
Changes of assumptions	1,400	67,658
Net difference between projected and actual earnings on pension plan investments	18,701	-0-
Changes in proportion	79,809	433,457
Charter School contribution subsequent to the measurement date	<u>49,469</u>	<u>-0-</u>
	<u>\$ 152,640</u>	<u>\$ 503,991</u>

\$49,469 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, 2023, the Plan measurement date is June 30, 2022), will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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
2023	\$ (38,758)
2024	(19,746)
2025	(9,630)
2026	21,008
2027	<u>(46)</u>
	<u>\$ (47,171)</u>

### Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
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-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2022) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022, are summarized in the following table:

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

### **Discount Rate**

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

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

The following presents the Charter School's proportionate share of the net pension liability as of June 30, 2022, 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
State's Proportionate Share of the Net Pension Liability	\$ 585,396	\$ 455,665	\$ 345,259

## **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)**

### **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 Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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.



### **Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid retirement incentives to total contributions to TPAF during the year ended June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The 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 2022, the State's pension contribution was less than the actual determined amount.

### **Special Funding Situation**

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

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

On June 30, 2023 the State's proportionate share of the net pension liability associated with the Charter School was \$9,810,837. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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. On June 30, 2022, the Charter School's proportion was .0019%, which was a decrease of .0013% from its proportion measured as of June 30, 2021.

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 \$ 9,810,837

For the year ended June 30, 2023, the State recognized pension expense on behalf of the Charter School in the amount of \$264,037 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	<b>Amortization Period in Years</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience – 2015	8.3	\$ 13,201,022	\$ -0-
Difference between expected and actual experience – 2017	8.3	65,502,212	-0-
Difference between expected and actual experience – 2018	8.29	474,592,771	-0-
Difference between expected and actual experience – 2021	7.93	146,524,969	-0-
Difference between expected and actual experience – 2016	8.5	-0-	21,088,845
Difference between expected and actual experience – 2019	8.04	-0-	78,198,040
Difference between expected and actual experience – 2020	7.99	-0-	5,368,990
Difference between expected and actual experience – 2022	7.83	-0-	18,009,041
Change of assumptions – 2015	8.3	213,742,984	-0-
Change of assumptions – 2016	8.3	1,695,809,748	-0-
Change of assumptions – 2017	8.3	-0-	3,681,530,748
Change of assumptions – 2018	8.29	-0-	2,705,362,525
Change of assumptions – 2019	8.04	-0-	2,012,738,111
Change of assumptions – 2020	7.99	1,007,402,060	-0-
Change of assumptions – 2021	7.93	-0-	11,041,509,093
Change of assumptions – 2022	7.83	96,143,072	-0-

Difference between projected and actual investment earnings on pension plan investments – 2019	5	36,220,692	-0-
Difference between projected and actual investment earnings on pension plan investments – 2020	5	482,791,080	-0-
Difference between projected and actual investment earnings on pension plan investments – 2021	5	(2,665,975,358)	-0-
Difference between projected and actual investment earnings on pension plan investments – 2022	5	<u>3,319,334,659</u>	<u>-0-</u>
		<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</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, 2023. 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:	
2021	\$ (2,658,825,381)
2022	(3,823,762,872)
2023	(3,351,102,048)
2024	(1,509,375,379)
2025	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
	<u>\$ (14,678,515,482)</u>

### Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	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-2021.

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

### **Long Term Expected Rate of Return**

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

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

### **Discount Rate**

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

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

The following presents the State's Proportionate share of the net pension liability associated with the Charter School as of June 30, 2022, 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the Net Pension Liability	\$ 11,521,735	\$ 9,826,462	\$ 8,398,407

### **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 Charter School implemented a defined contribution tax deferred annuity plan which covers all employees of the Charter 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, 2021. Employee contributions to DCRP amounted to \$-0- for the fiscal year ended June 30, 2022.

#### **Note F: General Information about the OPEB Plan**

##### **State Health Benefit State Retired Employees Plan**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the 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 2022 State OPEB liability to provide these benefits

is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

### **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 Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School 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 ACFR on the Office of Management and Budget's Financial Publications webpage: [www.nj.gov/treasury/omb/fr.shtml](http://www.nj.gov/treasury/omb/fr.shtml)

The total nonemployer OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

#### **Salary Increases:**

TPAF/ABP	2.75% - 4.25% based on years of service
PERS	2.75% - 6.55% based on years of service
(PFRS)	3.25% - 16.25% based on years of service

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

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

### Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases 4.50 in fiscal year 2023. For prescription drug benefits, the initial trend rate is 8.00% and decreases to 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	<b>Total OPEB Liability</b>
Balance on June 30, 2021	<u>\$ 5,170,634</u>
Changes for the year:	
Service Cost	612,293
Interest	101,049
Differences Between Expected and Actual Experiences	(951,226)
Changes in Assumptions	(1,022,871)
Member Contributions	3,211
Gross Benefit Payments	<u>(100,092)</u>
Net Changes	<u>(1,357,636)</u>
Balance on June 30, 2022	<u>\$ 3,812,998</u>

### Sensitivity of Total Nonemployer OPEB liability to Changes in the Discount Rate

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

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability	<u>\$ 4,481,778</u>	<u>\$ 3,812,998</u>	<u>\$ 3,277,004</u>



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

The following presents the total nonemployer OPEB liability as of June 30, 2022 calculated using healthcare cost trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1 – percentage point lower or 1 – percentage point higher than the current rate:

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 3,151,676</u>	<u>\$ 3,812,998</u>	<u>\$ 4,681,685</u>

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

For the year ended June 30, 2022, the Charter School recognized OPEB expense of \$582,965 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. On June 30, 2022, 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	\$ 680,771	\$ (1,164,152)
Changes of Assumptions	659,933	(1,297,736)
Changes in Proportion	<u>820,047</u>	<u>(756,857)</u>
Total	<u>\$ 2,160,751</u>	<u>\$ (3,218,745)</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 \$177,961 during the year ended June 30, 2023 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 Annual Comprehensive Financial Report.

**New Jersey Unemployment Compensation Insurance**

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State. 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>
2020-2021	27,073	16,543	-0-	610
2021-2022	11,506	8,150	-0-	1,542
2022-2023	12,534	9,250	-0-	6,077

**Note I: Related Party**

The Friends of Hoboken Charter School, Inc. 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: Evaluation of Subsequent Events**

The Charter School has evaluated subsequent events through November 21, 2023 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, 2023**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State and Local Local Sources:					
District Equalization Aid	\$ 4,272,799	\$ -	\$ 4,272,799	\$ 4,048,090	\$ (224,709)
Security Aid	64,612	-	64,612	55,268	(9,344)
Special Education Categorical Aid	159,048	-	159,048	131,372	(27,676)
State Adjustment Aid	-	-	-	110,928	110,928
State Non-Public Aid	-	-	-	13,557	13,557
Payroll Tax Transfer Aid	359,003	-	359,003	420,818	61,815
Other Income	-	-	-	2,007	2,007
Interest Income	-	-	-	17,492	17,492
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	177,961	177,961
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	627	627
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	11,086	11,086
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	799,050	799,050
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	212,821	212,821
<b>Total</b>	<u>4,855,462</u>	<u>-</u>	<u>4,855,462</u>	<u>6,001,077</u>	<u>1,145,615</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Kindergarten - Salaries of Teachers	85,263	5,471	90,734	90,734	-
Grades 1-5 - Salaries of Teachers	376,389	-	376,389	373,235	3,154
Grades 6-8 - Salaries of Teachers	366,904	-	366,904	306,805	60,099
Grades 9-12 - Salaries of Teachers	748,061	-	748,061	724,214	23,847
Other Salaries for Instruction	413,231	-	413,231	411,768	1,463
Other Purchased Services	7,152	10,271	17,423	17,423	-
General Supplies	127,919	(15,742)	112,177	69,941	42,236
Textbooks	1,040	-	1,040	515	525
<b>Total Instruction</b>	<u>2,125,959</u>	<u>-</u>	<u>2,125,959</u>	<u>1,994,635</u>	<u>131,324</u>
<b>Administration:</b>					
Salaries - General Administration	453,684	72,476	526,160	526,160	-
Salaries of Secretarial/Clerical Assistance	192,671	-	192,671	120,195	72,476
Total Benefits Cost	492,295	(110,000)	382,295	379,894	2,401
Purchased Professional and Technical Services	105,802	(6,739)	99,063	13,050	86,013
Other Purchased Services	52,000	-	52,000	41,637	10,363
Advertising	-	4,352	4,352	4,352	-
Supplies and Materials	37,596	-	37,596	29,099	8,497
Communications and Telephone	43,486	-	43,486	30,396	13,090
Miscellaneous	27,583	39,911	67,494	67,494	-
<b>Total Administration</b>	<u>1,405,117</u>	<u>-</u>	<u>1,405,117</u>	<u>1,212,277</u>	<u>192,840</u>
<b>Support:</b>					
Salaries	365,476	(63,444)	302,032	302,032	-
Cleaning, Repair and Maintenance Services	-	4,196	4,196	4,196	-
Rent	750,000	170,000	920,000	920,000	-
Other Purchased Professional Services	124,536	-	124,536	123,929	607
Other Purchased Services	5,892	12,323	18,215	18,215	-
Insurance for Property, Liability and Fidelity	125,274	(30,832)	94,442	94,442	-
Energy Costs (Heat and Electricity)	52,648	(1,674)	50,974	44,662	6,312
Miscellaneous	101,213	(90,569)	10,644	10,644	-
<b>Total Support</b>	<u>1,525,039</u>	<u>-</u>	<u>1,525,039</u>	<u>1,518,120</u>	<u>6,919</u>
<b>On Behalf Contributions</b>					
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	177,961	(177,961)
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	627	(627)
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	11,086	(11,086)
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	799,050	(799,050)
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	212,821	(212,821)
<b>Total On Behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201,545</u>	<u>(1,201,545)</u>
<b>Total Expenditures</b>	<u>5,056,115</u>	<u>-</u>	<u>5,056,115</u>	<u>5,926,577</u>	<u>(870,462)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(200,653)</u>	<u>-</u>	<u>(200,653)</u>	<u>74,500</u>	<u>275,153</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,463,404</u>	
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,537,904</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, 2023**

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 566,894	\$ -	\$ 566,894	\$ 566,894	\$ -
Local Sources	18,575	-	18,575	18,575	-
	<u>585,469</u>	<u>-</u>	<u>585,469</u>	<u>585,469</u>	<u>-</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Instruction:</b>					
Salaries	82,835	-	82,835	82,835	-
Materials and Supplies	12,480	-	12,480	12,480	-
Purchased Professional and Technical Services	424,843	-	424,843	424,843	-
<b>Total Instruction</b>	<u>520,158</u>	<u>-</u>	<u>520,158</u>	<u>520,158</u>	<u>-</u>
<b>Administration:</b>					
Salaries	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Rent	-	-	-	-	-
Purchased Professional and Technical Services	65,311	-	65,311	65,311	-
Payroll Taxes and Employee Benefits	-	-	-	-	-
Travel	-	-	-	-	-
Dues and Awards	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Support</b>	<u>65,311</u>	<u>-</u>	<u>65,311</u>	<u>65,311</u>	<u>-</u>
<b>Support</b>					
Salaries	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
<b>Total Administration</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>585,469</u>	<u>-</u>	<u>585,469</u>	<u>585,469</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-	-
<b>Fund Balance, End of Year</b>	<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, 2023**

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>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 6,001,007	[C-2]	\$ 585,469
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>\$ 6,001,007</u>	[B-2]	<u>\$ 585,469</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 5,926,577	[C-2]	\$ 585,469
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>\$ 5,926,577</u>	[B-2]	<u>\$ 585,469</u>

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

**Notes to the 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	2021	2022	2023
Charter School's proportion of the net pension liability	0.0072%	0.0059%	0.0064%	0.0056%	0.0062%	0.0057%	0.0048%	0.0057%	0.0038%	0.0030%
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	\$ 927,492	\$ 446,471	\$ 451,838
Charter School's covered employee payroll	\$ 435,555	\$ 268,168	\$ 400,117	\$ 387,275	\$ 340,003	\$ 359,197	\$ 267,575	\$ 278,236	\$ 243,480	\$ 287,350
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%	333.35%	183.37%	157.24%
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%	58.30%	38.70%	62.91%

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

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

Exhibit L-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 54,473	\$ 48,361	\$ 54,943	\$ 50,298	\$ 60,009	\$ 57,622	\$ 47,504	\$ 62,219	\$ 44,137	\$ 37,756
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>	<u>(62,219)</u>	<u>(44,137)</u>	<u>(37,756)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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	278,236	243,480	287,350
Contributions as a percentage of covered employee payroll	12.51%	18.03%	13.73%	12.99%	17.65%	16.04%	17.75%	22.36%	18.13%	13.14%

The Charter 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  
 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	2021	2022	2023
Charter School's proportion of the net pension liability	0.00%	0.00%	0.00%	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>13,407,462</u>	<u>13,934,222</u>	<u>13,756,982</u>	<u>15,048,178</u>	<u>9,747,524</u>	<u>9,810,837</u>
	\$ 8,781,991	\$ 9,060,396	\$ 11,225,539	\$ 12,808,400	\$ 13,407,462	\$ 13,934,222	\$ 13,756,982	\$ 15,048,178	\$ 9,747,524	\$ 9,810,837
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	\$ 2,108,985	\$ 2,279,595	\$ 2,489,598
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%	713.53%	427.60%	394.07%
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%	12.67%	27.40%	32.29%

The Charter School Implemented GASB 68 in 6/2015

**Hoboken Charter School**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**Public Employees Retirement System (PERS)**

*Change in Benefit Terms:*

There were none.

*Change in Actuarial Assumptions:*

The discount rate was 7.00% as of June 30, 2022 and 2021.

In the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021 while in the July 1, 2021 actuarial valuation the mortality improvement was based on Scale MP-2022.

**Teachers' Pension and Annuity Fund (TPAF)**

*Change in Benefit Terms:*

There were none.

*Change of Actuarial Assumptions:*

The discount rate was 7.00% as of June 30, 2022 and 2021.

In the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2021 actuarial valuation the mortality improvement was based on Scale MP-2022.

**State Health Benefit Local Education Retired Employees OPEB Plan**

*Change in Benefit Terms:*

There were none.

*Change of Actuarial Assumptions:*

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%

**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

	2017	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>						
Service Cost	\$ 499,225	\$ 411,689	\$ 395,714	\$ 428,545	\$ 720,796	\$ 612,293
Interest	119,381	143,761	136,689	133,210	134,132	101,049
Changes of Benefit Terms	-	-	-	-	(5,504)	-
Gross Benefit Payments	(84,420)	(85,215)	(105,223)	(104,713)	(105,658)	(100,092)
Member Contributions	3,109	2,945	3,119	3,174	3,429	3,211
Differences Between Expected and Actual Experience	-	(565,363)	(240,469)	1,028,106	(1,596,479)	(951,226)
Changes of Assumptions and Other Inputs	(622,484)	(365,708)	51,109	1,098,700	5,101	(1,022,871)
<b>Net Change in Total OPEB Liability</b>	<b>(85,189)</b>	<b>(457,891)</b>	<b>240,939</b>	<b>2,587,022</b>	<b>(844,183)</b>	<b>(1,357,636)</b>
Total OPEB Liability - Beginning	<u>3,729,936</u>	<u>3,644,747</u>	<u>3,186,856</u>	<u>3,427,795</u>	<u>6,014,817</u>	<u>5,170,634</u>
Total OPEB Liability - Ending	<u>\$ 3,644,747</u>	<u>\$ 3,186,856</u>	<u>\$ 3,427,795</u>	<u>\$ 6,014,817</u>	<u>\$ 5,170,634</u>	<u>\$ 3,812,998</u>
Covered Employee Payroll	<u>\$ 387,275</u>	<u>\$ 340,003</u>	<u>\$ 359,197</u>	<u>\$ 267,575</u>	<u>\$ 278,236</u>	<u>\$ 243,480</u>
Charter School's Proportionate Share of the OPEB Liability	0.00%	0.00%	0.00%	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>	<u>2247.90%</u>	<u>1858.36%</u>	<u>1566.04%</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

## **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, 2023

Exhibit E-1

	IDEA Part - B	ESEA Title I	ESEA Title IV	FEMA	Coronavirus Response and Supplemental Appropriations Act	American Rescue Plan Act	Private Sources	Total
<b>REVENUES</b>								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,575	\$ 18,575
Federal Sources	65,311	72,835	10,000	10,027	240,379	168,342	-	566,894
<b>Total Revenues</b>	<b>65,311</b>	<b>72,835</b>	<b>10,000</b>	<b>10,027</b>	<b>240,379</b>	<b>168,342</b>	<b>18,575</b>	<b>585,469</b>
<b>EXPENDITURES</b>								
<b>Instruction:</b>								
Salaries	-	72,835	10,000	-	-	-	565	83,400
Supplies and Materials	-	-	-	-	11,914	-	-	11,914
Textbooks	-	-	-	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	10,027	228,465	168,342	18,010	424,844
<b>Total Instruction</b>	<b>-</b>	<b>72,835</b>	<b>10,000</b>	<b>10,027</b>	<b>240,379</b>	<b>168,342</b>	<b>18,575</b>	<b>520,158</b>
<b>Administration:</b>								
Salaries	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Employee Benefits and Payroll Taxes	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	65,311	-	-	-	-	-	-	65,311
Employee Benefits and Payroll Taxes	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Dues and Awards	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>65,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,311</b>
<b>Support:</b>								
Salaries	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
<b>Total Administration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>65,311</b>	<b>72,835</b>	<b>10,000</b>	<b>10,027</b>	<b>240,379</b>	<b>168,342</b>	<b>18,575</b>	<b>585,469</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**  
**June 30, 2023**

Exhibit G-1

	Non-Major Funds		
	Enrichment Program	Food Service	Totals
<b>ASSETS</b>			
Current assets:			
Cash	\$ 347,136	\$ 37,135	\$ 384,271
Accounts receivable	-	-	-
Prepaid Expenses	-	-	-
Interfund Receivable	-	-	-
Total current assets	347,136	37,135	384,271
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Furniture, machinery & equipment	-	-	-
Less accumulated depreciation	-	-	-
Total noncurrent assets	-	-	-
Total assets	\$ 347,136	\$ 37,135	\$ 384,271
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	\$ 25,000	\$ -	\$ 25,000
Deferred revenue	-	-	-
Total current liabilities	25,000	-	25,000
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	25,000	-	25,000
<b>NET POSITION</b>			
Invested in capital assets net of related debt	-	-	-
Restricted for:			
Capital projects	-	-	-
Unrestricted	322,136	37,135	359,271
Total net position	322,136	37,135	359,271

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, 2023**

Exhibit G-2

	Non-Major Funds		
	Enrichment Program	Food Service Program	Total Enterprise
Operating revenues:			
Charges for services:			
Daily Sales - Reimbursable Programs	\$ -	\$ 40,596	\$ 40,596
After School Programs	352,366	-	352,366
Total Charges for Services	352,366	40,596	392,962
Contribution	-	7,332	7,332
Total Operating Revenues	352,366	47,928	400,294
Operating expenditures:			
Salaries	139,399	8,343	147,742
Other Purchased Professional Services	38,993	-	38,993
Cost of Sales - Reimbursable Programs	-	45,995	45,995
Miscellaneous	48,563	-	48,563
Total Operating Expenses	226,955	54,338	281,293
Operating Income (Loss)	125,411	(6,410)	119,001
State Sources			
State School Breakfast and Lunch Program	-	956	956
Federal Sources			
Hunger-Free, Healthy Kids Act	-	626	626
National School Lunch Program	-	17,792	17,792
National School Breakfast Program	-	2,086	2,086
Total Non-Operating Revenue	-	21,460	21,460
Change in net position before transfers	125,411	15,050	140,461
Total net position - beginning of year	196,725	22,085	218,810
Total net position - end of year	\$ 322,136	\$ 37,135	\$ 359,271

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, 2023**

Exhibit G-3

	Non-Major Funds		
	Enrichment Program	Food Service Program	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other funds	\$ 340,366	\$ 69,388	\$ 409,754
Payments to employees	(139,399)	(8,343)	(147,742)
Payments to suppliers	(62,556)	(45,995)	(108,551)
Net cash flows from operating activities	138,411	15,050	153,461
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	-	-	-
Federal sources	-	-	-
Operating subsidies and transfers to other funds	-	-	-
Net cash flows from non-capital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
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	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net cash flows from investing activities	-	-	-
Net increase in cash	138,411	15,050	153,461
Cash - beginning of year	208,725	22,085	230,810
Cash - end of year	\$ 347,136	\$ 37,135	\$ 384,271
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income	\$ 125,411	\$ 15,050	\$ 140,461
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Increase in accounts payable	25,000	-	25,000
Decrease in deferred revenue	(12,000)	-	(12,000)
Net cash flows from operating activities	\$ 138,411	\$ 15,050	\$ 153,461

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.

62 - 65

**Revenue Capacity**

These schedules contain information the 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.

66 - 67

**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.

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**Sources:** *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

## **Financial Trends**

Hoboken Charter School  
 Net Position by Component  
 Last Ten Fiscal years

Exhibit J-1

	2014	2015	2016	2017	2018	2019	Restated 2020	2021	2022	2023
Governmental Activities Unrestricted	** \$ (918,668)	\$ (548,195)	\$ (292,582)	\$ (347,392)	\$ (369,369)	\$ (146,969)	\$ 384,688	\$ 563,456	\$ 1,418,173	\$ 1,685,246
Total Governmental Activities Net Position/(Deficit)	\$ (918,668)	\$ (548,195)	\$ (292,582)	\$ (347,392)	\$ (369,369)	\$ (146,969)	\$ 384,688	\$ 563,456	\$ 1,418,173	\$ 1,685,246
Business-Type Activities Unrestricted			## \$ 4,204	\$ 3,494	\$ 2,352	\$ 6,606	\$ 74,270	\$ 97,598	\$ 218,810	\$ 359,271
Total Business-Type Activities Net Position	\$ -	\$ -	\$ 4,204	\$ 3,494	\$ 2,352	\$ 6,606	\$ 74,270	\$ 97,598	\$ 218,810	\$ 359,271

\*\*  
 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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>EXPENDITURES</b>										
<b>Governmental Activities</b>										
Instruction:										
Salaries	1,596,652	1,659,440	1,796,128	1,938,344	1,936,791	1,855,842	1,863,962	1,733,126	2,022,151	1,906,756
Materials and Supplies	86,685	95,439	103,623	105,941	74,692	75,775	79,022	41,807	84,368	69,941
Textbooks	19,177	6,601	10,246	12,711	4,452	5,041	3,526	304	350	515
Other Purchased Services	849	276	-	860	-	-	-	976	-	17,423
Purchased Professional and Technical Services	66,615	74,177	56,625	56,954	42,813	40,226	29,426	-	-	-
Miscellaneous	-	-	-	-	-	-	-	(369)	-	-
	<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>	<u>1,775,844</u>	<u>2,106,869</u>	<u>1,994,635</u>
Administration:										
Salaries	594,495	565,696	632,723	619,751	604,184	604,321	492,513	599,302	599,363	646,355
Payroll Taxes and Employee Benefits	648,563	1,028,010	927,047	1,082,765	1,209,880	1,282,232	1,199,324	1,348,443	1,546,202	1,581,439
Purchased Professional and Technical Services	177,190	145,650	110,950	132,226	146,409	140,730	186,571	26,233	62,777	13,050
Communication and Telephone	64,362	73,277	65,026	71,072	81,874	78,030	34,575	31,194	26,830	30,396
Other Purchased Professional Services	-	-	-	-	-	-	-	41,629	-	-
Other Purchased Services	-	-	-	-	-	-	-	42,363	45,344	41,637
Advertising	-	-	-	-	-	-	-	-	4,203	4,352
Miscellaneous	-	-	-	-	-	-	-	12,769	24,717	67,494
Supplies and Materials	2,636	-	-	-	-	-	-	34,567	24,360	29,099
	<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>	<u>2,136,500</u>	<u>2,333,796</u>	<u>2,413,822</u>
Support:										
Salaries	149,798	261,672	338,527	331,689	302,135	241,862	347,305	320,681	331,257	302,032
Cleaning, Repair and Maintenance Services	-	-	-	-	-	-	-	20,964	4,629	4,196
Materials and Supplies	216,149	88,178	62,030	64,721	65,523	71,686	38,418	-	-	-
Rent	456,092	525,129	534,452	449,142	483,703	582,317	564,991	1,123,967	721,870	920,000
Other Purchased Professional Services	308,041	238,437	245,244	270,795	334,111	239,283	125,894	86,484	111,797	123,929
Travel	21,289	24,790	18,415	30,550	16,489	20,781	13,293	-	-	-
Other Purchased Services	71,471	93,337	43,306	52,185	66,223	5,051	13,944	1,772	3,106	18,215
Energy Costs (Heat and Electricity)	-	-	-	-	-	46,838	36,081	26,712	61,226	44,662
Miscellaneous	-	-	-	-	-	15,744	9,735	6,921	29,186	10,644
Insurance for Property, Liability and Fidelity	80,584	64,286	61,812	81,492	81,289	88,113	91,295	103,915	117,709	94,442
	<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>	<u>1,691,416</u>	<u>1,380,780</u>	<u>1,518,120</u>
<b>Total Governmental Expenses</b>	<b>4,560,648</b>	<b>4,944,395</b>	<b>5,006,154</b>	<b>5,301,198</b>	<b>5,450,568</b>	<b>5,393,872</b>	<b>5,129,875</b>	<b>5,603,760</b>	<b>5,821,445</b>	<b>5,926,577</b>
<b>Business-Type Activity:</b>										
Food Service	63,474	61,603	51,022	60,094	44,507	40,588	37,387	3,094	43,320	54,338
Enrichment Program	128,747	175,182	206,568	214,049	257,928	278,620	154,938	28,379	136,707	226,955
<b>Total Business-Type Activity Expense</b>	<b>192,221</b>	<b>236,785</b>	<b>257,590</b>	<b>274,143</b>	<b>302,435</b>	<b>319,208</b>	<b>192,325</b>	<b>31,473</b>	<b>180,027</b>	<b>281,293</b>
<b>Total School-Wide Expenses</b>	<b>\$4,752,869</b>	<b>\$5,181,180</b>	<b>\$ 5,263,744</b>	<b>\$5,575,341</b>	<b>\$5,753,003</b>	<b>\$ 5,713,080</b>	<b>\$5,322,200</b>	<b>\$5,635,233</b>	<b>\$ 6,001,472</b>	<b>\$6,207,870</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
District Equalization Aid	\$3,356,662	\$3,493,241	\$ 3,570,650	\$3,475,809	\$3,169,556	\$ 3,548,035	\$3,534,358	\$3,644,800	\$ 3,989,306	\$4,048,090
Security Aid	53,907	55,122	60,477	53,973	37,079	58,834	62,443	65,325	70,135	55,268
Special Education Aid	152,051	132,617	154,259	154,651	126,518	140,300	126,780	124,011	167,032	131,372
State Adjustment Aid	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218	719,812	155,075	110,928
State Non-Public Aid	-	-	-	35,245	86,503	19,055	31,326	15,994	45,284	13,557
Payroll Tax Transfer Aid	-	-	-	-	-	-	75,115	199,752	318,507	420,818
FICA Reimbursement	121,828	139,249	155,636	161,894	171,034	147,169	179,079	152,905	167,230	177,961
TPAF Long Term Disability (on behalf)	-	-	-	1,888	1,677	1,368	1,104	799	645	627
TPAF Non-Contributory Insurance (on behalf)	-	-	6,186	7,821	7,828	9,229	8,984	11,214	11,044	11,086
TPAF Pension Contributions (on behalf)	-	391,513	124,174	215,851	322,554	440,870	501,246	589,386	782,795	799,050
TPAF Post Retirement Medical Contributions (on behalf)	-	152,432	155,223	186,369	213,387	204,164	189,286	188,219	185,473	212,821
Interest	457	-	-	76	160	795	531	4	-	17,492
Other Income	-	-	-	-	-	-	-	-	3,540	2,007
Loan Forgiveness - Paycheck Protection Program	-	-	-	-	-	-	-	-	529,439	-
Summer Program	-	-	-	-	-	-	15,039	-	-	-
Contributions	270	101,654	100,772	-	-	46	-	-	50,000	-
<b>Total Governmental Activities</b>	<b>4,523,957</b>	<b>5,314,868</b>	<b>5,265,971</b>	<b>5,307,380</b>	<b>5,450,121</b>	<b>5,575,813</b>	<b>5,659,509</b>	<b>5,712,221</b>	<b>6,475,505</b>	<b>6,001,077</b>
<b>Business-Type Activities:</b>										
Food Service	36,514	30,229	30,659	23,935	31,486	30,883	28,549	508	67,991	69,388
Operating Grants and Contributions	16,306	26,911	24,567	35,449	11,879	13,959	-	-	-	-
Enrichment Program	128,747	175,182	206,568	214,049	257,928	278,620	229,208	54,293	233,248	352,366
<b>Total Business-Type Activity Revenue</b>	<b>181,567</b>	<b>232,322</b>	<b>261,794</b>	<b>273,433</b>	<b>301,293</b>	<b>323,462</b>	<b>257,757</b>	<b>54,801</b>	<b>301,239</b>	<b>421,754</b>
<b>Business-Type Activities:</b>										
Transfer	10,654	4,463	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>10,654</b>	<b>4,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<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>	<u>\$5,767,022</u>	<u>\$ 6,776,744</u>	<u>\$6,422,831</u>
<b>Change in Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,204</b>	<b>\$ (710)</b>	<b>\$ (1,142)</b>	<b>\$ 4,254</b>	<b>\$ 65,432</b>	<b>\$ 23,328</b>	<b>\$ 121,212</b>	<b>\$ 140,461</b>
Business-Type Activities	\$ (36,691)	\$ 370,473	\$ 259,817	\$ 6,182	\$ (447)	\$ 181,941	\$ 529,634	\$ 108,461	\$ 654,060	\$ 74,500
Governmental Activities										

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

	2014	2015	2016	2017	2018	2019	Restated 2020	2021	2022	2023
General Fund										
Reserved	<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>\$ 1,700,883</u>	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</u>	<u>\$ 2,537,904</u>
Total General Fund	<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>\$ 1,700,883</u>	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</u>	<u>\$ 2,537,904</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
District Equalization Aid	\$ 3,356,662	\$ 3,493,241	\$ 3,570,650	\$3,475,809	\$3,169,556	\$3,548,035	\$3,534,358	\$3,644,800	\$ 3,989,306	\$4,048,090
Security Aid	53,907	55,122	60,477	53,973	37,079	58,834	62,443	65,325	70,135	55,268
Special Education Categorical Aid	152,051	132,617	154,259	154,651	126,518	140,300	126,780	124,011	167,032	131,372
State Adjustment Aid	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218	719,812	155,075	110,928
State Non-Public Aid	-	-	-	35,245	86,503	19,055	31,326	15,994	45,284	13,557
Payroll Tax Transfer Aid	-	-	-	-	-	-	75,115	199,752	318,507	420,818
FICA Reimbursement	121,828	139,249	155,636	161,894	171,034	147,169	179,079	152,905	167,230	177,961
Interest	457	-	-	76	160	795	531	4	-	17,492
Programs	-	-	-	-	-	-	15,039	-	-	-
Local Sources	5,270	104,081	103,356	-	-	25,046	-	127,500	71,908	20,582
Federal sources	118,152	119,182	156,634	152,993	167,925	156,282	161,348	266,774	828,789	566,894
<b>Total revenue</b>	<b>4,647,109</b>	<b>4,892,532</b>	<b>5,139,606</b>	<b>5,048,444</b>	<b>5,072,600</b>	<b>5,101,464</b>	<b>5,120,237</b>	<b>5,316,877</b>	<b>5,813,266</b>	<b>5,562,962</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Salaries	1,649,652	1,709,937	1,853,266	1,970,814	2,000,830	1,913,342	1,927,947	1,821,057	2,156,315	1,989,591
Materials and Supplies	86,685	95,439	133,607	156,957	83,992	92,847	97,095	95,333	90,314	82,421
Textbooks	19,177	6,601	10,246	12,711	4,452	5,041	3,526	304	350	515
Other Purchased Services	849	276	-	860	-	-	-	976	-	17,423
Purchased Professional and Technical Services	71,615	76,604	56,625	56,954	52,813	75,226	36,438	127,000	87,795	424,843
Miscellaneous	-	-	-	-	-	-	-	(369)	-	-
<b>Administration:</b>										
Salaries	594,495	565,696	632,723	619,751	604,184	604,321	492,513	599,302	599,363	646,355
Total Benefits Cost	652,580	516,438	625,105	670,836	664,434	626,601	590,264	558,825	566,245	557,855
Purchased Professional and Technical Services	177,190	145,650	110,950	132,226	146,409	140,730	186,571	105,234	62,777	78,361
Communication and Telephone	64,362	73,277	65,026	71,072	81,874	78,030	34,575	31,194	26,830	30,396
Other Purchased Professional Services	-	-	-	-	-	-	-	41,629	89,813	-
Other Purchased Services	-	-	-	-	-	-	-	42,363	45,344	41,637
Advertising	-	-	-	-	-	-	-	-	4,203	4,352
Miscellaneous	-	-	-	-	-	-	-	14,030	24,717	67,494
Materials and Supplies	2,636	-	-	-	-	-	-	34,567	24,360	29,099
<b>Support:</b>										
Salaries	149,798	296,672	374,927	368,817	340,006	241,862	347,305	320,681	331,257	302,032
Cleaning, Repair and Maintenance Services	-	-	-	-	-	-	-	20,964	4,629	4,196
Materials and Supplies	216,149	91,178	62,030	64,721	65,523	71,686	39,028	8,830	-	-
Rent	456,092	525,129	534,452	449,142	483,703	582,317	564,991	1,123,967	721,870	920,000
Other Purchased Professional Services	361,752	254,867	273,784	290,327	343,100	283,630	175,167	122,054	111,797	123,929
Payroll Taxes and Employee Benefits	-	6,541	7,156	5,324	26,284	17,825	22,395	98	-	-
Travel	28,713	32,504	18,415	38,073	27,931	30,319	13,293	-	-	-
Other Purchased Services	71,471	93,337	43,306	52,185	66,223	5,051	13,944	2,829	3,106	18,215
Energy Costs (Heat and Electricity)	-	-	-	-	-	46,838	36,081	26,712	61,226	44,662
Miscellaneous	-	-	-	-	-	15,744	9,735	6,921	29,186	10,644
Insurance for Property, Liability and Fidelity	80,584	64,286	61,812	81,492	81,289	88,113	91,295	103,915	117,709	94,442
<b>Total Expenditures</b>	<b>4,683,800</b>	<b>4,554,432</b>	<b>4,863,430</b>	<b>5,042,262</b>	<b>5,073,047</b>	<b>4,919,523</b>	<b>4,682,163</b>	<b>5,208,416</b>	<b>5,159,206</b>	<b>5,488,462</b>
<b>Net change in fund balances</b>	<b>\$ (36,691)</b>	<b>\$ 338,100</b>	<b>\$ 276,176</b>	<b>\$ 6,182</b>	<b>\$ (447)</b>	<b>\$ 181,941</b>	<b>\$ 438,074</b>	<b>\$ 108,461</b>	<b>\$ 654,060</b>	<b>\$ 74,500</b>

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 <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
Garfield	32,412	\$ 1,049,759,856	\$ 32,388	5.30%
Bayonne	69,527	2,496,366,935	35,905	4.40%
Guttenberg	11,446	425,573,726	37,181	3.20%
Hoboken	57,703	5,601,980,349	97,083	2.00%
Jersey City	286,670	13,875,974,680	48,404	3.70%
North Bergen	60,235	2,101,599,150	34,890	3.70%
Secaucus	21,108	1,146,860,964	54,333	3.30%
Weehawken	17,215	1,208,768,440	70,216	3.00%
West New York	51,981	1,784,871,597	34,337	3.60%

**Source:**

<sup>a</sup> Regional Economic Information provided by U.S. Census Bureau

<sup>b</sup> Personal income is based upon the population and per capita personal income presented

<sup>c</sup> Per capita personal income information by sending district provided by Sperling's Best Places website

<sup>d</sup> NJ Dept of Labor and Workforce Development

This information is presented for school year 2022/2023

**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>2023</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>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>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Instruction	36	35	34	35	37	35	33	32	34	31
Support Services (office and lunch):	4	6	7	7	10	8	14	13	19	9
Administration	<u>11</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>
Total	<u>51</u>	<u>50</u>	<u>50</u>	<u>51</u>	<u>55</u>	<u>50</u>	<u>55</u>	<u>53</u>	<u>61</u>	<u>47</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

<b>Fiscal Year</b>	<b>Enrollment as of 10/15</b>	<b>Operating Expenditures <sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff <sup>b</sup></b>	<b>K-12</b>	<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2013-2014	279.0	4,812,547	17,249		36	7.8	277.1	270.3		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%
2020-2021	298.0	5,239,889	17,584	7.50%	32	9.3	297.6	280.3	0.2%	94.2%
2021-2022	298.0	5,339,233	17,917	1.90%	34	8.8	297.3	280.6	-0.1%	94.4%
2022-2023	298.0	5,769,755	19,362	8.06%	31	9.6	301.1	279.9	1.3%	93.0%

**Sources:** School Recordds

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

Hoboken Charter School  
Insurance Schedule  
June 30, 2023  
(Unaudited)

Exhibit J-20

HOBOKEN CHARTER SCHOOL INSURANCE COVERAGE SUMMARY (Property, Casualty, and Liability)

Broker	Insurer	Coverage	Sub-Coverage	2023 Premium	Coverage Amount	Deductible	Other - Notes
Brown & Brown (Bob Gemmel)	Chubb	Property	Premises Coverage	15,147	3,687,248	10,000	
			713 Washington St. Personal Property		599,553	10,000	
			Business Income/Extra Expense		1,536,352	10,000	
			360 1st Street Personal Property		599,553	10,000	
			SAIF (School Alliance Insurance Fund)	63,793			
		Liability	Workers Comp, Specific Bodily Injury by Accident		5,000,000		Statutory
			Workers Comp, Specific Bodily Injury by Disease		5,000,000		
			Workers Comp, Specific Bodily Injury by Policy Limit		5,000,000		
			General, Employee Benefits and Auto Liability, Abuse or Molestation and Real				
			Property, Liability and Fire combined single limit		5,000,000		
			Premises Medical Expense Limit		10,000	1,000	each person
			Personal Injury Protection		100,000		medical expense per person
			School Leaders Professional Liability Employment Practices Liability Policy				
			Policy Damages Limit of Liability - Per Claim of Liability		5,000,000	5,000	
			Policy Damages Limit of Liability - Per Third Party Event Sublimit of Liability		5,000,000	5,000	
			Policy Damages Limit of Liability - Per Member Sublimit of Liability		5,000,000	5,000	
			IEP Hearing Limit of Liability - per claim limit of liability for defense costs		5,000,000	5,000	
			Crisis Fund - Per Member Sublimit of Liability		5,000,000	5,000	
			Limit of Liability - Each Wrongful Act		5,000,000	5,000	
			Limit of Liability - Each Employment		5,000,000	5,000	
			Limit of Liability - Each IEP Hearing		5,000,000	5,000	
			Excess School Leaders Professional Liability - Limit of Liability		15,000,000		each loss
			Excess School Leaders Professional Liability - Annual Aggregate Limit		15,000,000		each policy year
			RLI Surety	630			
			BA Position Bond - S Literati		180,000		
Fortitude (Mitchel Mund)			Student Accident Insurance	5,300			
Penn National (Larry Depalma)	Penn National (Through Friends of Hoboken Charter School)		Business Auto	9,573	1,000,000		
			Commercial Lines Policy		5,000,000		
			Commercial Umbrella				
<b>Total Insurance Premiums</b>				<b>94,442</b>			

**Hoboken Charter School**  
**Financial Performance - Financial Ratios**  
**June 30, 2023**

**Exhibit J-21**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Cash	\$ 2,338,843	\$ 2,495,847	\$ 2,311,586	
Current Assets	<u>2,527,543</u>	<u>2,747,297</u>	<u>2,803,603</u>	
Total Assets	<u>2,527,543</u>	<u>2,747,297</u>	<u>2,803,603</u>	
Current Liabilities	<u>718,199</u>	<u>283,893</u>	<u>262,749</u>	
Total Liabilities	<u>718,199</u>	<u>283,893</u>	<u>262,749</u>	
Net Position	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</u>	<u>\$ 2,540,854</u>	
Total Revenues	\$ 4,769,698	\$ 5,328,318	\$ 4,799,532	
Total Expenses	<u>4,661,237</u>	<u>4,674,258</u>	<u>4,725,032</u>	
Change in Net Position	<u>\$ 108,461</u>	<u>\$ 654,060</u>	<u>\$ 74,500</u>	
Final Average Daily Enrollment	297.60	297.30	301.10	
March 30th Budgeted Enrollment	298	298	298	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	3.52	9.68	10.67	6.39
Unrestricted Days Cash	183.14	194.89	178.57	185.51
Enrollment Variance	99.87%	99.77%	101.04%	100.00%
Default	No	No	No	
Sustainability Indicators:				
Total Margin	2.27%	12.28%	1.55%	5.62%
Debt to Asset	0.28	0.10	0.09	0.16
Cash Flow	-	157,004	(184,261)	157,004
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

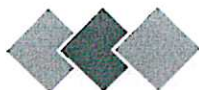
We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities and each major fund of the Hoboken Charter School (the "Charter School") as of and for the year ended June 30, 2023, 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 21, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing 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.



## Report on Compliance and Other Matters

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

### Purpose of this Report

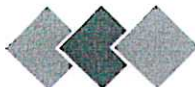
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed 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 21, 2023



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Darren 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**

**Opinion on Each Major State Program**

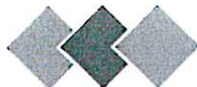
We have audited the Hoboken Charter School's (the "Charter School's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the year ended June 30, 2023. 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.

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023

**Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey Circular 15-08 OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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



## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

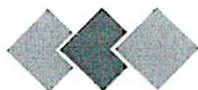
In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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



## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

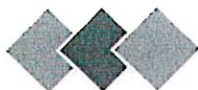
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable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

November 21, 2023



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



**SCHEDULE A**  
Exhibit K-3

**Hoboken Charter School**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year ended June 30, 2023**

(1)	(2)	(3)	(4)	(5)		(6)		(7)		(8)		(9)		(10)		(11)		(12)		(13)		(14)		(15)	
				Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period From	Grant Period To	Accounts Receivable	Unearned Revenue	Due to Grantor	Cash Received	Total Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor							
U.S. Department of Education																									
Passed Through New Jersey Department of Education																									
Title I, Part A																									
	84.010A	S010A220030	64,373	7/1/22	9/30/23	\$ -	\$ -	\$ -	64,373	\$ (64,373)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Title II																									
	84.367A	S367A220029	8,462	7/1/22	9/30/23	-	-	-	8,462	(8,462)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I.D.E.A. Part B, Basic Regular																									
	84.027	H027A220100	65,311	7/1/22	9/30/23	(15,496)	-	-	80,807	(65,311)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Title IV, Part A																									
	84.424	S424A220031	10,000	7/1/22	9/30/23	-	-	-	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
American Rescue Plan - Elementary and Secondary Schools																									
	84.425U	S425U220027	777,061	3/13/20	9/30/24	(31,778)	-	-	59,353	(168,341)	-	-	-	-	-	-	-	-	-	-	(140,766)	-	-	-	
	84.425D	S425D220027	337,888	3/13/20	9/30/23	(97,509)	-	-	325,738	(240,380)	-	12,151	-	-	-	-	-	-	-	-	-	-	-	-	
Total Federal Financial Awards																									
						(144,783)	-	-	548,733	(556,867)	-	12,151	-	-	-	-	-	-	-	-	(140,766)	-	-	-	
U.S. Department of Homeland Security																									
Passed Through New Jersey Office of Emergency Management																									
	97.039	N/A	10,027	7/1/22	6/30/23	-	-	-	10,027	(10,027)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Assistance/Hazard Mitigation Grant																									
						(144,783)	-	-	558,760	(566,894)	-	12,151	-	-	-	-	-	-	-	-	(140,766)	-	-	-	-
Total Special Revenue Fund																									
U.S. Department of Agriculture																									
Passed Through New Jersey Department of Agriculture																									
Enterprise Fund:																									
Supply Chain Assistance																									
	10.555	231NJ04N1099	7,332	7/1/22	6/30/23	-	-	-	7,332	(7,332)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hunger Free, Healthy Kids Act																									
	10.555	231NJ04N1099	626	7/1/22	6/30/23	-	-	-	626	(626)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School Breakfast Program																									
	10.553	231NJ04N1099	2,086	7/1/22	6/30/23	-	-	-	2,086	(2,086)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National School Lunch Program																									
	10.555	231NJ04N1099	17,792	7/1/22	6/30/23	-	-	-	17,792	(17,792)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Enterprise Fund																									
						-	-	-	27,836	(27,836)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal Financial Awards																									
						(144,783)	-	-	576,569	(584,703)	-	12,151	-	-	-	-	-	-	-	-	(140,766)	-	-	-	-

Hoboken Charter School  
 Schedule of State Awards  
 For the Fiscal Year Ended June 30, 2023

SCHEDULE B  
 Exhibit K-4

State Grantor/Program Title	(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(7)	(8)	(9)	(10,11)	Balance at June 30, 2023		(16)		
												(12)	(13)			
			Program or Award Amount	Grant Period From To	Grant Period From To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover (Waiver) Annual	Cash Received	Budgetary Expenditures	Adjustments of Prior Year's Balances	Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund:																
Equalization Aid		21-495-034-5120-078	3,644,800	7/1/20	6/30/21	(2,816)	-	-	2,816	-	-	-	-	-	-	-
Equalization Aid		22-495-034-5122-078	3,989,306	7/1/21	6/30/22	41,934	-	-	2,157	-	-	-	-	-	-	-
Equalization Aid		23-495-034-5120-078	4,048,090	7/1/22	6/30/23	-	-	-	3,779,544	(4,048,090)	-	(282,272)	13,726	-	(282,272)	(4,048,090)
Special Education Categorical Aid		23-495-034-5120-089	131,372	7/1/22	6/30/23	-	-	-	131,372	(131,372)	-	-	-	-	-	131,372
Security Aid		23-495-034-5120-084	55,268	7/1/22	6/30/23	-	-	-	55,268	(55,268)	-	-	-	-	-	55,268
Adjustment Aid		22-495-034-5122-085	155,075	7/1/21	6/30/22	(26,041)	-	-	26,041	-	-	-	-	-	-	-
Adjustment Aid		23-495-034-5120-085	110,928	7/1/22	6/30/23	-	-	-	110,928	(110,928)	-	-	-	-	-	110,928
Charter School Aid		23-495-034-5120-071	434,375	7/1/22	6/30/23	-	-	-	434,375	(434,375)	-	-	-	-	-	434,375
Reimbursed Social Security Tax		22-495-034-5094-003	167,230	7/1/21	6/30/22	(8,329)	-	-	8,329	-	-	-	-	-	-	-
Reimbursed Social Security Tax		23-495-034-5094-003	177,961	7/1/22	6/30/23	-	-	-	169,329	(177,961)	-	(8,632)	-	-	(8,632)	177,961
On-Behalf Teachers' Pension and Annuity Fund		23-495-034-5094-002	799,050	7/1/22	6/30/23	-	-	-	799,050	(799,050)	-	-	-	-	-	799,050
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical		23-495-034-5094-001	212,821	7/1/22	6/30/23	-	-	-	212,821	(212,821)	-	-	-	-	-	212,821
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance		23-495-034-5094-004	11,713	7/1/22	6/30/23	-	-	-	11,713	(11,713)	-	-	-	-	-	11,713
Total General Fund						4,748	-	-	5,743,743	(5,982,534)	-	(290,904)	13,726	-	(290,904)	5,982,534
Enterprise Fund:																
State Department of Agriculture																
National School Lunch Program (State Share)		23-100-010-3350-023	956	7/1/22	6/30/23	-	-	-	956	(956)	-	-	-	-	-	956
Total Enterprise Fund																
Total State Financial Assistance						4,748	-	-	5,744,699	(5,982,534)	-	(290,904)	13,726	-	(290,904)	5,982,534
Less: On-Behalf TPAF Pension System Contributions																
On-Behalf Teachers' Pension and Annuity Fund		23-495-034-5094-002	799,050	7/1/22	6/30/23	-	-	-	799,050	(799,050)	-	-	-	-	-	799,050
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical		23-495-034-5094-001	212,821	7/1/22	6/30/23	-	-	-	212,821	(212,821)	-	-	-	-	-	212,821
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance		23-495-034-5094-004	11,713	7/1/22	6/30/23	-	-	-	11,713	(11,713)	-	-	-	-	-	11,713
Total State Financial Assistance Subject to Single Audit Major Program Determination									4,721,115	(4,938,950)	-					

\* See Audit Program section II-SA for description of columns.

**Hoboken Charter School**  
**Notes to Schedules of Expenditures of**  
**Federal and State Awards**  
**For the Year Ended June 30, 2023**

**Note 1: General**

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

**Note 2: Basis of Accounting**

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting is described in Note A-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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer June payments to charter schools.

**Note 3: Indirect Cost Rate**

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

**Note 4: Relationship to Basic Financial Statements**

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



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

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-	\$ 5,981,578	\$ 5,981,578
Food Service Fund	27,836	956	28,792
Special Revenue Fund	<u>566,894</u>	<u>-0-</u>	<u>566,894</u>
Total Awards and Financial Assistance	<u>\$ 594,730</u>	<u>\$ 5,982,534</u>	<u>\$ 6,577,264</u>

**Note 5: 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 6: 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, 2023. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

**Note 7: On-Behalf Programs Not Subject to 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, 2023**

*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     no
- 2) Significant deficiency(ies) identified that are  
not considered to be material weaknesses?             yes     none reported

Noncompliance material to general-purpose financial  
statements noted?

yes     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, 2023  
(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:

State Grant/Project Number

Name of State Program

23-495-034-5120-078  
23-495-034-5120-089  
23-495-034-5120-084  
23-495-034-5120-071

Equalization Aid  
Special Education Categorical Aid  
Security Aid  
Charter School Aid

**Hoboken Charter School  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023  
(continued)**

*Section II – Financial Statement Findings*

None

Hoboken Charter School  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023  
(continued)

*Section III – Federal and State Awards and  
Questioned Costs*

**STATE AWARDS**

None

**FEDERAL AWARDS**

Not Applicable

**Hoboken Charter School  
Summary Schedule of Prior Year Audit Findings and  
Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2023**

**Status of Prior Year Findings:**

None