

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Hoboken Charter School
Hoboken, New Jersey**

For the Fiscal Year Ended June 30, 2022

**Hoboken Charter School
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Fiscal Year Ended June 30, 2022**

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INTRODUCTORY SECTION



A K – 12 SERVICE LEARNING SCHOOL

A K-12
LEARNING
COMMUNITY
STRIVING FOR
A JUST WORLD

February 15, 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 comprehensive annual financial report of the Hoboken Charter School Local Educational Agency (LEA) for the fiscal year ended June 30, 2022 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 2021-2022 fiscal year with an ADE enrollment of 297.3 which is an decrease from 2020-2021's total of 297.6 of (0.3) students. The ADE count has increased from 1988-1989 (121.1) to 2021-2022 (297.3).

2) **ECONOMIC CONDITIONS AND OUTLOOK:** The Hoboken Charter School has two locations in Hoboken. The Charter School has completed its twenty third year of operations. During the 2021-2022 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 709 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 709 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 2021-2022 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.

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

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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 fourth 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,



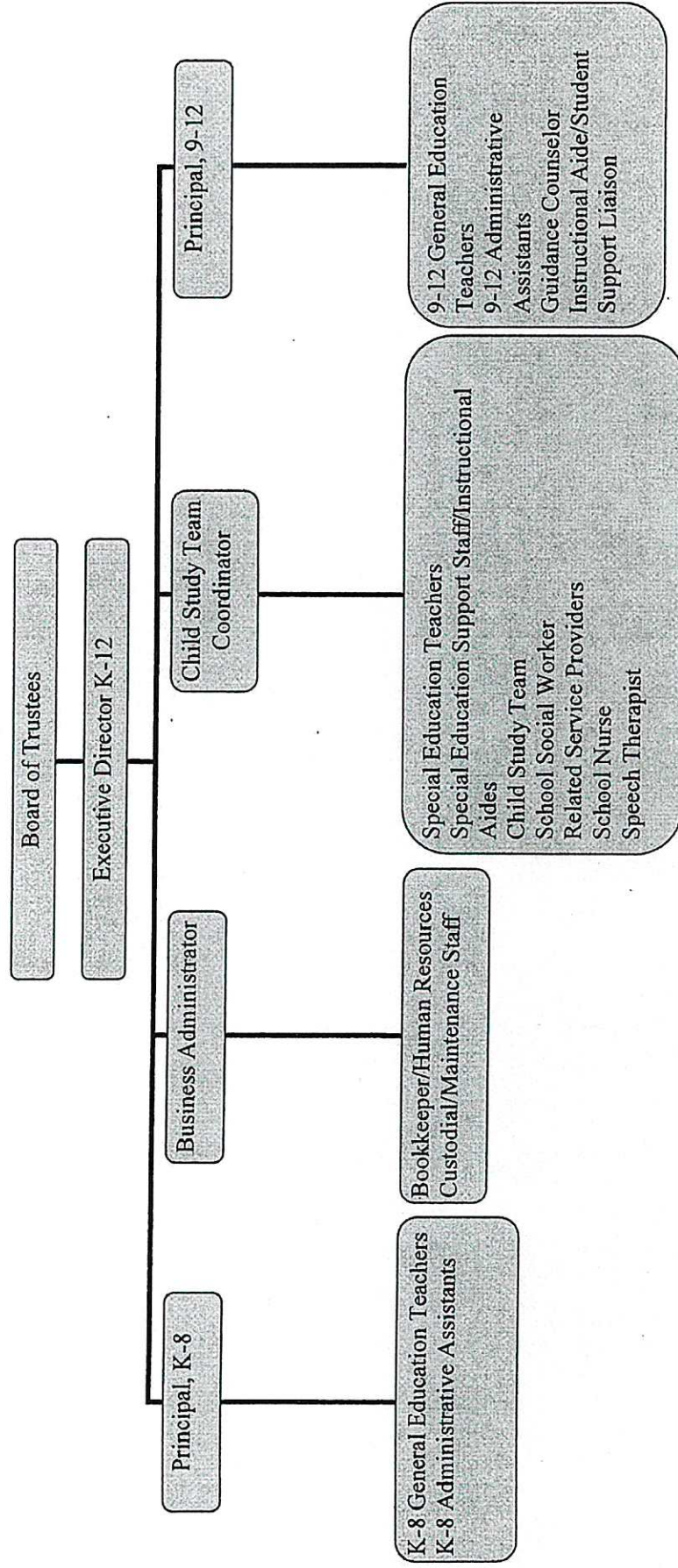
Steve Literati
Business Administrator/Board Secretary

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Hoboken Charter School Organizational Chart



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

Hoboken Charter School
Roster of Trustees and Officers
2020 – 2021

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

Hoboken Charter School

Consultants, Independent Auditors, and Advisors

Audit Firm

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

Attorney

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

Financial Consultants

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

Official Depository

Bank of America
615 Washington Street
Hoboken, New Jersey 07030

FINANCIAL SECTION



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

Independent Auditors' Report

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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Note D to the financial statements, the Charter School implemented GASB Statement No. 87, Leases, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *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 examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 February 15, 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

February 15, 2023
Fairfield, New Jersey



Required Supplementary Information – Part I

**Hoboken Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(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, 2022, 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 \$2,615,005 as of June 30, 2022.

Total revenues on a budgetary basis for the year (general, special, and program-related) increased by \$728,502 in fiscal year 2022 compared to the prior fiscal year, totaling \$5,947,275 for the year. General and Special Revenues increased by \$11,056 compared to the prior fiscal year. Program revenues for fiscal year 2022 increased from the prior fiscal year by \$752,857. The primary increase in revenue was due to the forgiveness of the PPP Loan in the amount of \$529,439 and a full year of meal service.

Total general expenses on a budgetary basis for the year increased by \$17,999 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 basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

The first two statements are *entity-wide financial statements* that provide both short-term and long-term information about the Charter School's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the Charter School, reporting the Charter School's operations in more detail than the Charter School-Wide statements.

The *governmental fund statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about the activities the Charter School operates like a business, such as food services and enrichment programs.

Fiduciary funds statements provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Entity-Wide Statements

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

The two entity-wide statements report the Charter School's net position and changes in them. The change in net position provides the reader with a tool to assist in determining whether the School's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as student enrollment stability and facility conditions in arriving at a conclusion regarding the overall health of the Charter School.

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

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

Business-Type activities: The Charter School charges fees to help it cover the costs of certain services it provides.

Fund Financial Statements

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

The Charter School has three types of funds:

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

The Charter School is a fiduciary for assets that belong to others such as the Payroll Agency Fund, Unemployment Compensation Fund, and Teachers' Pension and Annuity Fund. The charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Charter School's fiduciary activities are reported in a separate statement of Fiduciary Net Position. These activities are excluded from the Charter School's other financial statements because the assets cannot be utilized by the Charter School to finance operations.

Notes to the Basic Financial Statements

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

Table 1
Net Position

	Governmental and Business-Type Activities	
	June 30,	
	<u>2022</u>	<u>2021</u>
Assets:		
Cash	\$ 2,726,657	\$ 2,439,027
Receivables	184,125	103,229
Prepaid Expenses	28,148	82,885
Operating Lease – Right of Use Asset	<u>3,226,698</u>	<u>-0-</u>
Total Assets	<u>6,098,419</u>	<u>2,625,141</u>
Liabilities:		
Accounts Payable	176,234	155,169
Loan Payable - PPP	-0-	529,439
Operating Lease Liability	3,226,698	-0-
Deferred Revenue	<u>80,484</u>	<u>33,591</u>
Total Liabilities	<u>3,483,415</u>	<u>718,199</u>
Total Unrestricted Net Position	<u>\$ 2,682,214</u>	<u>\$ 1,906,942</u>

Table 2
Changes in Net Position

Revenues:		
General Revenues:		
District Equalization Aid	\$ 3,989,306	\$ 3,644,800
Security Aid	70,135	65,325
Special Education Categorical Aid	167,032	124,011
State Adjustment Aid	155,075	719,812
State Non-Public Aid	45,284	15,994
Payroll Tax Transfer Aid	318,507	199,752
FICA Reimbursement	167,230	152,905
Program Revenues:		
Operating Grants, Contributions, and Programs	<u>1,201,936</u>	<u>449,079</u>
Total Revenues	<u>6,114,505</u>	<u>5,371,678</u>
Expenditures:		
Instructional Services	2,334,774	2,044,301
Supporting Services	1,380,780	1,736,971
Administration	1,443,652	1,427,144
Other	<u>180,027</u>	<u>31,473</u>
Total Expenditures	<u>5,339,233</u>	<u>5,239,889</u>
Changes in Net Position	775,272	131,789
Net Position, Beginning of Year	<u>1,906,942</u>	<u>1,775,153</u>
Net Position, End of Year	<u>\$ 2,682,214</u>	<u>\$ 1,906,942</u>

General Fund Budget Information

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

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

Factors Expected to Have an Effect on Future Operations

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

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, 2022

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 2,495,847	\$ 230,810	\$ 2,726,657
Accounts Receivable	184,125	-	184,125
Operating Lease - Right of Use Asset	3,226,698	-	3,226,698
Prepaid Expenses	28,148	-	28,148
Interfund Receivable	-	-	-
	<u>5,934,818</u>	<u>230,810</u>	<u>6,165,628</u>
Deferred Outflow of Resources	<u>193,142</u>	<u>-</u>	<u>193,142</u>
Total Assets	<u>6,127,960</u>	<u>230,810</u>	<u>6,358,770</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	232,058	-	232,058
Interfund Payable	-	-	-
Operating Lease Liability	3,226,698	-	3,226,698
Net Pension Liability	446,471	-	446,471
Deferred Revenue	68,484	12,000	80,484
	<u>3,973,711</u>	<u>12,000</u>	<u>3,985,711</u>
Deferred Inflow of Resources	<u>736,076</u>	<u>-</u>	<u>736,076</u>
Total Liabilities	<u>4,709,787</u>	<u>12,000</u>	<u>4,721,787</u>
NET POSITION			
Restricted for:			
Unemployment Compensation	1,542	-	1,542
Unrestricted	<u>1,416,631</u>	<u>-</u>	<u>1,416,631</u>
Total Net Position	<u>\$ 1,418,173</u>	<u>\$ 218,810</u>	<u>\$ 1,636,983</u>

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, 2022**

Exhibit A-2

Functions/Programs	Expenditures	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 2,334,774	\$ -	\$ 227,905	\$ -	\$ (2,106,869)	\$ -	\$ (2,106,869)
Administration	2,222,952	-	89,813	-	(2,133,139)	-	(2,133,139)
Support Services	1,380,780	-	-	-	(1,380,780)	-	(1,380,780)
Total Governmental Activities	5,938,506	-	317,718	-	(5,620,788)	-	(5,620,788)
Business - Type Activities:							
Food Service	43,320	67,991	-	-	-	24,671	24,671
Enrichment Program	136,707	233,248	-	-	-	96,541	96,541
Total Business - Type Activities	180,027	301,239	-	-	-	121,212	121,212
Total Primary Government Activities	\$ 6,118,533	\$ 301,239	\$ 317,718	\$ -	\$ (5,620,788)	\$ 121,212	\$ (5,499,576)
General Revenues:							
		District Equalization Aid			3,989,306	-	3,989,306
		Security Aid			70,135	-	70,135
		Special Education Categorical Aid			167,032	-	167,032
		State Adjustment Aid			155,075	-	155,075
		State Non-Public Aid			45,284	-	45,284
		Payroll Tax Transfer Aid			318,507	-	318,507
		FICA Reimbursement			167,230	-	167,230
		Long Term Disability Insurance Premium (on behalf)			645	-	645
		TPAF Non-Contributory Insurance (on behalf)			11,044	-	11,044
		TPAF Pension Contributions (on behalf)			782,795	-	782,795
		TPAF Post Retirement Medical Benefits (on behalf)			185,473	-	185,473
		Contributions			50,000	-	50,000
		Loan Forgiveness - Paycheck Protection Program			529,439	-	529,439
		Other Income			3,540	-	3,540
Total General Revenues					6,475,505	-	6,475,505
Change in Net Position					854,717	121,212	975,929
Net Position - Beginning of Year					563,456	97,598	661,054
Net Position - End of Year					\$ 1,418,173	\$ 218,810	\$ 1,636,983

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

**Hoboken Charter School
Balance Sheet
Governmental Funds
June 30, 2022**

Exhibit B-1

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 2,495,847	\$ -	\$ 2,495,847
Accounts Receivable	39,343	144,783	184,126
Operating Lease - Right of Use Asset	3,226,698	-	3,226,698
Prepaid Expenses	-	28,149	28,149
Interfund Receivable	39,175	-	39,175
Total Assets	<u>\$ 5,801,063</u>	<u>\$ 172,932</u>	<u>\$ 5,973,995</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	62,554	113,680	176,234
Interfund Payable	-	39,175	39,175
Operating Lease Liability	3,226,698	-	3,226,698
Deferred Revenue	48,407	20,077	68,484
Total Liabilities	<u>3,337,659</u>	<u>172,932</u>	<u>3,510,591</u>
Fund Balances:			
Restricted:			
Unemployment Compensation	1,542	-	1,542
Unassigned	2,461,862	-	2,461,862
Total Fund balances	<u>2,463,404</u>	<u>-</u>	<u>2,463,404</u>
Total Liabilities and Fund Balances	<u>\$ 5,801,063</u>	<u>\$ 172,932</u>	<u>\$ 5,973,995</u>
Fund balances - total governmental funds			2,463,404
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			(446,471)
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)			7,041
Changes of assumptions (outflows)			2,325
Changes in proportion (outflows)			127,950
Difference between expected and actual experience (inflows)			(3,196)
Changes of assumptions (inflows)			(158,946)
Difference between projected and actual investment earnings on pension plan investments (inflows)			(117,612)
Changes in proportion (inflows)			(456,322)
Pension payment subsequent to the measurement date			55,825
Accounts payable for pension expense			<u>(55,825)</u>
Net position of governmental activities (A-1)			<u>\$ 1,418,173</u>

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

Hoboken Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
State sources:			
District Equalization Aid	\$ 3,989,306	\$ -	\$ 3,989,306
Security Aid	70,135	-	70,135
Special Education Categorical Aid	167,032	-	167,032
State Adjustment Aid	155,075	-	155,075
State Non-Public Aid	45,284	-	45,284
Payroll Tax Transfer Aid	318,507	-	318,507
FICA Reimbursement	167,230	-	167,230
TPAF Long Term Disability (on behalf)	645	-	645
TPAF Non-Contributory Insurance (on behalf)	11,044	-	11,044
TPAF Pension Contributions (on behalf)	782,795	-	782,795
TPAF Post Retirement Medical Contributions (on behalf)	185,473	-	185,473
Total - State Sources	5,892,526	-	5,892,526
Federal sources	529,439	299,350	828,789
Local sources	53,540	18,368	71,908
Total revenues	<u>6,475,505</u>	<u>317,718</u>	<u>6,793,223</u>
EXPENDITURES			
Current:			
Instruction	2,106,869	227,905	2,334,774
Administration	2,333,796	89,813	2,423,609
Support	1,380,780	-	1,380,780
Total Expenditures	<u>5,821,445</u>	<u>317,718</u>	<u>6,139,163</u>
Net Change in Fund Balance	654,060	-	654,060
Fund Balance, Beginning of Year	<u>1,809,344</u>	-	<u>1,809,344</u>
Fund Balance, End of Year	<u>\$ 2,463,404</u>	<u>\$ -</u>	<u>\$ 2,463,404</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, 2022**

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) **\$ 654,060**

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	44,137	
Adjustment	(3,778)	
Cost of benefits earned net of employee contributions (pension expense (income) per Fiscal Year June 30, 2021 GASB 68 report)	160,298	
	200,657	

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 854,717**

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, 2022**

Exhibit B-4

	Business-Type Activities Enterprise Funds Food Services Program
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 230,810
Accounts receivable	-
Prepaid Expenses	-
Inventories	-
Total current assets	<u>230,810</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery & equipment	-
Less accumulated depreciation	-
Total noncurrent assets	-
Total assets	<u>\$ 230,810</u>
LIABILITIES	
Current liabilities:	
Accrued salaries and payroll taxes	\$ -
Interfund payable	-
Deferred revenue	<u>12,000</u>
Total current liabilities	<u>12,000</u>
Noncurrent Liabilities:	
Compensated absences	-
Total noncurrent liabilities	-
Total liabilities	<u>12,000</u>
NET POSITION	
Invested in capital assets net of related debt	-
Restricted for:	
Capital projects	-
Unrestricted	<u>218,810</u>
Total net position	<u>\$ 230,810</u>

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

Hoboken Charter School
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit B-5

	Business-Type Activities Enterprise Funds Food Services Program
Operating revenues:	
Charges for services:	
After School Programs	\$ 233,248
Total Operating Revenues	<u>233,248</u>
Operating expenditures:	
Salaries	89,097
Other Purchased Professional Services	19,155
Cost of Sales - Reimbursable Programs	43,320
Miscellaneous	28,455
Total Operating Expenses	<u>180,027</u>
Operating Income	<u>53,221</u>
State Sources	
State School Lunch Program	1,442
Federal Sources	
Hunger-Free, Healthy Kids Act	3,921
National School Lunch Program	61,099
National School Breakfast Program	1,529
Total Non-Operating Revenue	<u>67,991</u>
Change in net position before transfers	121,212
Total net position - beginning of year	<u>97,598</u>
Total net position - end of year	<u>\$ 218,810</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, 2022**

Exhibit B-6

	Business-Type Activities Enterprise Funds Food Services Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and other funds	\$ 313,239
Payments to employees	(91,683)
Payments to suppliers	(90,930)
Net cash flows from operating activities	<u>130,626</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	-
Federal sources	-
Operating subsidies and transfers to other funds	-
Net cash flows from non-capital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in capital contributions	-
Purchases of capital assets	-
Gain/Loss on sale of fixed assets (proceeds)	-
Net cash flows from capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	-
Proceeds from sale/maturities of investments	-
Net cash flows from investing activities	<u>-</u>
Net increase in cash	130,626
Cash - beginning of year	<u>100,184</u>
Cash - end of year	<u>\$ 230,810</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:	
Operating income	\$ 121,212
Adjustments to reconcile operating income to net cash flows from operating activities	
Increase in deferred revenue	12,000
Decrease in interfund payable	(2,586)
Net cash flows from operating activities	<u>\$ 130,626</u>

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, 2022

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 includable 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.

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

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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end. The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

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, 2022.

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 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 \$2,394,653 at June 30, 2022 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 outflows of resources at June 30, 2022 related to pensions.

The Charter School had deferred inflows of resources at June 30, 2022 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 the 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.

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, 2022, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2021 was \$2,726,657.

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 dependent on the Charter School's 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 \$60,000.

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, 2022 was \$720,000.

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

2023	\$ 720,000
2024	720,000
2025	720,000
2026	720,000
2027	<u>720,000</u>
Total Lease Payments	3,600,000
Less Interest	<u>(373,302)</u>
Present Value of Lease Liability	<u>\$ 3,226,698</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 Comprehensive Annual Financial Report (CAFR) 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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021.

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 enrollment prosecutors in the Prosecutors Part. The June 30, 2021 State special funding situation net pension liability amount of \$126.3 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 State special funding situation pension expense of \$11.1 million, for the fiscal year ending June 30, 2021, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2021. 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 2021, 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

At June 30, 2022, the Charter School reported a liability of \$446,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the Charter School's proportion was .0037%, which was a decrease of .0019% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Charter School recognized pension income of \$160,298. At June 30, 2022, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 7,041	\$ 3,196
Changes of assumptions	2,325	158,946
Net difference between projected and actual earnings on pension plan investments	-0-	117,612
Changes in proportion	127,950	456,322
Charter School contribution subsequent to the measurement date	<u>55,826</u>	<u>-0-</u>
	<u>\$ 193,142</u>	<u>\$ 736,076</u>

\$55,825 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, 2022, the Plan measurement date is June 30, 2021), 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
2022	\$ (105,348)
2023	(72,218)
2024	(51,286)
2025	(38,552)
2026	<u>15</u>
	<u>\$ (270,388)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below - Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultations with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U.S. Equity	27.00%	8.09%
Non-U. S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 as 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, 2021, 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	\$ 614,484	\$ 451,230	\$ 312,686

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 Comprehensive Annual Financial Report (CAFR) 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before with 25 years or more of service credit before age 62, and Tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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, 2021. 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 2021, 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

At June 30, 2022 the State's proportionate share of the net pension liability associated with the Charter School was \$9,747,524. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The Charter School's net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the Charter School's proportion was .0203%, which was a decrease of .0025% from its proportion measured as of June 30, 2020.

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 \$ 9,747,524

For the year ended June 30, 2022, the State recognized pension expense on behalf of the Charter School in the amount of \$229,364 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience – 2015	8.3	\$ 57,204,429	\$ -0-
Difference between expected and actual experience – 2017	8.3	93,981,436	-0-
Difference between expected and actual experience – 2018	8.29	618,845,893	-0-
Difference between expected and actual experience – 2021	7.93	171,234,070	-0-
Difference between expected and actual experience – 2014	8.5	-0-	1,464,605
Difference between expected and actual experience – 2016	8.3	-0-	37,311,034
Difference between expected and actual experience – 2019	8.04	-0-	97,553,990
Difference between expected and actual experience – 2020	7.99	-0-	6,444,940
Change of assumptions – 2014	8.5	153,774,925	-0-
Change of assumptions – 2015	8.3	926,219,611	-0-
Change of assumptions – 2016	8.3	3,000,278,784	-0-
Change of assumptions – 2017	8.3	-0-	5,282,196,290
Change of assumptions – 2018	8.29	-0-	3,527,661,165
Change of assumptions – 2019	8.04	-0-	2,510,940,613
Change of assumptions – 2020	7.99	1,209,286,241	-0-
Change of assumptions – 2021	7.93	-0-	12,903,483,645

Difference between projected and actual investment earnings on pension plan investments – 2018	5	-0-	96,030,373
Difference between projected and actual investment earnings on pension plan investments – 2019	5	-0-	(72,441,385)
Difference between projected and actual investment earnings on pension plan investments – 2020	5	-0-	(724,186,621)
Difference between projected and actual investment earnings on pension plan investments – 2021	5	<u>-0-</u>	<u>3,554,633,811</u>
		<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</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, 2022. 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	\$ (2,914,282,899)
2022	(3,500,098,875)
2023	(4,665,036,366)
2024	(4,192,375,542)
2025	(2,350,648,872)
Thereafter	<u>(3,367,824,517)</u>
	<u>\$ (20,990,267,071)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45% based on years of service
Thereafter	2.75% - 5.65% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U. S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U. S. Equity	27.00%	8.09%
Non-U. S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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, 2021 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	\$ 11,554,732	\$ 9,765,935	\$ 8,263,457

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, 2020. Employee contributions to DCRP amounted to \$-0- for the fiscal year ended June 30, 2021.

Note F: General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L. 1966,c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$67,809,962,608 for this special funding situation.

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.

The total OPEB liability in the June 30, 2021 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases:	
Through 2026 (TPAF/ABP)	1.55% - 4.45% based on years of service
Through 2026 (PERS)	2.00% - 6.00% based on years of service
Through 2026 (PFRS)	3.25% - 15.25% based on years of service
Thereafter (TPAF/ABP)	1.55 % - 4.45% based on years of service
Thereafter (PERS)	3.00% - 7.00% based on years of service
Thereafter (PFRS)	Applied to all future years

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-2020. 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-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 to June 30, 2018, July 1, 2014 to June 30, 2018, and July 1, 2013 to June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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

	Total OPEB Liability
Balance at June 30, 2020	\$ 6,014,817
Changes for the year:	
Service Cost	720,796
Interest	134,132
Changes of Benefit Terms	(5,504)
Differences Between Expected and Actual Experiences	(1,596,479)
Changes in Assumptions	5,101
Member Contributions	3,429
Gross Benefit Payments	<u>(105,658)</u>
Net Changes	<u>(844,183)</u>
Balance at June 30, 2021	<u>\$ 5,170,634</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>(1.16%)</u>	Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB Liability	<u>\$ 6,193,608</u>	<u>\$ 5,170,634</u>	<u>\$ 4,365,104</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, 2021 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 4,185,645</u>	<u>\$ 5,170,634</u>	<u>\$ 6,493,401</u>

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

For the year ended June 30, 2021, the Charter School recognized OPEB expense of \$855,889 determined by the State as the total OPEB liability for benefit provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 779,450	\$ (1,551,799)
Changes of Assumptions	877,132	(554,761)
Changes in Proportion	<u>974,160</u>	<u>(142,160)</u>
Total	<u>\$ 2,630,742</u>	<u>\$ (2,248,720)</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 \$167,230 during the year ended June 30, 2022 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>
2019-2020	26,051	15,952	-0-	5,240
2020-2021	27,073	16,543	-0-	610
2021-2022	11,506	8,150	-0-	1,542

Note I: Related Party

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

Note J: Economic Dependency

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

Note K: Commitments and Contingencies

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

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

Note L: Paycheck Protection Program

On June 10, 2020, the Charter School was granted a loan from Bank of America in the aggregate amount of \$529,439, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The full amount of the was forgiven during the fiscal year and is reported as other income.

Note M: Evaluation of Subsequent Events

The COVID-19 outbreak in the United States and specifically New Jersey continues to cause disruption of the Charter School’s financial operations. Though the impact on the Charter School’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General fund other than state aid and local tax levy. There have been additional operating expenses in the General Fund due to Charter School’s re-opening on a full-time basis.

The Charter School has evaluated subsequent events through February 15, 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, 2022

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State and Local Local Sources:					
District Equalization Aid	\$ 3,989,306	\$ -	\$ 3,989,306	\$ 3,989,306	\$ -
Security Aid	70,135	-	70,135	70,135	-
Special Education Categorical Aid	167,032	-	167,032	167,032	-
State Adjustment Aid	155,075	-	155,075	155,075	-
State Non-Public Aid	45,284	-	45,284	45,284	-
Payroll Tax Transfer Aid	318,507	-	318,507	318,507	-
Other Income	-	-	-	3,540	3,540
Loan Forgiveness - Paycheck Protection Program	-	-	-	529,439	529,439
Contributions	-	-	-	50,000	50,000
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	167,230	167,230
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	645	645
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	11,044	11,044
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	782,795	782,795
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	185,473	185,473
Total	4,745,339	-	4,745,339	6,475,505	1,730,166
EXPENDITURES:					
Instruction:					
Kindergarten - Salaries of Teachers	83,342	-	83,342	83,342	-
Grades 1-5 - Salaries of Teachers	375,280	-	375,280	375,280	-
Grades 6-8 - Salaries of Teachers	344,665	-	344,665	344,665	-
Grades 9-12 - Salaries of Teachers	683,547	-	683,547	683,547	-
Other Salaries for Instruction	422,829	-	422,829	535,317	(112,488)
Other Purchased Services	5,665	-	5,665	-	5,665
General Supplies	148,578	-	148,578	84,368	64,210
Textbooks	7,210	-	7,210	350	6,860
Total Instruction	2,071,116	-	2,071,116	2,106,869	(35,753)
Administration:					
Salaries - General Administration	764,260	-	764,260	484,611	279,649
Salaries of Secretarial/Clerical Assistance	184,146	-	184,146	114,752	69,394
Total Benefits Cost	501,288	-	501,288	399,015	102,273
Purchased Professional and Technical Services	257,197	-	257,197	62,777	194,420
Other Purchased Services	31,055	-	31,055	45,344	(14,289)
Advertising	-	879	879	4,203	(3,324)
Supplies and Materials	89,816	-	89,816	24,360	65,456
Communications and Telephone	48,286	-	48,286	26,830	21,456
Miscellaneous	26,523	-	26,523	24,717	1,806
Total Administration	1,902,571	879	1,903,450	1,186,609	716,841
Support:					
Salaries	-	-	-	331,257	(331,257)
Cleaning, Repair and Maintenance Services	-	-	-	4,629	(4,629)
Rent	745,000	-	745,000	721,870	23,130
Other Purchased Professional Services	25,665	25,283	50,948	111,797	(60,849)
Other Purchased Services	-	-	-	3,106	(3,106)
Insurance for Property, Liability and Fidelity	115,291	-	115,291	117,709	(2,418)
Energy Costs (Heat and Electricity)	49,000	-	49,000	61,226	(12,226)
Miscellaneous	25,000	-	25,000	29,186	(4,186)
Total Support	959,956	25,283	985,239	1,380,780	(395,541)
On Behalf Contributions					
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	167,230	(167,230)
TPAF Long Term Disability (on-behalf Non Budgeted)	-	-	-	645	(645)
TPAF Non Contributory Insurance (on behalf - Non Budgeted)	-	-	-	11,044	(11,044)
TPAF Pension Contributions (on behalf - Non Budgeted)	-	-	-	782,795	(782,795)
TPAF Post Retirement Medical Contributions (on behalf - Non Budgeted)	-	-	-	185,473	(185,473)
Total On Behalf Contributions	-	-	-	1,147,187	(1,147,187)
Total Expenditures	4,933,643	26,162	4,959,805	5,821,445	(861,640)
Excess of Revenues Over (Under) Expenditures	(188,304)	(26,162)	(214,466)	654,060	868,526
Fund Balance, Beginning of Year	-	-	-	1,809,344	
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 2,463,404	

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, 2022**

Exhibit C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 299,350	\$ -	\$ 299,350	\$ 299,350	\$ -
Local Sources	18,368	-	18,368	18,368	-
	<u>317,718</u>	<u>-</u>	<u>317,718</u>	<u>317,718</u>	<u>-</u>
EXPENDITURES:					
Current Expense:					
Instruction:					
Salaries	66,896	-	66,896	134,164	(67,268)
Materials and Supplies	13,354	-	13,354	5,946	7,408
Purchased Professional and Technical Services	-	-	-	87,795	(87,795)
Total Instruction	<u>80,250</u>	<u>-</u>	<u>80,250</u>	<u>227,905</u>	<u>(147,655)</u>
Administration:					
Salaries	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Rent	-	-	-	-	-
Purchased Professional and Technical Services	79,813	-	79,813	89,813	(10,000)
Payroll Taxes and Employee Benefits	-	-	-	-	-
Travel	-	-	-	-	-
Dues and Awards	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Support	<u>79,813</u>	<u>-</u>	<u>79,813</u>	<u>89,813</u>	<u>(10,000)</u>
Support					
Salaries	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>160,063</u>	<u>-</u>	<u>160,063</u>	<u>317,718</u>	<u>(157,655)</u>
Excess of Revenues Over Expenditures	157,655	-	157,655	-	(157,655)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 157,655</u>	<u>\$ -</u>	<u>\$ 157,655</u>	<u>\$ -</u>	<u>\$ (157,655)</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, 2022**

Exhibit C-3

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 6,475,505	[C-2] \$ 317,718
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>6,475,505</u>	[B-2] \$ <u>317,718</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 5,821,445	[C-2] \$ 317,718
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.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>5,821,445</u>	[B-2] \$ <u>317,718</u>

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

Required Supplementary Information – Part III

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Charter School's proportion of the net pension liability	0.0072%	0.0059%	0.0064%	0.0056%	0.0062%	0.0057%	0.0048%	0.5687%	0.3768%
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
Charter School's covered employee payroll	\$ 435,555	\$ 268,168	\$ 400,117	\$ 387,275	\$ 340,003	\$ 359,197	\$ 267,575	\$ 278,236	\$ 243,480
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%
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%

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

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

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

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

Exhibit L-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 54,473	\$ 48,361	\$ 54,943	\$ 50,298	\$ 60,009	\$ 57,622	\$ 47,504	\$ 62,219	\$ 44,137
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>
Contribution deficiency (excess)	<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
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%

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

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

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

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

Exhibit L-3

	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%
Charter School's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated to the charter school	8,781,991	9,060,396	11,225,539	12,808,400	13,407,463	13,934,222	13,756,982	15,048,178	9,765,935
	<u>\$ 8,781,991</u>	<u>\$ 9,060,396</u>	<u>\$ 11,225,539</u>	<u>\$ 12,808,400</u>	<u>\$ 13,407,463</u>	<u>\$ 13,934,222</u>	<u>\$ 13,756,982</u>	<u>\$ 15,048,178</u>	<u>\$ 9,765,935</u>
Charter School's covered payroll	\$ 1,623,257	\$ 1,915,968	\$ 2,169,784	\$ 2,261,757	\$ 2,345,141	\$ 1,962,688	\$ 2,231,803	\$ 2,108,985	\$ 2,279,595
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%	428.41%
Plan fiduciary net position as a percentage of the total net pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	12.67%	27.40%

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

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

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

**Hoboken Charter School
Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

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, 2020 and 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2021 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

Teachers' Pension and Annuity Fund (TPAF)

Change in Benefit Terms:

There were none.

Change of Actuarial Assumptions:

The discount rate from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -0.05%

**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
Total OPEB Liability					
Service Cost	\$ 499,225	\$ 411,689	\$ 395,714	\$ 428,545	\$ 720,796
Interest	119,381	143,761	136,689	133,210	134,132
Changes of Benefit Terms	-	-	-	-	(5,504)
Gross Benefit Payments	(84,420)	(85,215)	(105,223)	(104,713)	(105,658)
Member Contributions	3,109	2,945	3,119	3,174	3,429
Differences Between Expected and Actual Experience	-	(565,363)	(240,469)	1,028,106	(1,596,479)
Changes of Assumptions and Other Inputs	(622,484)	(365,708)	51,109	1,098,700	5,101
Net Change in Total OPEB Liability	(85,189)	(457,891)	240,939	2,587,022	(844,183)
Total OPEB Liability - Beginning	3,729,936	3,644,747	3,186,856	3,427,795	6,014,817
Total OPEB Liability - Ending	\$ 3,644,747	\$ 3,186,856	\$ 3,427,795	\$ 6,014,817	\$ 5,170,634
Covered Employee Payroll	\$ 387,275	\$ 340,003	\$ 359,197	\$ 267,575	\$ 278,236
Charter School's Proportionate Share of the OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Total OPEB Liability as a Percentage of Covered Employee Payroll	941.13%	937.30%	954.29%	2247.90%	1858.36%

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, 2022**

Exhibit E-1

	IDEA Part - B	ESEA Title I	ESEA Title II	ESEA Title IV	Coronavirus Response and Supplemental Appropriations Act	American Rescue Plan Act	Private Sources	Total
REVENUES								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,368	\$ 18,368
Federal Sources	79,813	71,214	9,036	10,000	97,509	31,778	-	299,350
Total Revenues	<u>79,813</u>	<u>71,214</u>	<u>9,036</u>	<u>10,000</u>	<u>97,509</u>	<u>31,778</u>	<u>18,368</u>	<u>317,718</u>
EXPENDITURES								
Instruction:								
Salaries	-	67,314	9,036	-	57,814	-	-	134,164
Supplies and Materials	-	3,900	-	-	-	-	2,046	5,946
Textbooks	-	-	-	-	-	-	-	-
Business and Other Support Services	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	39,695	31,778	16,322	87,795
Total Instruction	<u>-</u>	<u>71,214</u>	<u>9,036</u>	<u>-</u>	<u>97,509</u>	<u>31,778</u>	<u>18,368</u>	<u>227,905</u>
Administration:								
Salaries	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Employee Benefits and Payroll Taxes	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	79,813	-	-	10,000	-	-	-	89,813
Employee Benefits and Payroll Taxes	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Dues and Awards	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Support Services	<u>79,813</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,813</u>
Support:								
Salaries	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>79,813</u>	<u>71,214</u>	<u>9,036</u>	<u>10,000</u>	<u>97,509</u>	<u>31,778</u>	<u>18,368</u>	<u>317,718</u>
Excess of Revenues Over Expenditures	<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

Proprietary Funds

Hoboken Charter School
Combining Statement of Net Position
June 30, 2022

Exhibit G-1

	Non-Major Funds		
	Enrichment Program	Food Service	Totals
ASSETS			
Current assets:			
Cash	\$ 208,725	\$ 22,085	\$ 230,810
Accounts receivable	-	-	-
Prepaid Expenses	-	-	-
Interfund Receivable	-	-	-
Total current assets	<u>208,725</u>	<u>22,085</u>	<u>230,810</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Furniture, machinery & equipment	-	-	-
Less accumulated depreciation	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 208,725</u>	<u>\$ 22,085</u>	<u>\$ 230,810</u>
LIABILITIES			
Current liabilities:			
Interfund Payable	\$ -	\$ -	\$ -
Deferred revenue	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total current liabilities	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Noncurrent Liabilities:			
Compensated absences	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>12,000</u>	<u>-</u>	<u>12,000</u>
NET POSITION			
Invested in capital assets net of related debt	-	-	-
Restricted for:			
Capital projects	-	-	-
Unrestricted	<u>196,725</u>	<u>22,085</u>	<u>218,810</u>
Total net position	<u>196,725</u>	<u>22,085</u>	<u>218,810</u>

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, 2022

Exhibit G-2

	Non-Major Funds		
	Enrichment Program	Food Service Program	Total Enterprise
Operating revenues:			
Charges for services:			
Daily Sales - Reimbursable Programs	\$ 233,248	\$ -	\$ 233,248
After School Programs	-	-	-
Total Operating Revenues	<u>233,248</u>	<u>-</u>	<u>233,248</u>
Operating expenditures:			
Salaries	89,097	7,515	96,612
Other Purchased Professional Services	19,155	-	19,155
Cost of Sales - Reimbursable Programs	26,090	35,805	61,895
Miscellaneous	2,365	-	2,365
Total Operating Expenses	<u>136,707</u>	<u>43,320</u>	<u>180,027</u>
Operating Income (Loss)	<u>96,541</u>	<u>(43,320)</u>	<u>53,221</u>
State Sources			
State School Lunch Program	-	1,442	1,442
Federal Sources			
National School Lunch Program	-	61,099	61,099
National School Breakfast Program	-	5,450	5,450
Total Non-Operating Revenue	<u>-</u>	<u>67,991</u>	<u>67,991</u>
Change in net position before transfers	96,541	24,671	121,212
Total net position (deficit) - beginning of year	<u>100,184</u>	<u>(2,586)</u>	<u>97,598</u>
Total net position - end of year	<u>\$ 196,725</u>	<u>\$ 22,085</u>	<u>\$ 218,810</u>

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

Hoboken Charter School
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2022

Exhibit G-3

	Non-Major Funds		
	Enrichment Program	Food Service Program	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 245,248	\$ 67,991	\$ 313,239
Payments to employees	(89,097)	(7,515)	(96,612)
Payments to suppliers	(47,610)	(38,391)	(86,001)
Net cash flows from operating activities	108,541	22,085	130,626
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	-	-	-
Federal sources	-	-	-
Operating subsidies and transfers to other funds	-	-	-
Net cash flows from non-capital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital contributions	-	-	-
Purchases of capital assets	-	-	-
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash flows from capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net cash flows from investing activities	-	-	-
Net increase in cash	108,541	22,085	130,626
Cash - beginning of year	100,184	-	100,184
Cash - end of year	\$ 208,725	\$ 22,085	\$ 230,810
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income	\$ 96,541	\$ 24,671	\$ 121,212
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Decrease in interfund payable	-	(2,586)	(2,586)
Increase in deferred revenue	12,000	-	12,000
Net cash flows from operating activities	\$ 108,541	\$ 22,085	\$ 130,626

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

<u>Contents</u>	<u>Page</u>
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.	63 - 66
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.	67 - 68
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.	69 - 72

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

Financial Trends

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

Exhibit J-1

	2013	2014	2015	2016	2017	2018	2019	Restated 2020	2021	2022
Governmental Activities		**								
Unrestricted	<u>\$ 499,729</u>	<u>\$ (918,668)</u>	<u>\$ (548,195)</u>	<u>\$ (292,582)</u>	<u>\$ (347,392)</u>	<u>\$ (369,369)</u>	<u>\$ (146,969)</u>	<u>\$ 384,688</u>	<u>\$ 563,456</u>	<u>\$ 1,418,173</u>
Total Governmental Activities Net Position/(Deficit)	<u>\$ 499,729</u>	<u>\$ (918,668)</u>	<u>\$ (548,195)</u>	<u>\$ (292,582)</u>	<u>\$ (347,392)</u>	<u>\$ (369,369)</u>	<u>\$ (146,969)</u>	<u>\$ 384,688</u>	<u>\$ 563,456</u>	<u>\$ 1,418,173</u>
Business-Type Activities				##						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,204</u>	<u>\$ 3,494</u>	<u>\$ 2,352</u>	<u>\$ 6,606</u>	<u>\$ 74,270</u>	<u>\$ 97,598</u>	<u>\$ 218,810</u>
Total Business-Type Activities Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,204</u>	<u>\$ 3,494</u>	<u>\$ 2,352</u>	<u>\$ 6,606</u>	<u>\$ 74,270</u>	<u>\$ 97,598</u>	<u>\$ 218,810</u>

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

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

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

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

Exhibit J-2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EXPENDITURES										
Governmental Activities										
Instruction:										
Salaries	1,682,184	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
Materials and Supplies	93,661	86,685	95,439	103,623	105,941	74,692	75,775	79,022	41,807	84,368
Textbooks	15,972	19,177	6,601	10,246	12,711	4,452	5,041	3,526	304	350
Other Purchased Services	3,653	849	276	-	860	-	-	-	976	-
Purchased Professional and Technical Services	\$2,299	66,615	74,177	56,625	56,954	42,813	40,226	29,426	-	-
Miscellaneous	-	-	-	-	-	-	-	-	(369)	-
	<u>1,847,769</u>	<u>1,769,978</u>	<u>1,835,933</u>	<u>1,966,622</u>	<u>2,114,810</u>	<u>2,058,748</u>	<u>1,976,884</u>	<u>1,975,936</u>	<u>1,775,844</u>	<u>2,106,869</u>
Administration:										
Salaries	608,674	594,495	565,696	632,723	619,751	604,184	604,321	492,513	599,302	599,363
Payroll Taxes and Employee Benefits	630,252	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
Purchased Professional and Technical Services	276,081	177,190	145,650	110,950	132,226	146,409	140,730	186,571	26,233	62,777
Communication and Telephone	28,760	64,362	73,277	65,026	71,072	81,874	78,030	34,575	31,194	26,830
Other Purchased Professional Services	-	-	-	-	-	-	-	-	41,629	-
Other Purchased Services	-	-	-	-	-	-	-	-	42,363	45,344
Advertising	-	-	-	-	-	-	-	-	-	4,203
Miscellaneous	-	-	-	-	-	-	-	-	12,769	24,717
Supplies and Materials	918	2,636	-	-	-	-	-	-	34,567	24,360
	<u>1,544,685</u>	<u>1,487,246</u>	<u>1,812,633</u>	<u>1,735,746</u>	<u>1,905,814</u>	<u>2,042,347</u>	<u>2,105,313</u>	<u>1,912,983</u>	<u>2,136,500</u>	<u>2,333,796</u>
Support:										
Salaries	168,902	149,798	261,672	338,527	331,689	302,135	241,862	347,305	320,681	331,257
Cleaning, Repair and Maintenance Services	-	-	-	-	-	-	-	-	20,964	4,629
Materials and Supplies	100,608	216,149	88,178	62,030	64,721	65,523	71,686	38,418	-	-
Rent	401,975	456,092	525,129	534,452	449,142	483,703	582,317	564,991	1,123,967	721,870
Other Purchased Professional Services	243,604	308,041	238,437	245,244	270,795	334,111	239,283	125,894	86,484	111,797
Travel	6,959	21,289	24,790	18,415	30,550	16,489	20,781	13,293	-	-
Other Purchased Services	37,182	71,471	93,337	43,306	52,185	66,223	5,051	13,944	1,772	3,106
Energy Costs (Heat and Electricity)	-	-	-	-	-	-	46,838	36,081	26,712	61,226
Miscellaneous	-	-	-	-	-	-	15,744	9,735	6,921	29,186
Insurance for Property, Liability and Fidelity	19,074	80,584	64,286	61,812	81,492	81,289	88,113	91,295	103,915	117,709
	<u>978,304</u>	<u>1,303,424</u>	<u>1,295,829</u>	<u>1,303,786</u>	<u>1,280,574</u>	<u>1,349,473</u>	<u>1,311,675</u>	<u>1,240,956</u>	<u>1,691,416</u>	<u>1,380,780</u>
Total Governmental Expenses	4,370,758	4,560,648	4,944,395	5,006,154	5,301,198	5,450,568	5,393,872	5,129,875	5,603,760	5,821,445
Business-Type Activity:										
Food Service	55,941	63,474	61,603	51,022	60,094	44,507	40,588	37,387	3,094	43,320
Enrichment Program	69,236	128,747	175,182	206,568	214,049	257,928	278,620	154,938	28,379	136,707
Total Business-Type Activity Expense	125,177	192,221	236,785	257,590	274,143	302,435	319,208	192,325	31,473	180,027
Total School-Wide Expenses	\$4,495,935	\$4,752,869	\$5,181,180	\$5,263,744	\$5,575,341	\$5,753,003	\$5,713,080	\$5,322,200	\$5,635,233	\$6,001,472
General Revenues and Other Changes in Net Position										
Governmental Activities										
District Equalization Aid	\$3,266,892	\$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
Security Aid	54,631	53,907	55,122	60,477	53,973	37,079	58,834	62,443	65,325	70,135
Special Education Aid	124,551	152,051	132,617	154,259	154,651	126,518	140,300	126,780	124,011	167,032
State Adjustment Aid	853,547	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218	719,812	155,075
State Non-Public Aid	54,086	-	-	-	35,245	86,503	19,055	31,326	15,994	45,284
Payroll Tax Transfer Aid	-	-	-	-	-	-	-	75,115	199,752	318,507
FICA Reimbursement	137,238	121,828	139,249	155,636	161,894	171,034	147,169	179,079	152,905	167,230
TPAF Long Term Disability (on behalf)	-	-	-	-	1,888	1,677	1,368	1,104	799	645
TPAF Non-Contributory Insurance (on behalf)	-	-	-	6,186	7,821	7,828	9,229	8,984	11,214	11,044
TPAF Pension Contributions (on behalf)	-	-	391,513	124,174	215,851	322,554	440,870	501,246	589,386	782,795
TPAF Post Retirement Medical Contributions (on behalf)	-	-	152,432	155,223	186,369	213,387	204,164	189,286	188,219	185,473
Interest	9	457	-	-	76	160	795	531	4	-
Other Income	-	-	-	-	-	-	-	-	-	3,540
Loan Forgiveness - Paycheck Protection Program	-	-	-	-	-	-	-	-	-	529,439
Summer Program	-	-	-	-	-	-	-	15,039	-	-
Contributions	758	270	101,654	100,772	-	-	46	-	-	50,000
Total Governmental Activities	4,491,712	4,523,957	5,314,868	5,265,971	5,307,380	5,450,121	5,575,813	5,659,509	5,712,221	6,475,505
Business-Type Activities:										
Food Service	28,403	36,514	30,229	30,659	23,935	31,486	30,883	28,549	508	67,991
Operating Grants and Contributions	6,333	16,306	26,911	24,567	35,449	11,879	13,959	-	-	-
Enrichment Program	69,236	128,747	175,182	206,568	214,049	257,928	278,620	229,208	54,293	233,248
Total Business-Type Activity Revenue	103,972	181,567	232,322	261,794	273,433	301,293	323,462	257,757	54,801	301,239
Business-Type Activities:										
Transfer	21,205	10,654	4,463	-	-	-	-	-	-	-
Total Business-Type Activities	21,205	10,654	4,463	-	-	-	-	-	-	-
	\$4,595,684	\$4,705,524	\$5,547,190	\$5,527,765	\$5,580,813	\$5,751,414	\$5,899,275	\$5,917,266	\$5,767,022	\$6,776,744
Change in Net Position										
Business-Type Activities	\$ -	\$ -	\$ -	\$ 4,204	\$ (710)	\$ (1,142)	\$ 4,254	\$ 65,432	\$ 23,328	\$ 121,212
Governmental Activities	\$ 120,954	\$ (36,691)	\$ 370,473	\$ 259,817	\$ 6,182	\$ (447)	\$ 181,941	\$ 529,634	\$ 108,461	\$ 654,060

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

	2013	2014	2015	2016	2017	2018	2019	Restated 2020	2021	2022
General Fund										
Reserved	<u>\$ 499,729</u>	<u>\$ 463,038</u>	<u>\$ 801,138</u>	<u>\$ 1,073,110</u>	<u>\$ 1,079,292</u>	<u>\$ 1,078,845</u>	<u>\$ 1,260,786</u>	<u>\$ 1,700,883</u>	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</u>
Total General Fund	<u>\$ 499,729</u>	<u>\$ 463,038</u>	<u>\$ 801,138</u>	<u>\$ 1,073,110</u>	<u>\$ 1,079,292</u>	<u>\$ 1,078,845</u>	<u>\$ 1,260,786</u>	<u>\$ 1,700,883</u>	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
District Equalization Aid	\$ 3,266,892	\$ 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
Security Aid	54,631	53,907	55,122	60,477	53,973	37,079	58,834	62,443	65,325	70,135
Special Education Categorical Aid	124,551	152,051	132,617	154,259	154,651	126,518	140,300	126,780	124,011	167,032
State Adjustment Aid	853,547	838,782	849,040	938,594	1,013,803	1,313,825	1,005,948	934,218	719,812	155,075
State Non-Public Aid	54,086	-	-	-	35,245	86,503	19,055	31,326	15,994	45,284
Payroll Tax Transfer Aid	-	-	-	-	-	-	-	75,115	199,752	318,507
FICA Reimbursement	137,238	121,828	139,249	155,636	161,894	171,034	147,169	179,079	152,905	167,230
Interest	9	457	-	-	76	160	795	531	4	-
Programs	-	-	-	-	-	-	-	15,039	-	-
Local Sources	47,958	5,270	104,081	103,356	-	-	25,046	-	127,500	71,908
Federal sources	122,420	118,152	119,182	156,634	152,993	167,925	156,282	161,348	266,774	828,789
Total revenue	<u>4,661,332</u>	<u>4,647,109</u>	<u>4,892,532</u>	<u>5,139,606</u>	<u>5,048,444</u>	<u>5,072,600</u>	<u>5,101,464</u>	<u>5,120,237</u>	<u>5,316,877</u>	<u>5,813,266</u>
Expenditures										
Instruction:										
Salaries	1,735,195	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
Materials and Supplies	93,661	86,685	95,439	133,607	156,957	83,992	92,847	97,095	95,333	90,314
Textbooks	15,972	19,177	6,601	10,246	12,711	4,452	5,041	3,526	304	350
Other Purchased Services	3,653	849	276	-	860	-	-	-	976	-
Purchased Professional and Technical Services	110,347	71,615	76,604	56,625	56,954	52,813	75,226	36,438	127,000	87,795
Miscellaneous	-	-	-	-	-	-	-	-	(369)	-
Administration:										
Salaries	608,674	594,495	565,696	632,723	619,751	604,184	604,321	492,513	599,302	599,363
Total Benefits Cost	630,252	652,580	516,438	625,105	670,836	664,434	626,601	590,264	558,825	566,245
Purchased Professional and Technical Services	276,081	177,190	145,650	110,950	132,226	146,409	140,730	186,571	105,234	62,777
Communication and Telephone	28,760	64,362	73,277	65,026	71,072	81,874	78,030	34,575	31,194	26,830
Other Purchased Professional Services	-	-	-	-	-	-	-	-	41,629	89,813
Other Purchased Services	-	-	-	-	-	-	-	-	42,363	45,344
Advertising	-	-	-	-	-	-	-	-	-	4,203
Miscellaneous	-	-	-	-	-	-	-	-	14,030	24,717
Materials and Supplies	918	2,636	-	-	-	-	-	-	34,567	24,360
Support:										
Salaries	168,902	149,798	296,672	374,927	368,817	340,006	241,862	347,305	320,681	331,257
Cleaning, Repair and Maintenance Services	-	-	-	-	-	-	-	-	20,964	4,629
Materials and Supplies	147,808	216,149	91,178	62,030	64,721	65,523	71,686	39,028	8,830	-
Rent	401,975	456,092	525,129	534,452	449,142	483,703	582,317	564,991	1,123,967	721,870
Other Purchased Professional Services	243,604	361,752	254,867	273,784	290,327	343,100	283,630	175,167	122,054	111,797
Payroll Taxes and Employee Benefits	4,055	-	6,541	7,156	5,324	26,284	17,825	22,395	98	-
Travel	14,265	28,713	32,504	18,415	38,073	27,931	30,319	13,293	-	-
Other Purchased Services	37,182	71,471	93,337	43,306	52,185	66,223	5,051	13,944	2,829	3,106
Energy Costs (Heat and Electricity)	-	-	-	-	-	-	46,838	36,081	26,712	61,226
Miscellaneous	-	-	-	-	-	-	15,744	9,735	6,921	29,186
Insurance for Property, Liability and Fidelity	19,074	80,584	64,286	61,812	81,492	81,289	88,113	91,295	103,915	117,709
Total Expenditures	<u>4,540,378</u>	<u>4,683,800</u>	<u>4,554,432</u>	<u>4,863,430</u>	<u>5,042,262</u>	<u>5,073,047</u>	<u>4,919,523</u>	<u>4,682,163</u>	<u>5,208,416</u>	<u>5,159,206</u>
Net change in fund balances	\$ 120,954	\$ (36,691)	\$ 338,100	\$ 276,176	\$ 6,182	\$ (447)	\$ 181,941	\$ 438,074	\$ 108,461	\$ 654,060

Source: School Records

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

Demographic and Economic Information

**Hoboken Charter School
Demographic and Economic Statistics**

Exhibit J-14

<u>Sending District</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
Bayonne	65,165	\$ 1,962,443,975	\$ 30,115	9.50%
Guttenberg	11,015	357,293,555	32,437	8.30%
Hoboken	53,081	4,303,488,994	81,074	4.20%
Jersey City	262,664	9,574,890,792	36,453	8.30%
North Bergen	59,859	1,587,580,398	26,522	8.90%
West New York	53,132	1,414,480,104	26,622	8.80%
Secaucus	21,602	1,028,752,046	47,623	8.30%

Source:

^a Regional Economic Information System, Bureau of Economic Analysis

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

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

^d NJ Dept of Labor and Workforce Development

This information is presented for school year 2021/2022

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

**Hoboken Charter School
Principal Employers**

Exhibit J-15

Employer	2022	
	Employees	Percentage of Total Municipal Employment
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>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Instruction	39	36	35	34	35	37	35	33	32	34
Support Services (office and lunch):	3	4	6	7	7	10	8	14	13	19
Administration	<u>12</u>	<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>
Total	<u>54</u>	<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>

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

Hoboken Charter School
Operating Statistics
Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment as of 10/15	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	K-12	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2012-2013	281.0	4,540,378	16,158		39	7.2	274.1	249.2	1.9%	90.9%
2013-2014	279.0	4,812,547	17,249	6.75%	36	7.8	277.1	270.3	1.1%	97.5%
2014-2015	279.0	4,729,614	16,952	-1.72%	35	8.0	285.2	281.1	2.9%	98.6%
2015-2016	298.0	5,125,225	17,199	1.46%	34	8.8	297.4	292.7	4.3%	98.4%
2016-2017	298.0	5,316,405	17,840	3.73%	35	8.5	296.9	278.2	-0.2%	93.7%
2017-2018	298.0	5,375,482	18,039	1.11%	37	8.1	292.5	276.7	-1.5%	94.6%
2018-2019	298.0	5,238,731	17,580	-2.54%	35	8.5	297.6	280.7	1.7%	94.3%
2019-2020	298.0	4,874,489	16,357	-6.95%	33	9.0	297.1	279.2	-0.2%	94.0%
2020-2021	298.0	5,239,889	17,584	7.50%	32	9.3	297.6	280.3	0.2%	94.2%
2020-2021	298.0	5,406,442	18,142	3.18%	34	8.8	297.3	280.6	-0.1%	94.4%

Sources: School Records

Note: Enrollment based on annual October district count.

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

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

Hoboken Charter School
Insurance Schedule
June 30, 2022
(Unaudited)

Exhibit J-20

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

Broker	Insurer	Coverage	Sub-Coverage	Coverage Amount	Deductible	Other - Notes		
Brown & Brown (Bob Gemmel)	Chubb	Property	Premises Coverage	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)							
	Chubb	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			
	Chubb	Liability	IEP Hearing Limit of Liability - per claim clmit 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					
			BA Position Bond - S Literati	180,000				
	Fortitude (Mitchel Mund)							
	Penn National (Larry Depalma)	Penn National (Through Friends of Hoboken Charter School)	Student Accident Insurance					
			Business Auto	1,000,000				
			Commercial Lines Policy					
			Commercial Umbrella	5,000,000				

Hoboken Charter School
Financial Performance - Financial Ratios
June 30, 2022

Exhibit J-21

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cash	\$ 1,363,560	\$ 2,338,843	\$ 2,495,847
Current Assets	<u>2,302,754</u>	<u>2,527,543</u>	<u>2,747,297</u>
Total Assets	<u>2,302,754</u>	<u>2,527,543</u>	<u>2,747,297</u>
Current Liabilities	<u>601,871</u>	<u>718,199</u>	<u>283,893</u>
Total Liabilities	<u>601,871</u>	<u>718,199</u>	<u>283,893</u>
Net Position	<u>\$ 1,700,883</u>	<u>\$ 1,809,344</u>	<u>\$ 2,463,404</u>
Total Revenues	\$ 4,779,810	\$ 4,769,698	\$ 5,328,318
Total Expenses	<u>4,341,736</u>	<u>4,661,237</u>	<u>4,741,467</u>
Change in Net Position	<u>\$ 438,074</u>	<u>\$ 108,461</u>	<u>\$ 586,851</u>
Final Average Daily Enrollment	297.10	297.60	295.90
March 30th Budgeted Enrollment	298	298	298

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	3.83	3.52	9.68	4.72
Unrestricted Days Cash	114.63	183.14	192.13	164.60
Enrollment Variance	99.70%	99.87%	99.30%	100.00%
Default	No	No	No	
Sustainability Indicators:				
Total Margin	9.17%	2.27%	11.01%	7.62%
Debt to Asset	0.26	0.28	0.10	0.21
Cash Flow	-	975,283	157,004	975,283
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, 2022, 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 February, 15, 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.

February 15, 2023



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, 2022. 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, 2022

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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 been 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.

February 15, 2023



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



SCHEDULE A
Exhibit K-3

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

Hoboken Charter School
Schedule of State Awards
For the Fiscal Year Ended June 30, 2022

SCHEDULE B
Exhibit K-4

(1)	(2)	(3)	(4)	(5)	(6a)	(6b)	(7)	(8)	(9)	(10,11)	(12)	(13)	(14)	(15)	(16)
Balance at June 30, 2021															
State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	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	20-495-034-5120-078	3,534,358	7/1/19	6/30/20	(33,389)	-	-	33,389	-	-	-	-	-	-	-
Equalization Aid	21-495-034-5120-078	3,644,800	7/1/20	6/30/21	(30,255)	-	-	27,439	-	-	(2,816)	-	-	(2,816)	-
Equalization Aid	22-495-034-5122-078	3,989,306	7/1/21	6/30/22	-	-	-	4,007,649	(3,989,306)	-	(2,157)	44,091	-	(2,157)	3,989,306
Special Education Categorical Aid	22-495-034-5122-089	167,032	7/1/21	6/30/22	-	-	-	167,032	(167,032)	-	-	-	-	-	167,032
Security Aid	22-495-034-5122-084	70,135	7/1/21	6/30/22	-	-	-	70,135	(70,135)	-	-	-	-	-	70,135
Adjustment Aid	22-495-034-5122-085	155,075	7/1/21	6/30/22	-	-	-	129,034	(155,075)	-	(26,041)	-	-	(26,041)	155,075
Charter School Aid	22-495-034-5122-071	363,791	7/1/21	6/30/22	(15,994)	-	-	379,785	(363,791)	-	-	-	-	-	363,791
Reimbursed Social Security Tax	22-495-034-5094-003	167,230	7/1/20	6/30/21	-	-	-	158,901	(167,230)	-	(8,329)	-	-	(8,329)	167,230
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	782,795	7/1/21	6/30/22	-	-	-	782,795	(782,795)	-	-	-	-	-	782,795
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	22-495-034-5094-001	185,473	7/1/21	6/30/22	-	-	-	185,473	(185,473)	-	-	-	-	-	185,473
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	22-495-034-5094-004	11,689	7/1/21	6/30/22	-	-	-	11,689	(11,689)	-	-	-	-	-	11,689
Total General Fund					(79,638)	-	-	5,953,321	(5,892,526)	-	(39,343)	44,091	-	(39,343)	5,892,526
Enterprise Fund:															
State Department of Agriculture															
National School Lunch Program (State Share)	22-100-010-3350-023	1,442	7/1/21	6/30/22	-	-	-	1,442	(1,442)	-	-	-	-	-	1,442
Total Enterprise Fund								1,442	(1,442)	-	-	-	-	-	1,442
Total State Financial Assistance															
					(79,638)	-	-	5,954,763	(5,893,968)	-	(39,343)	44,091	-	(39,343)	5,893,968
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	782,795	7/1/21	6/30/22	-	-	-	782,795	(782,795)	-	-	-	-	-	782,795
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	22-495-034-5094-001	185,473	7/1/21	6/30/22	-	-	-	185,473	(185,473)	-	-	-	-	-	185,473
On-Behalf Teachers' Pension & Annuity Fund - Non-contributory Insurance	22-495-034-5094-004	11,689	7/1/21	6/30/22	-	-	-	11,689	(11,689)	-	-	-	-	-	11,689
Total State Financial Assistance Subject to Single Audit Major Program Determination															
								4,974,806	(4,914,011)	-	-	-	-	-	4,974,806

* 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, 2022**

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 under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 – *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

Note 2: Basis of Accounting

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. The basis of accounting is described in Note 1 to the Charter School’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Charter School has elected 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-	\$ 5,892,526	\$ 5,892,526
Food Service Fund	66,549	1,442	67,991
Special Revenue Fund	<u>299,350</u>	<u>-0-</u>	<u>299,350</u>
Total Awards and Financial Assistance	<u>\$ 365,899</u>	<u>\$ 5,893,968</u>	<u>\$ 6,259,867</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, 2022. 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, 2022.

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, 2022**

Section I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes x no
- 2) Significant deficiency(ies) identified that are not considered to be material weaknesses? yes x none reported

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

Federal Awards Section

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

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022
(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

21-495-034-5120-078

Equalization Aid

21-495-034-5120-089

Special Education Categorical Aid

21-495-034-5120-084

Security Aid

21-495-034-5120-071

Charter School Aid

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022
(continued)**

Section II –Financial Statement Findings

None

**Hoboken Charter School
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022
(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, 2022**

Status of Prior Year Findings:

None