

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL
JUNE 30, 2016**

PREPARED BY

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BERGEN COUNTY**

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INTRODUCTORY SECTION

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL**

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**ANTHONY BARKETT, M.ED.
DIRECTOR**

**DR. SHIRL BURNS
PRINCIPAL**

December 1, 2016

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

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of Englewood on the Palisades Charter School (the “Charter School”) for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the Management’s Discussion and Analysis, the basic financial statements, required supplementary information and other supplementary information, as well as the auditor’s report thereon. The statistical section includes ten unaudited fiscal years of data. The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB’s 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 internal control 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 Charter School is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

The Charter School provides a full range of educational services appropriate to grade levels K through 5. This includes regular and special needs student enrollment. We do accept special education and handicapped children if appropriate application is made to the Charter School as required by law. The Charter School completed the 2015-2016 fiscal year with an average daily enrollment of 206 students, which is 4 students less than the previous year's enrollment. The following details the changes in student enrollment of the school over the last three years.

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2015-2016	206	0.02%
2014-2015	201	0.02%
2013-2014	196	10.11%
2012-2013	178	-2.21%
2011-2012	181	-8.29%
2010-2011	196	-0.02%
2009-2010	199	9.30%
2008-2009	182	3.74%
2007-2008	175	-5.88%
2006-2007	186	99.47%

2) **ECONOMIC CONDITION AND OUTLOOK**

The Charter School concept is experiencing a period of development and expansion which is expected to continue. This expansion is expected to continue which suggests that the Charter School will continue to prosper. As stated in our prior year report, we are not able to accommodate sixth grade this year. The school continues its effort to locate a viable and affordable facility and in that respect and has initiated meetings with the Englewood planning Board, Pastor Taylor and our architects to reach an agreement on the process. This new facility will facilitate expansion through eighth grade.

New Jersey Department of Education

Major Initiatives

The Englewood on the Palisades Charter School (EPCS) is a K-5 public school serving 206 students from the city of Englewood, NJ and surrounding communities. Small class sizes of no more than eighteen students per class have allowed our teachers the capability to monitor, evaluate and support the needs of each student. All students are taught by highly qualified teachers. In an effort to support the increasing needs of our incoming Kindergarten students, for the 2015-2016 school we lowered our teacher/student ratio by providing each Kindergarten class with two certified teachers. Additional academic support continued to be provided by our teacher assistants in the First and Second grade classrooms. The students and staff of EPCS have long been rich in cultural, ethnic and racial diversity.

The mission of the Englewood on the Palisades Charter School is to provide a nurturing, caring, child-centered, constructivist learning community; modeling skills and practices necessary for obtaining a high degree of achievement in an increasingly complex, independent global society. The focus of EPCS is to provide all students with a learning environment that effectively addresses their academic and social needs as they build self-esteem and self-worth. It is the endeavor of the school to empower all students with the knowledge and flexibility to adapt and help shape our ever-changing world. Key areas of on-going concentration are; parent involvement, mastery and fluency of basic skills for critical thinking, and classrooms that are safe for risk taking; which models skills for collaboration, interdependence, democracy, conflict resolution, negotiation, and mediation. Students and teachers work in an environment in which they are valued, and they value one another.

Teachers are also held to a very high standard. Specific program implementation is vital to the academic success of our children. Teachers are required to participate in regular professional development and program training in order to ensure proficiency in curriculum implementation.

The curriculum that is used at the Englewood on the Palisades Charter School enables the students to think logically and creatively, understand and participate in meaningful lessons; formulate and answer questions, and search for, organize, evaluate, and apply information. The curriculum was developed to help students capture the experiences needed to grow intellectually, socially, and emotionally.

Technology is infused throughout the school day in all content areas. All students in Second through Fifth grade have chrome-books for use in learning and participating in their instructional lesson. This tool also allows students to work at their own pace, teachers are able to customize lessons to meet individual needs and for students to explore topics in-depth.

All classrooms also have smartboards that teachers use for whole class instruction and learning. Lessons are supplemented through the use of streaming services to enhance student exposure and interest on various topics.

New Jersey Department of Education

In keeping with the Anti-bullying Bill of Rights, the Englewood on the Palisades Charter School provides annual programs and initiatives that are embedded throughout our educational programs for the purpose of improving school climate and fostering a culture that provides a safe environment for students and staff.

Through the use of school-wide assemblies, projects, programs and community trips, the children of EPCS are exposed to different cultures and learning experiences. From these different experiences, the students will create research reports, in addition to presenting their information at designated assemblies: Hispanic Heritage, Black History, Holiday Show, and our Spring Concert. We also celebrate the academic achievement of our students through our Kindergarten Moving Up Ceremony, 5th grade Moving Up Ceremony and our Awards Ceremony.

The Englewood on the Palisades Charter School uses the following innovative programs and practices to foster academic support, and enrichment.

Remediation and Enrichment Tutorial Programs

All classroom teachers provide tutorial sessions in the areas of remediation and enrichment in Language Arts, and Mathematics, as well as test preparation. These programs are offered to all students, and specifically to students that are not demonstrating proficiency in the core content skill areas.

Basic Skills , Orton-Gillingham Program and ELL

The Basic Skills Academic Support, Orton-Gillingham and our ELL programs provides identified students an opportunity to receive additional instructional support in the areas of Reading, Writing and Mathematics.

Computer Lab

The use of the Computer Lab is scheduled into the student's weekly program, allowing all students from Kindergarten to Fifth grade an opportunity to conduct research on the internet, in addition to the use of software to develop and reinforce their technological and specific academic skills. All classrooms are equipped with at least two computers to help support in class instruction. We are presently using Renaissance Learning, a computer based assessment tool to test the academic achievement of all students from Kindergarten to Fifth grade. Students also use Study Island to reinforce their academic skills in reading, writing and mathematics.

In addition to our computer lab, students in Second through Fifth grade use Chrome Books in their classrooms as a daily educational tool, in addition to preparing for the PARCC test. Laptops have been made available for all First grade students.

Enrichment Program

The EPCS Summer School program is a free half day program that consists of thematic academic instruction that develops the whole child. Areas of concentration include classes in Science, Music, Computers, Gym and Art. Based on the theme or focus of the program, a final project is developed for each grade level.

New Jersey Department of Education

PARCC

As an institution we have found that our commitment to academic remediation, mastery and test preparation has afforded us academic success over the years on our NJASK state test and the PARCC tests.

We will continue to revise and improve instructional programs and services to bring and/or keep our student's proficiency levels at or above the State's benchmark for both literacy and mathematics.

To improve the academic achievement and test results of our students, the Englewood on the Palisades Charter School will continue to offer Professional Development opportunities for the staff which will include

- Continuing to implement training for the Writer's Workshop Program.
- Workshops to train our instructional staff on how to integrate Science Technology, and Mathematics into the Next Generation Science Standards.
- On-going workshops to update components of the Renaissance Learning Reading and Mathematic comprehensive student based assessment program.
- Workshops to provide our teachers of state testing grades to learn testing strategies that could be used across all grade levels in Reading, Writing and Mathematics to ensure academic growth.
- On-going webinars on how to upgrade and improve usage on Study Island Edmentum for the 2nd-5th grade students.
- Continuing to implement training on Google and the Chrome Book.
- Understanding and using data to improve academic instruction.
- NJDOE mandatory Professional Development tutorials.

Parent Satisfaction

The Parent Satisfaction Survey was distributed in June to assess parent satisfaction with the school's environment/educational program. The survey solicited the opinions of parents/guardians regarding their views on school safety, quality of instruction, homework, discipline, teacher expectations, and parent/school communication. One hundred percent of our parents that were surveyed expressed satisfaction with the overall school environment. Parents strongly agreed that the school provided a safe environment; teachers held high expectations for their students, and the school communicated well with parents.

Our parents also expressed their satisfaction with the school in the following categories:

- The school can be described as a good place to learn.
- The school expects the best from their students.
- The administrative staff works well with students.
- The parents are satisfied with the visible and approachable administrative staff.
- Parent's voices are heard.

The main areas that were identified in the survey by the parents were the need to continue looking for a larger facility and expanding our grade structure.

New Jersey Department of Education

Parent Involvement At The School

Major activities/events offered to parents during the 2014-2015 school year.

- Back to School Night
- Hispanic Heritage Month Celebration
- After School Halloween Party
- Holiday Show
- Kindergarten Community Reading
- Black History Show
- Jump Rope for Hearts
- Spring Concert
- EPCS Family Barbecue (with PTO)
- PARCC Family Presentation
- Mother's Day Breakfast
- Father's Day Breakfast
- Author Visit
- Fight Against Breast Cancer
- Annual Field Day and Family Barbecue
- 1st – 4th Grade Awards Ceremony
- Kindergarten Moving UP Ceremony
- 5th Grade Moving UP Ceremony

Major activities/events conducted by the PTO/parents to further the school's mission and goals, such as fundraising, volunteering, etc.

- Thanksgiving Food Drive
- Otis Spunkmeyer
- Cinderella Cheesecake
- Toys for Tots Give Drive
- Holiday Shop
- Valentine Shop
- Gala Fundraiser "Space"
- Scholastic Book Fair
- Teacher/Staff Appreciation Luncheon
- Mother's Day Boutique
- 5th Grade Graduation Activity
- Box Tops for Education
- T-Shirt/Bracelet Sale

Continuation of Services and Programs

- Continue the EPCS Econnect Newsletter.
- Continue Basic Skills program for identified students.
- Continue to provide additional academic support for our non-English speaking students.

New Jersey Department of Education

- Continue to implement an Enrichment program to address the academic skills of high functioning students.
- Continue to provide the use of Study Island Computer program for 2nd through 5th grade students to boost their academic achievement.
- Continue to provide a school-wide Music program which includes instruction in general music for all grades, and chorus for 3rd, 4th and 5th grade students.
- Continue to implement a school-wide Art program.
- Continue to implement a school-wide World Language program.
- Continue to implement a school-wide tutoring program with a focus on State test preparation for all 3rd through 5th grade students.
- Continue to use laptops for 1st grade classes to support their academic instruction.
- Continue to use Chrome Books for grades 2nd through 5th to support academic instruction and preparation for PARCC testing.
- Continue to use thirteen Touch Screen computers to assist in the school-wide academic instruction of students.
- Continue to use Renaissance Learning as our local assessment tool; grades K-5.
- Purchased Smart Boards for academic instruction in all classrooms.
- Purchased iPads and Smart Boards for the Special Education and Basic Skills programs.
- Installed additional security cameras to focus on various parts of the school building.
- Installed additional security services to allow for fire doors to be locked from main office and a panic button that notifies the police department of any emergencies.
- Continue the services of the School Reach telephone emergency system.

3) INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure 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 financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to comply with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's Board of Trustees.

New Jersey Department of Education

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that 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 by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

5) ACCOUNTING SYSTEM AND REPORT

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), 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.

We utilized CDK application to deliver and establish a complete program including encumbrances, general ledger, accounts payable, accounts receivable, budgetary accounts and Board secretary's monthly report. This system has tremendously helped the accountability of our financial structure.

6) FINANCIAL STATEMENT 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.

New Jersey Department of Education

The following schedule presents a summary of the General Fund, and special revenue funds for the fiscal years ended June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 2,819,498	\$ 2,704,317	\$ 115,181	4.26%
State Sources	534,914	440,477	94,437	21.44%
Federal Sources	154,104	154,020	84	0.05%
Total	<u>\$ 3,508,516</u>	<u>\$ 3,298,814</u>	<u>\$ 209,702</u>	<u>25.75%</u>

The amount of monies received from local sources (Englewood Board of Education and other sending districts) is determined by the per pupil cost of their district. We receive 90% of this cost and the deviation is Kindergarten as a separate entity and grades 1-5 combined at a constant tuition rate.

The monies received from State and Federal sources attributable to grants in aid are determined by the number of children enrolled in our program. As our enrollment increases, we anticipate an increase in aid for the said programs. For the year ending June 30, 2014, we received grants for NCLB, including Title I, II and IDEA. As our enrollment increases we expect these monies to increase. In future years, we hope to increase our aid due to increase in at-risk students.

The following schedule presents a summary of general fund, special revenue expenditures for the fiscal years ended June 30, 2016 and 2015, and the percentage of increases and decreases in relation to prior year amounts.

	<u>2016</u>	<u>2015</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Expenditures</u>				
Instruction	\$ 1,903,650	\$ 1,757,510	\$ 146,140	8.32%
Undistributed				
Expenditures	2,018,073	1,989,918	28,155	1.41%
Capital Outlay	29,481	71,418	(41,937)	-58.72%
	-	-		
Total	<u>\$ 3,951,204</u>	<u>\$ 3,818,846</u>	<u>\$ 132,358</u>	<u>-48.99%</u>

New Jersey Department of Education

For the year ending June 30, 2015, our expenditures were based upon one director, one principal, 20 teachers, 4 classroom assistants, one administrative assistant, one part time nurse, one full-time custodian and two part time lunch aids. We also contracted with Hunterdon County Educational Services Commission for the evaluation of Special Education Students, Good Talking People LLC for Speech Services and Focus Integrated Services for OT and PT.

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 which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Our funds are presently deposited in NVE Bank, Englewood, N.J., in compliance with the state and federal regulations.

8) RISK MANAGEMENT

The Board carries various forms of insurance, including, but not limited, to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation and student insurance.

9) OTHER INFORMATION

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ilori CPA LLC was appointed by the Charter School. 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 Amendment of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditor’s report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGEMENTS

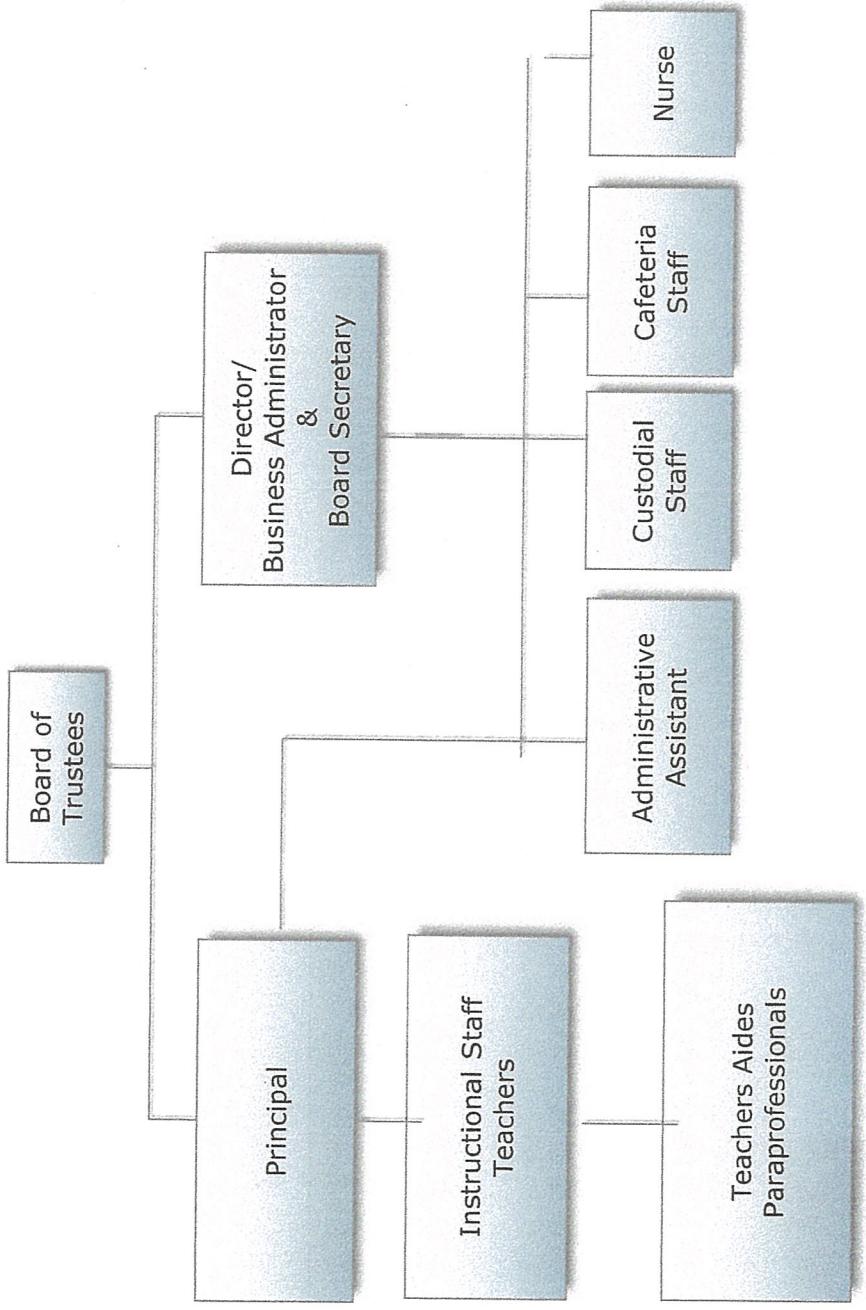
We would like to express our appreciation to the members of Englewood on the Palisades Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and Englewood school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of my administrative assistants.

Respectfully submitted,



Anthony Barckett
Director, Bus. Admin/ Board Secretary
Englewood on the Palisades Charter School

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
ORGANIZATIONAL CHART



ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of Board of Trustees

Travis Waller	President
Aree Booker	Vice President
Glenn Coley	Member
Enilsa Lora-Svec	Member
Jabulani Lovelace	Member

Other Officials

Anthony Barckett	Director/CSA/Bus Admin
Dr. Shirl Burns	Principal

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
CONSULTANTS AND ADVISORS**

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Englewood on the Palisades Charter School
County of Bergen, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Englewood on the Palisades Charter School, (the "Charter School") in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2016, which collectively comprise the charter school's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT-CONTINUED

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information* as listed in the table of contents 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 the 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT-CONTINUED

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

ILORI CPA LLC

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

ILORI CPA LLC

December 1, 2016

CHARTER SCHOOL –WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter School. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities.

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MANGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

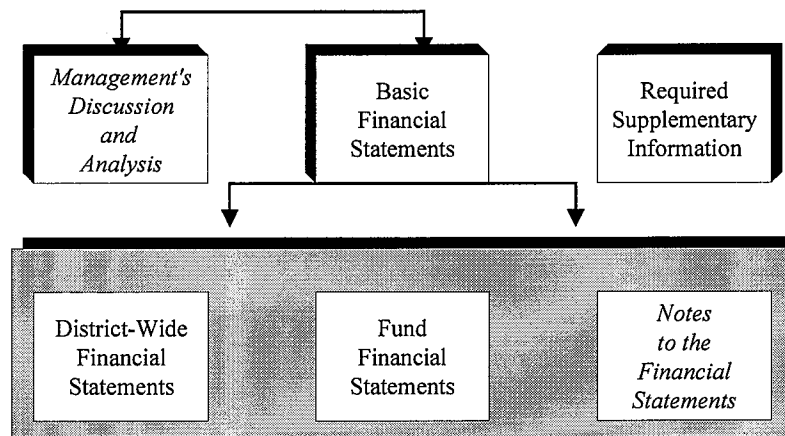
The discussion and analysis of Englewood on the Palisades Charter School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. The objective of this overview and analysis is to examine the District's financial performance as a whole and to disclose important financial commentary that will provide overall understanding of the District's financial position. However, readers of this document are encouraged to review the CAFR's Letter of Transmittal in the Introductory Section, and the Basic Financial Statements and Notes to Financial Statements in the Financial Section to enhance their understanding of Board's financial performance.

The Management's Discussion and Analysis (MD&A) as a required Supplementary Information Specified in the Governmental Accounting Standard Board's (GASB) statement No 34, *Basic Financial statements and Management's Discussion and Analysis for state and local Governments* issued in June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments: Omnibus*, an amendment to GASB Statement No 21 and No 34, issued in June 2001, and; in GASB Statement No 38, *Certain Financial Statement Note Disclosures*, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD & A.

Overview of the Financial Statements

This annual report consists of six parts-*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, *other supplementary information*, *the statistical section*, and *the single audit section*.

Table A-1. Required Components of the School's Annual Financial Report



ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are charter school *financial statements* that provide both *long-term* and *short-term* information about the school's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the district-wide statements.
 - *Governmental funds* statements tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.
- On the Charter School-Wide financial statements, assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the Charter School at the close of its most recent fiscal year by \$863,094 the net position. The Charter School's total net position for the prior year ended June 30, 2014 decreased by net pension liability \$761,616 as a result of the Cumulative Effect of Change in Accounting Principles that caused a restatement of the prior year Net Position (Beginning of the Fiscal Year). This is required by Governmental Accounting Standard Board Statement No. 68 ("GASB Statement No. 68") and GASB Statement No. 71 which is discussed in detail in the attached financial statements and more particularly in Note 7.

The financial statements also include *notes* that explain certain information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Table A-1 shows how the required parts of this annual report are arranged and related to one another.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Table A-2 Major Features of the School-Wide and Fund Financial Statements				
	School-wide Statements	Fund Financial Statements		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School operates similar to private businesses: Food Service Fund and Extended Day Program	Instances in which the School administers resources on behalf of someone else, such as state unemployment insurance, payroll and payroll agency and student activities
Required financial statements	*Statements of Net Assets *Statements of Activities	*Balance Sheet *Statement of revenues, expenditures and changes in fund balances	*Statement of Net Assets *Statement of revenues, expenditures and changes in fund net assets *Statement of cash flows	*Statement of Fiduciary net assets *Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Actual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and dedications during the year; regardless of when cash is received or paid

Table A-2 summarizes the major features of the School’s financial statements, including the portion of the School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements. The basic financial statements include two kinds of statements that present different views of the School:

- Charter School-wide Statements
- Fund Financial Statements

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Charter School-wide Statements

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

The two School-wide statements report the School's *net assets* and how they have changed. Net assets the difference between the School's assets and liabilities is one way to measure the School's financial health or *position*.

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

The School-wide financial statements of the School are divided into two categories:

- *Governmental activities* – Most of the School's basic services are included here, such as regular and special education, instruction, extracurricular activities, curriculum and staff development, health services, operations and maintenance of plant and administration. Property taxes and state grants finance most of these activities.
- *Business-type activities* – The School charges fees to customers to help it cover the costs of certain services it provides. The School's Food Service Fund and Extended Day Program Fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant *funds*-not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular programs. The School considers all governmental and proprietary funds to be major funds in accordance with requirements of the Division of Finance, Department of Education, of the State of New Jersey.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Fund Financial Statements Cont'd

The School has three kinds of funds:

- *Governmental funds* – Most of the School's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the School-wide statements, provide both long- and short-term financial information. In fact, the School's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The School's Enterprise Fund includes the Food Service Program and the Extended Day Program.
- *Fiduciary funds* – The School is the trustee, or *fiduciary*, for assets that belong to others such as the state unemployment insurance, payroll, and student activity funds. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the School's School-wide financial statements because the School cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements and can be found starting on page 39 of this report. In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL AS A WHOLE

The perspective of the Statement of Net position is of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Charter school's financial position is the product of several financial transactions including the net results of activities.

Government Activities

The Charter School's total revenues were \$3,798,909 and \$3,654,863 for the years ended June 30, 2016 and 2015, respectively; this includes \$281,074 for 2015 and \$345,622 for 2015 of state reimbursed TPAF Social Security Contributions and Pension.

The total cost of all programs and services was \$4,232,278 for 2016 and \$4,164,468 for 2015. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support Services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased over the \$2,000 threshold.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Business-Type Activities

Revenue for the Charter School's business-type activity Food and After School Programs for the years ended June 30, 2016 and 2015 amounted to \$196,992 and \$166,424 respectively. The revenue increase in the 2016 was due to higher food reimbursements claimed this current year.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. The net change in fund balance for the years 2016 and 2015 was most significant in the general fund; a deficit of \$433,269 and \$509,565 respectively, in general fund. The deficit is due to loss of projected students and increase in operating cost. 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. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2016 and 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>2016</u>	<u>2015</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 2,819,498	\$ 2,704,317	\$ 115,181	4.26%
State Sources	534,914	440,477	94,437	21.44%
Federal Sources	154,104	154,020	84	0.05%
Total	<u>\$ 3,508,516</u>	<u>\$ 3,298,814</u>	<u>\$ 209,702</u>	<u>25.75%</u>

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2016

Governmental Activities- Continued

It identifies the cost of these services supported by unrestricted state entitlements for the fiscal years ended June 30, 2016 and 2015.

	2016 Net Cost of Services	2015 Net Cost of Services	Change	% Change
Instruction	\$ 1,194,867	\$ 1,655,033	\$ (460,166)	-27.80%
Support Services:				
Administrative expenses	1,194,867	1,197,631	\$ (2,764)	-0.23%
Other support services	1,104,280	740,744	\$ 363,536	49.08%
Miscellaneous	51,969	71,418	\$ (19,449)	-27.23%
Total Expenses	<u>\$ 3,545,983</u>	<u>\$ 2,895,671</u>	<u>\$ (118,843)</u>	

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefit and utility costs.

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2016, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid in its budgeting process. The budgeting system is designed to tightly control total budget, but provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues and other financing sources were \$3,644,805 which included a local share of \$2,819,498. Expenditures and other financing uses were budgeted at \$4,078,174. The State of New Jersey reimbursed the Charter School \$149,022 and \$139,414 during the years ended June 30, 2016 and 2015, respectively, for the employer's share of social security contributions and pension for TPAF members. This unbudgeted amount is included in both revenues and expenditures.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Business-Type Activity

The business-type activity of the Charter School is the food service operation and after school programs. The food program was fully administered by the Charter School, and the results of its operations for the year ended June 30, 2016 are included in this Comprehensive Annual Financial Report. As a participant in the food program, the Charter School is responsible for screening the participant eligibility into the food program. The result of the eligibility test is included in the report on Auditor's management report. The Charter School also conducted a reasonable size after school program in the course of the academic year to assist the parents that may otherwise not enroll their children in the school due to busy schedule.

Capital Assets

At the end of fiscal year 2015, the Charter School had an inventory of all the assets, a depreciation schedule is maintained for assets with acquisition costs more than \$2,000 on individual basis to be consistent with the NJ Department of Education mandate. At June 2016 and 2015, the total capitalized assets amounts were \$105,605 and \$42,000, respectively.

Long-term debt and capitalized lease obligations

At June 30, 2016, the Charter School had no long-term debt or mortgages on the school building.

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. This impact the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2015-2016. Despite the increasing operating costs, nothing was done to compromise the quality of the programs in place in the Charter School during the regular instructional day. The budget was prepared to ensure that all students have textbooks, materials supplies, equipment, and programs they need to meet New Jersey's Core Curriculum Content Standards.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information should be directed to:

Mr. Anthony Barckett
Director
Englewood on the Palisade Charter School
65 W. Demarest Avenue
Englewood, New Jersey 07631

CHARTER SCHOOL –WIDE FINANCIAL STATEMENTS

This Statement of Net Position and the Statement of Activities display information about the Charter School. The Statement of Net Position presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,418,088	\$ 45,949	\$ 1,464,037
Receivables- State	29,229	96	29,325
Receivables-Federal	-	5,128	5,128
Other Receivable	105,815		105,815
Prepaid assets	50,274		50,274
Depreciated capital assets	-		-
Less Accumulated depreciation	34,786	-	34,786
Total Assets	<u>1,638,192</u>	<u>51,173</u>	<u>1,689,365</u>
Deferred outflows of resources			
Pension deferred outflows	<u>162,355</u>	-	<u>162,355</u>
Total assets and deferred outflows of resources	<u>\$ 1,800,547</u>	<u>\$ 51,173</u>	<u>\$ 1,851,720</u>
 LIABILITIES			
Accounts payable	15,000	-	15,000
Other Payable - districts	52,088	-	52,088
Net Pension Liability	761,616		761,616
	<u>828,704</u>	<u>-</u>	<u>828,704</u>
Deferred inflows of resources			
Pension deferred inflows	<u>159,922</u>	-	<u>159,922</u>
 NET POSITION			
Invested in capital assets, net of related debt	34,786		34,786
	-	-	-
Unrestricted	777,135	51,173	828,308
Total net position	<u>\$ 811,921</u>	<u>\$ 51,173</u>	<u>\$ 863,094</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 1,903,650	\$ -	\$ 99,676	\$ -	(1,803,974)	\$ -	\$ (1,803,974)
Support services:							
Student & instruction related services	1,194,867	-	-	-	(1,194,867)	-	(1,194,867)
School administrative services	1,104,280	-	54,428	-	(1,049,852)	-	(1,049,852)
Capital outlay	29,481	-	-	39,742	10,261	-	10,261
Miscellaneous	-	-	-	-	-	-	-
Unallocated depreciation	22,488	-	-	-	(22,488)	-	(22,488)
Total governmental activities	<u>4,254,766</u>	<u>-</u>	<u>154,104</u>	<u>39,742</u>	<u>(4,060,920)</u>	<u>-</u>	<u>(4,060,920)</u>
Business-type activities:							
Food service and After care service	163,280	131,261	65,731	-	-	33,712	33,712
Total business-type activities	<u>163,280</u>	<u>131,261</u>	<u>65,731</u>	<u>-</u>	<u>-</u>	<u>33,712</u>	<u>33,712</u>
Total primary government	<u>\$ 4,418,046</u>	<u>\$ 131,261</u>	<u>\$ 219,835</u>	<u>\$ 39,742</u>	<u>\$ (4,060,920)</u>	<u>\$ 33,712</u>	<u>\$ (4,027,208)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
					\$ 2,819,498	\$ -	\$ 2,819,498
Taxes levied for debt service							
					-	-	-
Federal and State aid not restricted							
					534,914	-	534,914
Other sources							
					290,393	-	290,393
Transfers							
					-	-	-
Total general revenues, special items, extraordinary items and transfers							
					<u>3,644,805</u>	<u>-</u>	<u>3,644,805</u>
Change in Net Assets B-3							
					(416,115)	33,712	(382,403)
Net position—Beginning							
					1,228,036	17,461	1,245,497
Adjustment - Pension							
					-	-	-
Adjusted Net position-Beginning							
					<u>1,228,036</u>	<u>17,461</u>	<u>1,245,497</u>
Net position—Ending A-1							
					<u>\$ 811,921</u>	<u>\$ 51,173</u>	<u>\$ 863,094</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
Receivables			
Cash and cash equivalents	\$ 1,418,088	\$ -	\$ 1,418,088
Receivables- state	29,229	-	29,229
Receivables- federal	-	-	-
Receivable - Court settlement	105,815	-	105,815
Receivables- Security receivable	50,274	-	50,274
Total assets	1,603,406	-	1,603,406
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	15,000	-	15,000
Payable to state or district	52,088	-	52,088
Other Payable	-	-	-
Total liabilities	67,088	-	67,088
Fund Balances:			
Unreserved, reported in:			
General fund	1,536,318	-	1,536,318
Total Fund balances	1,536,318	-	1,536,318
Total liabilities and fund balances	\$ 1,603,406	\$ -	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Total Aquisition Cost	105,605	
Less Accumulated Depreciation	70,819	34,786

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	-	162,355
--	---	---------

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	-	(159,922)
--	---	-----------

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	-	(761,616)
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Net position of governmental activities- A-1	\$ 811,921	
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The accompanying Notes to Financial Statements are an integral part of this statement.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenue			
Local sources:			
"Local levy" local share	\$ 2,719,498	\$ -	\$ 2,719,498
Miscellaneous	100,000		100,000
Total - Local Sources	<u>2,819,498</u>	<u>-</u>	<u>2,819,498</u>
State sources	534,914	-	534,914
Other sources	290,393		290,393
Federal sources	-	154,104	154,104
Total revenues	<u>3,644,805</u>	<u>154,104</u>	<u>3,798,909</u>
EXPENDITURES			
Current:			
Instruction	1,803,974	99,676	1,903,650
Undistributed Expenditures:			
Administrative cost	1,194,867	-	1,194,867
Support services	768,778	54,428	823,206
TPAF reimbursed	281,074	-	281,074
Capital outlay	29,481	-	29,481
Total expenditures	<u>4,078,174</u>	<u>154,104</u>	<u>4,232,278</u>
Excess (Deficiency) of revenues over expenditures	<u>(433,369)</u>	<u>-</u>	<u>(433,369)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(433,369)	-	(433,369)
Fund balance—July 1	1,969,687	-	1,969,687
Fund balance—June 30	<u>\$ 1,536,318</u>	<u>\$ -</u>	<u>\$ 1,536,318</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**ENGLEWOOD ON THE PALISADES 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, 2016**

Total net change in fund balances - governmental funds (from B-2) **\$ (433,369)**

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense. This is the amount by which the capital outlays exceeded depreciation expense in the period.

	22,488	
Depreciation expense	29,481	
Assets additions	29,481	(6,993)

24,247

Change in net assets of governmental activities A-2 **\$ (416,115)**

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016**

ASSETS

Current assets:

Cash and cash equivalents	\$	45,949
Government grants receivable-Federal		5,128
Government grants receivable-State		96
Interfund receivable General Fund		
Other receivables		-
Inventories		-
Total current assets		51,173

Total assets

51,173

LIABILITIES

Current liabilities:

Accounts payable		-
Interfund payable		-
Total liabilities		-

NET POSITION

Invested in capital assets net		-
Unrestricted n		51,173

Total net position

\$ 51,173

Total Laibilities and Net Position

51,173

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

Charges for services:	
Daily sales - non-reimbursable programs	24,997
After care fees	72,046
New Jersey Care Kids	27,965
Miscellaneous revenue	6,253
Total operating revenues	<u>131,261</u>
Operating expenses:	
Cost of sales	
Salaries	60,749
Employee benefits	-
Other purchased services	89,366
Bank charges	946
Miscellaneous	498
Supplies	8,347
Postage	964
Technology supplies	2,410
Total Operating Expenses	<u>163,280</u>
Operating loss	<u>(32,019)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	1,232
Federal sources:	
National school breakfast program	3,465
National school lunch program	52,012
Healthy Hunger Free Kids Act	1,477
Federal snack	7,545
Total nonoperating revenues	<u>65,731</u>
Loss before transfers	33,712
Transfers in (out)	-
Change in net position	33,712
Total net position-beginning	<u>17,461</u>
Total net position-ending	<u>\$ 51,173</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 131,261
Payments to employees	(60,749)
Payments to suppliers	(102,531)
	<hr/>
Net cash used for operating activities	(32,019)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment to vendors	-
Cash received from state and federal reimbursement	65,731
	<hr/>
Net cash provided by (used for) capital and related financing activities	65,731

Increase in Cash and Cash Equivalents 33,712

Balances-beginning of year	12,237
	<hr/>
Balances-end of year	45,949
	<hr/> <hr/>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)	(32,019)
Adjustments to reconcile operating income (loss) to net cash provided by	
Increase(decrease) in payable	-
Increase(decrease) in receivable	-
	<hr/>
Net cash used for operating activities	\$ (32,019)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

Exhibit B-7

	Unemployment Compensation Trust	Total Agency Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Interfund Receivable	-	86,733
	-	-
Total assets	\$ -	\$ 86,733
LIABILITIES		
Payable to the state unemployment	-	-
Interfund payable	-	
Payroll deductions and withholdings	-	41,297
Payroll payable		45,436
Total liabilities	\$ -	\$ 86,733
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ -	

The accompanying Notes to Financial Statements are an integral part of this statement.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit B-8

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	
Contributions to SUI	\$ 4,805
Other	-
Total Contributions	4,805
Total additions	4,805
DEDUCTIONS	
Quarterly contribution reports	4,805
Administrative expenses	-
Total deductions	4,805
Change in net assets	-
Net position—beginning of the year	-
Net position—end of the year	\$ -

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BERGEN COUNTY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The school was founded by a coalition of committed parents, educators, professionals and community members of Englewood to support the children and learning. The Charter school was granted its charter to operate and maintain a public school to the residents of Englewood. The charter School has successfully gone through charter renewal four times since its existence. The Charter School is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. In addition, it must comply with the New Jersey Charter school program Act of 1995 and regulations promulgated thereafter.

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to provide a nurturing, caring, child-centered, constructivist learning community, modeling skills and habits necessary for attaining higher degree of achievement in our increasing complex, interdependent global society. The School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting-edge technology and an intimate nurturing environment that will enhance positive self-images.

Component Units

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

B Basis of Presentation

The financial statements of The Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed for governmental units. The Governmental Accounting Standards Board (GASB) is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B Basis of Presentation- Continued

In June 1999, the Governmental Accounting Standards Boards unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. In 2004, all charter schools adopted the GASB and the changes. Certain significant changes in the financial statements include the following:

- A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations
- Charter School-wide financial statements prepared using full-accrual accounting for all of the District’s activities and the economic resources measurement focus.
- Depreciation expense on the District’s capital assets is reflected in the Charter school-wide statement of activities.
- Fund financial statements to focus on the major funds.

These changes and others have been incorporated in the accompanying financial statements.

C. Basic Financial Statements:

The Charter School’s basic financial statements consist of Charter School or government- wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

School -wide Financial Statements

The statement of net assets and the statement of activities display information about the Charter school as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year end.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

School-wide Financial Statements- Continued

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

D Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The Charter School segregates transactions related to certain Charter School functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

E Governmental Funds

General Fund - The General Fund is the primary operating fund of the Charter School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

E Governmental Funds-Continued

- 1) Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings,
- 2) Improvement of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2016, there was no Capital Projects Fund.

Debt Service Fund -The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2016, there was no debt service fund.

F Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise Funds:

The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in total net position.

Internal Service (Self-Insurance) Fund:

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. The Charter School does not use self insurance fund.

G Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. At June 30, 2016, the school did not have expendable Trust Fund

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal. At June 30, 2016, the school did not have Nonexpendable Trust Fund

Agency Funds – Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds

H Measurement Focus and Basis of Accounting

Measurement Focus –A measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting objectives are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of accounting

In the government, wide statement of net assets and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the N.J. State Department of Education. 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 funds types. Unencumbered appropriations lapse at fiscal year end.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Ia. Budgets/Budgetary Control - continued

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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. The following presents a reconciliation of the special revenue funds from budgetary basis of accounting to the GAAP basis of accounting:

<u>Budget/Budgetary Control:</u>	<u>2016</u>
Total revenues and expenditures (budgetary basis)	\$154,104
Adjustments:	
Plus: Encumbrances at June 30, 2015	-
Less: Encumbrances at June 30, 2016	<u>-</u>
Total revenue and expenditures (GAAP basis)	<u>\$ 154,104</u>

Ib. Encumbrance Accounting

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 specified reservations of fund balances at fiscal yearend were closed out 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 as deferred Revenue at fiscal year. The encumbered appropriation carries over to the next year by increasing the appropriation for the year by the outstanding encumbrance

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investment is stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in, New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools. Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

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

K. Tuition Payable

The Charter School did not send any of its students to any other Charter Schools during the fiscal year ended June 30, 2016.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

L. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first- in-first-out (FIFO) Method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond JUNE 30, 2015.

M. Interfund Assets/Liabilities

On the fund financial statement, receivable and payables resulting from short-term Inter-fund loans are classified as Inter-fund Receivable/Payable. Inter-fund balance within governmental activities and within business-type activities are eliminated on the government wide Statements of Net Assets.

N. Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Fixed Assets - continued

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated lives</u>
School Building if owned	50years
Building and Buildings Improvements	15 years
Furniture and Equipment	5 years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The school policy is to pay as you go, thereby preventing accumulation of accrued sick leave or vacation beyond the current fiscal year. Compensated absences that are related to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. As of June 30, 2015, there were no accrued compensated absences at the Charter school.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long term- obligations payable from the enterprises fund are reported and the enterprises fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

Fund Balance and Equity

In the fund financial statements, governmental fund report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for specific future use. Designated fund balance represents plans for future use of financial resources.

Net Position

The Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The School also implemented GASB No. 65, *Items previously reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 pension deferred inflows of resources at June 30, 2016 in the amount of \$159,922. The charter school had Pension deferred outflow of resources at June 30, 2016 was \$162,355 expected to decrease the future net earnings. Net position is displayed in three components net investment in capital assets; restricted and unrestricted.

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

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

Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by law, external resource providers or through enabling legislation. The committed fund balance classification includes amounts that can be used only for specific purposes determined for a formal action of the Charter School highest level of decision making authority. Amounts in the assigned fund balance classification are intended, to be used by the government for specific purposes and if they do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the School's General Fund and it includes all spendable amounts not contained in the other classifications.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Inter-fund Transactions

Inter-fund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Inter-fund borrowings are reflected as “Due from/to Other Funds” on the accompanying financial statements. All other inter-fund transfers are reported as operating transfer.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School’s annual budget.

Net Accounting Standards

During the prior fiscal year ended June 30, 2015, the Charter School adopted the following GASB statements:

GASB 68, Accounting and Financial Reporting for Pensions The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash, change funds and amounts on deposit with local banks. New Jersey statutes require that Charter School deposit public funds in public depositories located in New Jersey which is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. as of June 30, 2016 and 2015, cash and cash equivalents consisted of the following:

<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Agency Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
\$ 1,418,088	\$ 45,949	\$ -	\$ 1,464,037	\$ 1,905,975
-	-	-	-	-
<u>\$ 1,418,088</u>	<u>\$ 45,949</u>	<u>\$ -</u>	<u>\$ 1,464,037</u>	<u>\$ 1,905,975</u>

Custodial credit risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that the School disclose bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

As of June 30, 2016, the School's bank balances amounted to \$1,418,088 were not exposed to custodial credit risk since all deposits were insured by FDIC and GUPDA. In accordance with GASB statement No.3, the school is required to disclose the level of custodial credit risk assumed in its cash and cash equivalents and investments in different categories.

Category 1 included deposits or investments held by the Charter School's custodial risk assumed by the charter school in its cash, cash equivalents and investments. The balance of \$1,418,088 is a category 1 as disclosed in the financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS- CONTINUED

Category 2 includes uninsured and unregistered deposits or investment held by the charter school's custodial bank trust department or agent but not in the Charter School name.

Custodial credit risk

Category 3 included uninsured and unregistered deposits or investment held by a broker or dealer or held by the Charter School s custodial bank trust department or agent but not in the Charter School's name.

NOTE3. FIXED ASSETS

The charter school's capitalization policy is congruent and consistent with New Jersey Department of Education that is to capitalize assets that are \$2,000 or more individually. At June 30, 2016, the Charter School has capital assets as detailed below:

<u>Assets Description</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 105,605	\$ 70,819	\$ 34,786
Total	<u>\$ 105,605</u>	<u>\$ 70,819</u>	<u>\$ 34,786</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4. OPERATING LEASES

The Charter School is committed to a lease agreement under a non-cancelable operating lease with an option to renew for two additional terms of five years beginning September 1, 2005 through August 31, 2005. The lease has been amended to expire on August 2011 with annual lease payment to be indexed for inflation. The lease is on the school building located at 65 West Demarest Avenue, Englewood, New Jersey. Minimum annual lease payment was \$18,807 per month with annual adjustment to be agreed on by all parties. The total rent expense for the fiscal ended June 30, 2015 was \$301,644 before adjustment for security deposit. A new 5 year lease was entered into in August 2012 effective for July 1, 2012 to June 30, 2017 for annual rent of \$ 260,000 to be indexed for inflation and agreed upon increase in the base rent. The total lease payments for the year ended June 30, 2106 was 309,113. The annual lease payments are listed below:

<u>Year</u>	<u>Annual Amount</u>
2016	300,983
2017	316,032

NOTE 5 DEFERRED COMPENSATION

The Charter School has no other deferred compensation other than the New Jersey State TPAF and PERS as mentioned above. Accordingly, no amount has been recorded in the accompanying financial statements.

NOTE 6 STATE AND FEDERAL AIDS

Federal and State aids are generally subject to review by the responsible governmental agencies for compliance with the agencies' regulations governing the aids. In the opinion of the Charter School's management, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2016, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2016.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 7 COMPENSATED ABSENCES

The Charter school accounts for compensated absences (unused vacations, sick leave) as directed by Governmental Accounting Standards Board No 16 (GASB 16) ,”accounting for Compensated Absences “ A liability for compensated absences attributable to services already rendered and not contingent on any specific event that is outside control of the employer and employee is accrued as employees earn the right to the benefits. The Charter School policy is to forfeit any unused sick days at the end of fiscal year to prevent accumulation of sick days into the future. The unused vacations days are usually accrued if there are any during the course of the year. At June 30, 2016, there were no unused vacation days to be accrued.

NOTE 8 Pension Plans

Description of Plans

Substantially all the employees of the Charter School are covered by either the Public Employee’s Retirement System or the Teacher’s Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher’s Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers Pension and Annuity Fund (TPAF)

The Teachers’ Pension and Annuity Fund was established as of January 1,1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher’s Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 8 Pension Plans - *continued*

Vesting and Benefit Provisions - *continued*

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 member's accounts.

Significant Legislation

P.L. 2011, c. 1, effective May 21, 2011, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/71th of the required amount, beginning in Fiscal Year 2016.

P.L. 2011, c.3, effective May 21, 2011, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES Pension Plans - *continued*

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 8 Pension Plans – *continued*

As defined, the retirement systems require employee contributions based on 6.64% for PERS, 6.64% for TPAF and 6.64% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board.

PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. The Charter School's contribution to PERS for the year ended June 30, 2016 was \$35,634.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$149,022 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The State also paid \$132,052 to the TPAF pension - representing on-behalf employer's portion of the TPAF contributions for the Charter School. The unbudgeted amounts were included in both revenues and expenditures. The amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

NOTES 9 Pension Plans – GASB 68 Disclosures- TPAF Teachers Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 9 Pension Plans – GASB 68 Disclosures - *continued*

Teachers Pension and Annuity Fund (TPAF) - *continued*

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

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.

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does 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 Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$7,039,607 as measured on June 30, 2014 and \$2,574,933 as measured on June 30, 2013.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$378,797 and revenue of \$378,797 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 8 Pension Plans – GASB 68 Disclosures - *continued*

Teachers Pension and Annuity Fund (TPAF) - *continued*

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

	June 30, 2015	June 30, 2014
Collective deferred outflows of resources	\$ 752,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	\$ 554,399,005	\$ 1,763,205,593
Collective net pension liability (non-employer State of New Jersey)	\$63,204,270,305	\$53,446,745,367
State's portion of the net pension liability that was associated with the Charter School	\$ 3,429,237	\$ 7,039,607
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.00542564%	0.01317125%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.5%
Salary increases	Varies based on experience
Investment rate of returns	7.9%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014, are summarized in the following table:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Heage Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Discount Rate

The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027.

NOTES 9 Pension Plans – GASB 68 Disclosures - TPAF- continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 9 Pension Plans – GASB 68 Disclosures - *continued*
Public Employees' Retirement System (PERS)
Summary of Significant Accounting Policies

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 additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2016, the Charter School reported a liability of \$761,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Charter School's proportion was 0.0033928023% which was an increase of 0.0033094013% from its proportion measured as of June 30, 2014 which was 0.0067022036%.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$35,665. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 9 Pension Plans – GASB 68 Disclosures - PERS- *continued*

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,169	\$ -
Changes in assumptions	81,791	-
Net difference between projected and actual earnings on pension plan investments	-	159,922
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	62,395	-
Charter School's contributions subsequent to the measurement date	29,169	-
Total	<u>\$ 191,524</u>	<u>\$ 159,922</u>

NOTES 9 Pension Plans – GASB 68 Disclosures (PERS)- *continued*

\$29,169 reported as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense</u>
2016	\$ 788
2017	788
2018	788
2019	788
2020	(500)
Thereafter	(4,849)
	<u>\$ (2,196)</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability (Non-State Local Group)	\$22,447,996,119	\$18,722,735,003
Charter School's portion of the net pension liability	\$ 761,616	\$ 809,289
Charter School's proportion (percentage)	0.00339280%	0.00432249%

Actuarial Assumptions

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015, are summarized in the following table:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015, and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015, and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 9 Pension Plans – GASB 68 Disclosures –PERS – continued

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2015 and 2014, respectively, calculated using the discount rate of 4.90% and 5.39%, respectively, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.90%	Discount Rate 4.90%	1% Increase 5.90%
	<hr/>	<hr/>	<hr/>
Charter School's proportionate share of the pension liability	\$ 799,135	\$ 761,616	\$ 497,583
	<hr/>	<hr/>	<hr/>
	2014		
		Current	
	1% Decrease (4.39%)	Discount Rate (5.39%)	1% Increase (6.39%)
	<hr/>	<hr/>	<hr/>
Charter School's proportionate share of the pension liability	\$ 1,018,113	\$ 809,289	\$ 633,930
	<hr/>	<hr/>	<hr/>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

NOTES 10 Post Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS.

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees.

As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 190562 eligible retired members in Fiscal Year 2015.

NOTES 11 Compensated Absences

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

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTES 11 Compensated Absences

accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination. As of June 30, 2016, Charter School-wide compensated absences amounted to \$-0-.

NOTES 12 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds

The reconciliation is as follows:

Fund balance per B-1	\$ 1,969,687
Cost of capital assets net accumulated depreciation	13,968
Pension deferred outflows	101,899
Pension deferred inflows	(48,229)
Deferred pension liability as of June 30, 2015	(809,289)
Net position (per A-1) as of June 30, 2015	<u>\$ 1,228,036</u>

NOTES 14 DEFERRED COMPENSATION

The Charter School is in the process of offering its employees a choice of deferred compensation plans created in accordance with Internal Revenue Section 403(b).

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 15 RISK MANAGEMENT

The Charter School is exposed to various risks of loss relates 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 surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation

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 the amounts due New Jersey division of labor. The Charter School maintains commercial insurance coverage for property, liability, and student’s accident and surety bonds. The following is a summary of the school contribution to the state for benefits paid and the ending balance of the Charter school’s trust contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the Charter School’s trust fund for the current and the previous years.

<u>Fiscal year</u>	<u>Employee Contributions</u>	<u>Ending Balance</u>
2015-2016	\$4,088	\$-0-
2014-2015	\$4,488	\$ 0-
2013-2014	\$3,467	\$-0-

A complete schedule of insurance coverage can be found in the Statistical Section of this CAFR

NOTE 16 BUSINESS RISK

The Charter School receives its support from federal, state and local governments. A significant reduction in the level of support, if it were to occur would have an impact on the Charter School’s programs and activities.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 17 SOCIAL SECURITY TAX REIMBURSEMENTS

In accordance with N.J. S.A. 18A: 66-66 of the State of New Jersey reimbursed the school \$139,414 during the year ended June 30, 2016 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 accompanying CAFR as revenue and expenditure.

NOTE 18 COMMITMENTS

The grant program is subject to financial and compliance audits by the grantors or their representatives. The final determination on the allowability of costs resulting from expenditures funded by New Jersey Department of Education (NJDOE) remains with NJDOE. Management is not aware of any material items of non-compliance which would result in disallowance of program expenditures.

NOTE 19 SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events through December 1, 2016 the date of financial statements issuance and as such date, no subsequent events required disclosures in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Levy -Local share	\$ 2,706,556	\$ (8,825)	2,697,731	\$ 2,719,498	21,767
Miscellaneous	-	-	-	100,000	100,000
Total - Local Sources	<u>2,706,556</u>	<u>(8,825)</u>	<u>2,697,731</u>	<u>2,819,498</u>	<u>121,767</u>
Categorical Aid:					
Local Levy -State share					
District Security Aid	58,784	(5,498)	53,286	48,519	(4,767)
State Non public Aid	-	-	-	-	-
State - Other	470,108	(35,810)	434,298	441,716	7,418
Special Education Aid	52,942	(4,285)	48,657	44,679	(3,978)
Total State Sources	<u>581,834</u>	<u>(45,593)</u>	<u>536,241</u>	<u>534,914</u>	<u>(1,327)</u>
Revenue from Other Sources:					
Interest income	10,000	(5,000)	5,000	4,381	(619)
Other Sources	4,000	-	4,000	4,938	938
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	132,052	132,052
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	149,022	149,022
Total Revenue from Other Sources	<u>14,000</u>	<u>(5,000)</u>	<u>9,000</u>	<u>290,393</u>	<u>281,393</u>
Total Revenues	<u>3,302,390</u>	<u>(59,418)</u>	<u>3,242,972</u>	<u>3,644,805</u>	<u>401,833</u>
EXPENDITURES:					
Current Expense:					
Instruction					
Salaries of Teachers	1,503,427	100,000	1,603,427	1,553,463	49,964
Other Salaries for Instruction	154,614	-	154,614	150,942	3,672
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	35,000	4,286	39,286	35,050	4,236
Other Purchased Services (400-500 series)	15,750	-	15,750	12,912	2,838
General Supplies	43,200	-	43,200	17,661	25,539
Textbooks	52,400	-	52,400	25,945	26,455
Miscellaneous	20,000	-	20,000	8,001	11,999
Total Instruction	<u>1,824,391</u>	<u>104,286</u>	<u>1,928,677</u>	<u>1,803,974</u>	<u>124,703</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undist. Expend. - Administrative Cost					
Salaries	332,782	-	332,782	332,782	-
Salaries of Secretarial and Clerical Assistants	63,922	-	63,922	60,843	3,079
Total Benefit Costs	804,888	(43,087)	761,801	644,680	117,121
Professional/Technical Service	65,000	(5,000)	60,000	42,552	17,448
Legal Fees	70,000	5,000	75,000	72,363	2,637
Other Purchased Services	21,200	-	21,200	20,122	1,078
Communications/Telephone	15,000	-	15,000	6,721	8,279
Supplies and Materials	7,500	-	7,500	1,926	5,574
Miscellaneous	25,000	-	25,000	12,878	12,122
Total Undist. Expend. - Administrative Cost	1,405,292	(43,087)	1,362,205	1,194,867	167,338
Undist. Expend. - Support Services					
Salaries	220,944	-	220,944	213,693	7,251
Other Purchased Services and Technical Service	100,000	-	100,000	89,520	10,480
Other Purchased Services (400-500 series)	50,000	-	50,000	35,070	14,930
Rental	335,680	(10,617)	325,063	309,113	15,950
Insurance-Fidelity, Liability, Property	66,608	(10,000)	56,608	56,503	105
Supplies and Materials	20,000	-	20,000	7,233	12,767
Energy	90,000	-	90,000	53,392	36,608
Trans other	8,400	-	8,400	2,490	5,910
Miscellaneous	5,000	-	5,000	1,764	3,236
Total Undist. Expend. - Support Services	896,632	(20,617)	876,015	768,778	107,237
TOTAL UNDISTRIBUTED EXPENDITURES	2,301,924	(63,704)	2,238,220	1,963,645	274,575
TOTAL GENERAL CURRENT EXPENSE	4,126,315	40,582	4,166,897	3,767,619	399,278
CAPITAL OUTLAY					
Instructional equipment	50,000	-	50,000	3,199	46,801
Non-instructional equipment	15,000	-	15,000	3,881	11,119
Purchase of land/improvement	50,000	-	50,000	4,925	45,075
Miscellaneous expenses	25,000	-	25,000	17,476	7,524
Total Capital Outlay	140,000	-	140,000	29,481	110,519
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	132,052	(132,052)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	149,022	(149,022)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	281,074	(281,074)
TOTAL EXPENDITURES	4,266,315	40,582	4,306,897	4,078,174	228,723
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(963,925)	(100,000)	(1,063,925)	(433,369)	630,556
Fund Balance, July 1	(719,891)	2,349,432	1,540,070	1,969,687	(429,617)
Fund Balance, June 30	<u>\$ (1,683,816)</u>	<u>\$ 2,249,432</u>	<u>\$ 476,145</u>	<u>\$ 1,536,318</u>	<u>\$ 200,939</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON -SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	154,104	-	154,104	154,104	-
Hurricane Impact Aid	-	-	-	-	-
Other- Robert foundation Grant	-	-	-	-	-
Total Revenues	154,104	-	154,104	154,104	-
EXPENDITURES:					
Instruction					
Salaries of Teachers	70,000	-	70,000	70,000	-
Other Salaries for Instruction	-	-	-	-	-
Personal Services - Employee Benefits	18,200	-	18,200	18,200	-
Purchased Professional and Technical Services	-	-	-	-	-
Purchased Professional - Educational Services	5,000	-	5,000	5,000	-
Miscellaneous	-	-	-	-	-
General Supplies	6,476	-	6,476	6,476	-
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Instruction	99,676	-	99,676	99,676	-
Support Services					
Salaries of Other Professional Staff	32,000	-	32,000	32,000	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	8,320	-	8,320	8,320	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional Services	-	-	-	-	-
Text Books	-	-	-	-	-
Travel	750	-	750	750	-
Other Purchased Services (400-500 series)	10,227	-	10,227	10,227	-
Supplies & Materials	3,131	-	3,131	3,131	-
Other Objects	-	-	-	-	-
Supplies	-	-	0	-	-
Total Support Services	54,428	-	54,428	54,428	-
Facilities Acquisition and Construction Services:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Const. Services	-	-	-	-	-
Total Expenditures	154,104	-	154,104	154,104	-
Excess (Deficiency) of Revenues Over (Under)		0			
Other Fin.Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2015**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,644,805	[C-2] \$ 154,104
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	-	-
	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 3,644,805	[B-2] \$ 154,104
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,078,174	[C-2] \$ 154,104
Differences - budget to GAAP		
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis.		
Encumbrances for supplies and equipment 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 for <i>financial reporting</i> purposes.		-
	-	-
Total expenditures as reported on the statement of revenues,	[B-2] \$ 4,078,174	[B-2] \$ 154,104

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

L-1

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

	Fiscal Year Ended June 30,		2013
	2015	2014	
Charter School's proportion of the net pension liability (assets)	0.0033928023%	0.0043224919%	0.0038489431%
Charter School's proportionate share of the net pension liability (assets)	<u>761,616</u>	<u>809,289</u>	<u>735,610</u>
Charter School's covered employee payroll	\$ 326,568	\$ 228,959	\$ 278,436
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll	233.22%	353.46%	264.19%
Plan fiduciary net position as a percentage of the total pension liability - local	47.93%	52.08%	48.72%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

L-2

Schedule of the Charter School's Contributions - PERS
Last Two Fiscal Years

	<u>Fiscal Year</u> <u>2015</u>	<u>Ended June 30,</u> <u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 29,169	\$ 35,634	\$ 29,001
Contribution in relation to the contractually required contribution	<u>(29,169)</u>	<u>(35,634)</u>	<u>(29,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 326,568	\$ 228,959	\$ 278,436
Contributions as a percentage of covered employee payroll	8.93%	15.56%	10.42%

Note

Until a full ten year trend is compiled, information will be presented for those years for which information is available.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

L-3

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
Last Two Fiscal Years

	Fiscal Year Ended June 30,		2013
	2015	2014	
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 9,316,796	\$ 7,039,607	\$ 2,574,933
Total	<u>\$ 9,316,796</u>	<u>\$ 7,039,607</u>	<u>\$ 2,574,933</u>
Charter School's covered employee payroll	\$ 1,683,508	\$ 750,697	\$ 1,329,675
Charter School's proportionate share of the net pension liability (assets) as a percentage of its covered employee payroll**	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.76%	33.76%

**Note

TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the Charter School (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the Charter School.

Note to Required Supplementary Information
Pension Schedules
Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

OTHER SUPPLEMENTARY INFORMATION

NOT APPLICABLE

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Title I	Title II	IDEA Part B	Total
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Federal Sources	99,676	10,977	43,451	154,104
	-	-	-	-
Total Revenues	99,676	10,977	43,451	154,104
EXPENDITURES:				
Instruction:				
Salaries of Teachers	70,000	-	-	70,000
Other Salaries for Instruction	-	-	-	-
Personal Services - Employee Benefits	18,200	-	-	18,200
Purchased Professional - Educational Services	5,000	-	-	5,000
Purchased Professional and Technical Services	-	-	-	-
Miscellaneous	-	-	-	-
General Supplies	6,476	-	-	6,476
Textbooks	-	-	-	-
Other Objects	-	-	-	-
Total instruction	99,676	-	-	99,676
Support services:				
Salaries of Other Professional Staff	-	-	32,000	32,000
Other Salaries	-	-	-	-
Personal Services - Employee Benefits	-	-	8,320	8,320
Purchased Professional - Educational Services	-	-	-	-
Other Purchased Professional Services	-	10,227	-	10,227
Text Books	-	-	-	-
Travel	-	750	-	750
Other Purchased Services (400-500 series)	-	-	-	-
Supplies & Materials	-	-	3,131	3,131
Instructional Equipment	-	-	-	-
Other Objects	-	-	-	-
Total support services	-	10,977	43,451	54,428
Facilities acquisition and construction:				
Buildings	-	-	-	-
Instructional Equipment	-	-	-	-
Noninstructional Equipment	-	-	-	-
Total facilities acquisition and construction	-	-	-	-
Total Expenditures	99,676	10,977	43,451	154,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds. At June 30, 2016, there was no capital project fund.

**ENTERPRISE FUNDS
DETAIL STATEMENTS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. Food Service Fund - provides for the operation of food services for the Charter School.

INGLEWOOD ON THE PALISADE CHARTER SCHOOL
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2016

Exhibit G-1

	Food Service	After Care Service	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,077	\$ 35,872	\$ 45,949
Government grants receivable-Fed	5,128	-	5,128
Government grants receivable-State	96	-	96
Interfund receivable General Fund	-	-	-
Other receivables	-	-	-
Inventories	-	-	-
Total current assets	15,301	35,872	51,173
Total assets	15,301	35,872	51,173
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	-
Interfund payable	-	-	-
Total liabilities	-	-	-
NET POSITION			
Invested in capital assets net	-	-	-
Unrestricted net assets	15,301	35,872	51,173
Total net assets	\$ 15,301	\$ 35,872	\$ 51,173
Total Laibilities and Net Position	15,301	35,872	51,173

The accompanying Notes to Financial Statements are an integral part of this statement.

ENGLEWOOD ON THE PALISADE CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISIE FUND
JUNE 30, 2016

Operating revenues:	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
Charges for services:			
Daily sales - non-reimbursable programs	\$ 24,997	\$ -	\$ 24,997
After care fees		72,046	72,046
New Jersey Care for Kids		27,965	27,965
Miscellaneous revenue	6,253		6,253
Total operating revenues	<u>31,250</u>	<u>100,011</u>	<u>131,261</u>
Operating expenses:			
Cost of sales	-	-	-
Salaries	-	60,749	60,749
Employee benefits	-	-	-
Other purchased services	87,116	2,250	89,366
Field Trip		946	946
Supplies	26	8,321	8,347
Miscellaneous	-	498	498
Postage	-	964	964
Technology supplies	-	2,410	2,410
Total Operating Expenses	<u>87,142</u>	<u>76,138</u>	<u>163,280</u>
Operating loss	<u>(55,892)</u>	<u>23,873</u>	<u>(32,019)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	1,232	-	1,232
Federal sources:			
National school breakfast program	3,465	-	3,465
National school lunch program	52,012	-	52,012
Healty Hunger Free Kids Act	1,477	-	1,477
Federal snack	7,545	-	7,545
Total nonoperating revenues	<u>65,731</u>	<u>-</u>	<u>65,731</u>
Loss before transfers	9,839	23,873	33,712
Transfers in (out)	-	-	-
Change in net position	9,839	23,873	33,712
Total net position-beginning	<u>5,462</u>	<u>11,999</u>	<u>17,461</u>
Total net position-ending	<u>\$ 15,301</u>	<u>\$ 35,872</u>	<u>\$ 51,173</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$	131,261
Payments to employees		(60,749)
Payments to suppliers		(102,531)
Net cash used for operating activities		(32,019)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment to vendors		-
Cash received from State and Federal reimbursements		65,731
Other receipts		-
		65,731

Decrease in Cash and Cash Equivalents		33,712
--	--	--------

Balances-beginning of year		12,237
----------------------------	--	--------

Balances-end of year		45,949
----------------------	--	--------

**Reconciliation of operating income (loss) to net cash provided
(used) by operating activities:**

Operating income (loss)		(32,019)
Increase in receivable		-
Net cash used for operating activities	\$	(32,019)

The accompanying Notes to Financial Statements are an integral part of this statement.

**FIDUCIARY FUNDS
DETAIL STATEMENTS**

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At JUNE 30, 2016 there was no non-expendable trust fund utilized by the Charter School.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, governmental and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter School.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

Exhibit H-1

	<u>Unemployment Compensation Insurance</u>	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Other current assets				-
Interfund Receivable	-	59,408	27,325	86,733
Total assets	<u>-</u>	<u>59,408</u>	<u>27,325</u>	<u>86,733</u>
LIABILITIES				
Interfund Payable	\$ -	\$ -		\$ -
Payroll deductions and withholdings	-	41,297	\$ -	41,297
Payroll payable		18,111	27,325	45,436
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>59,408</u>	<u>27,325</u>	<u>86,733</u>
NET POSITION				
Reserved for unemployment claims and other purposes	-	-		-
Unrestricted surplus	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation Trust
ADDITIONS	
General fund Appropriation	\$ -
Contribution	4,805
	-
Total Contributions	4,805
DEDUCTIONS	
Payment to NJ unemployment compensation fund	-
Claims	4,805
	-
	-
Total deductions	4,805
Change in net assets	-
Net position-beginning of the year	-
Net position-end of the year	\$ -

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Assets</u>	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2016</u>
Interfund receivable	\$ 78,343	\$ 1,247,659	\$ 1,239,269	86,733
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 78,343</u>	<u>\$ 1,247,659</u>	<u>\$ 1,239,269</u>	<u>\$ 86,733</u>
 <u>Liabilities</u>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	78,343	1,247,659	1,239,269	41,297
Other payable	<u>-</u>	<u>45,436</u>	<u>-</u>	<u>45,436</u>
Total liabilities	<u>\$ 78,343</u>	<u>\$ 1,293,095</u>	<u>\$ 1,239,269</u>	<u>\$ 86,733</u>

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long term liabilities of the charter school. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding. As of June 30, 2016, there were no activities to be reported in this section.

STATISTICAL SECTION

Englewood on the Palisades Charter School has been in operation for more than ten years. GASB requires that 10 years of statistical data be presented.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
NET ASSETS BY COMPONENT
LAST TEN YEARS
UNAUDITED
(accrual basis of accounting)

Exhibit J-1

Fiscal Year Ending June 30,

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Invested in capital assets, net of related debt	\$ 34,786	\$ 13,967	\$ 15,779	\$ 23,738	\$ 16,498	\$ -	\$ 53,710	\$ -	\$ -	\$ -
Restricted	777,135	1,214,069	2,479,292	2,653,773	2,701,187	2,583,750	2,700,021	2,461,135	1,899,553	1,253,759
Unrestricted	811,921	1,228,036	2,495,071	2,677,511	2,717,685	2,583,750	2,753,731	2,461,135	1,899,553	1,253,759
Total governmental activities net position										
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	51,173	17,461	21,523	3,000	161	5,194	3,166	800	2,923	102
Unrestricted	51,173	17,461	21,523	3,000	161	5,194	3,166	800	2,923	102
Total business-type activities net position										
District-wide										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,710	\$ -	\$ -	\$ -
Restricted	863,094	1,245,497	2,516,594	2,680,511	2,717,846	2,588,944	2,703,187	2,461,935	1,902,476	1,253,861
Unrestricted	863,094	1,245,497	2,516,594	2,680,511	2,717,846	2,588,944	2,756,897	2,461,935	1,902,476	1,253,861
Total district-wide net position										

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

CHANGES IN NET POSITION
UNAUDITED
LAST TEN YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities										
Instruction	1,903,650	\$ 1,721,559	\$ 1,721,559	\$ 1,464,319	\$ 1,464,319	\$ 1,458,816	\$ 1,458,816	\$ 1,285,686	\$ 1,002,432	\$ 929,827
Administration	1,194,867	1,122,763	1,122,763	753,636	753,636	792,675	792,675	618,725	579,009	685,346
Support Services:	1,104,280	767,207	767,207	766,784	766,784	831,689	831,689	715,827	521,124	494,706
Capital Outlay	29,481	137,225	137,225	50,238	50,238	37,801	62,798	58,677	-	-
Total governmental activities expenses	3,993,141	3,748,754	3,748,754	3,034,977	3,034,977	3,120,981	3,145,978	2,678,915	2,102,565	2,109,879
Business-type activities:										
Food service	87,142	-	-	-	-	-	-	-	0	-
After Child Care	76,138	47,151	47,151	45,516	45,516	50,423	47,484	60,238	0	-
Total business-type activities expense	163,280	47,151	47,151	45,516	45,516	50,423	47,484	60,238	-	-
Total district expenses	4,166,851	\$ 3,795,905	\$ 3,795,905	\$ 3,080,493	\$ 3,080,493	\$ 3,171,404	\$ 3,193,462	\$ 2,739,153	\$ 2,102,565	\$ 2,109,879
Program Revenues										
Governmental activities:										
Revenue	3,798,909	\$ -	\$ -	\$ -	\$ -	\$ 66,784	\$ 66,784	\$ -	0	\$ -
Operating grants and contributions	154,104	148,201	148,201	158,614	161,824	171,602	275,424	161,954	165,574	166,400
Capital grants and contributions	0	-	-	-	-	-	-	-	0	-
Total governmental activities program revenues	3,953,013	148,201	148,201	158,614	161,824	238,386	342,208	161,954	165,574	166,400
Business-type activities:										
Charges for services:										
Food service	31,250	-	-	-	-	-	-	-	-	-
After care and other services	100,011	49,990	49,990	40,483	40,483	52,451	49,850	58,115	49,798	(30)
Operating grants and contributions	65,731	-	-	-	-	-	-	-	-	-
Capital grants and contributions	0	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	196,992	49,990	49,990	40,483	40,483	52,451	49,850	58,115	49,798	(30)
Total district program revenues	313,278	\$ 198,191	\$ 198,191	\$ 199,097	\$ 202,307	\$ 290,837	\$ 392,058	\$ 220,069	\$ 215,372	\$ 166,370
Net (Expense)/Revenue										
Governmental activities	(4,060,920)	\$ (3,600,553)	\$ (3,600,553)	\$ (2,904,802)	\$ (2,873,153)	\$ (2,882,595)	\$ (2,803,770)	\$ (2,516,961)	(1,936,991)	\$ (1,943,479)
Business-type activities	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366	(2,123)	2	(30)
Total district-wide net expense	(3,855,573)	\$ (3,582,030)	\$ (3,582,030)	\$ (2,901,963)	\$ (2,878,186)	\$ (2,880,567)	\$ (2,801,404)	\$ (2,519,084)	\$ (1,936,989)	\$ (1,943,509)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
General purposes	2,819,498	2,908,157	2,908,157	2,482,929	2,559,141	2,558,652	2,719,351	2,393,242	1,507,453	1,404,661
Grants and contributions(Federal/state aid)	534,919	391,754	391,754	293,193	372,774	169,689	166,287	483,378	1,322,745	965,981
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	290,393	126,161	126,161	88,506	58,675	44,408	208,728	201,923	50,065	35,912
Total governmental activities	3,644,805	3,426,072	3,426,072	2,864,628	2,990,590	2,772,749	3,096,366	3,078,543	2,880,263	2,406,554
Business-type activities:										
Investment earnings	0	-	-	-	-	-	-	-	0	-
Transfers	0	-	-	-	-	-	-	-	-	-
Total business-type activities	0	-	-	-	-	-	-	-	0	-
Total Charter -wide	3,644,805	\$ 3,426,072	\$ 3,426,072	\$ 2,864,628	\$ 2,990,590	\$ 2,772,749	\$ 3,096,366	\$ 3,078,543	\$ 2,880,263	\$ 2,406,554
Change In Net Position										
Governmental activities	(416,115)	\$ (174,481)	\$ (174,481)	\$ (40,174)	\$ 117,437	\$ (109,846)	\$ 292,596	\$ 561,582	\$ 943,272	\$ 463,075
Business-type activities	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366	(2,123)	2	(30)
Total Charter School	\$ (382,403)	\$ (155,958)	\$ (155,958)	\$ (37,335)	\$ 112,404	\$ (107,818)	\$ 294,962	\$ 559,459	\$ 943,274	\$ 463,045

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

Exhibit J-3

FUND BALANCES-GOVERNMENTAL FUNDS

LA'S LAST TEN YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,536,318	1,969,687	2,479,292	2,653,773	2,479,292	2,583,750	2,700,021	2,461,135	1,935,891	1,253,759
Total general fund	<u>\$ 1,536,318</u>	<u>\$ 1,969,687</u>	<u>\$ 2,479,292</u>	<u>\$ 2,653,773</u>	<u>\$ 2,479,292</u>	<u>\$ 2,583,750</u>	<u>\$ 2,700,021</u>	<u>\$ 2,461,135</u>	<u>\$ 1,935,891</u>	<u>\$ 1,253,759</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total governmental funds	<u>\$ 1,536,318</u>	<u>\$ 1,969,687</u>	<u>\$ 2,479,292</u>	<u>\$ 2,653,773</u>	<u>\$ 2,479,292</u>	<u>\$ 2,583,750</u>	<u>\$ 2,700,021</u>	<u>\$ 2,461,135</u>	<u>\$ 1,935,891</u>	<u>\$ 1,253,759</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

Exhibit J-4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS
(modified accrual basis of accounting)
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Local sources	2,819,498	2,819,498	2,908,157	2,482,929	2,559,141	2,563,511	2,719,351	2,393,242	1,507,453	1,682,548
Contribution										475
Miscellaneous	290,393	290,393	406,170	263,940	290,158	229,926	208,728	140,777	190,842	35,570
State sources	534,914	534,914	391,754	293,193	372,774	169,689	168,287	55,814	1,322,745	722,193
Federal sources	154,104	154,104	148,201	158,614	161,824	171,602	275,424	161,954	165,574	165,925
Total revenue	3,798,909	3,798,909	3,854,282	3,198,676	3,383,897	3,134,728	3,371,790	2,751,787	3,186,614	2,606,711
Expenditures										
Instruction										
Regular Instruction	1,903,650	1,903,650	1,721,559	1,437,494	1,464,319	1,529,885	1,466,510	1,285,686	1,113,998	937,387
Special education instruction										
Other special instruction										121,191
Vocational education										
Other instruction										27,351
Nonpublic school programs										
Adult/continuing education										
Support Services:										
Tuition										
Student & inst. related services										
General administration										
School administrative services	548,187	548,187	554,599	450,850	753,636	779,949	625,578	569,718	579,009	674,933
Central services										
Admin. information technology										
Plant operations and maintenance										
Pupil transportation										
Other Support Services	1,104,208	1,104,280	1,047,216	856,300	766,784	712,987	810,733	618,725	575,132	505,396
Employee benefits	646,680	646,680	568,164	460,086	231,483	190,377	167,285	146,109	140,777	70,378
Capital outlay	29,481	29,481	137,225	41,360	50,238	37,801	62,798	58,677	95,566	78,837
Debt service:										
Principal										
Interest and other charges										
Total expenditures	4,232,206	4,232,278	4,028,763	3,246,090	3,266,460	3,250,999	3,132,904	2,678,915	2,504,482	2,415,473
Excess (Deficiency) of revenues over (under) expenditures	(433,297)	(433,369)	(174,481)	(47,414)	117,437	(116,271)	238,886	72,872	682,132	191,238
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)										
Proceeds from refunding										
Payments to escrow agent										
Transfers in										
Transfers out										
Total other financing sources (uses)	0	0	0	0	0	0	0	0	0	0
Net change in fund balances	\$ (433,297)	\$ (433,369)	\$ (174,481)	\$ (47,414)	\$ 117,437	\$ (116,271)	\$ 238,886	\$ 72,872	\$ 682,132	\$ 191,238

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

FULL TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY

FUNCTION/PROGRAM

LAST TEN YEARS

(modified accrual basis of accounting)

UNAUDITED

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction										
Regular	14	12	12	12	12	12	12	12	15	15
Special education	1	1	1	1	1	1	1	1	1	1
Other special education										
Vocational										
Other instruction	6	6	6	6	6	6	6	4	4	4
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services										
General administration	1	1	1	1	1	1	1	1	1	1
School administrative services	1	1	1	1	1	1	1	1	1	1
Other administrative services										
Central services										
Administrative Information Technology										
Plant operations and maintenance	1	1	1	1	1	1	1	1	1	1
Pupil transportation										
Other support services	1	1	1	1	1	1	1	1	1	1
Special Schools	2	2	2	2	2	2	2	2	2	2
Food Service										
Child Care										
Total	27	25	25	25	25	25	25	23	26	26

Source: District Personnel Records

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
OPERATING STATISTICS

Exhibit J-17

LAST TEN YEARS

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	183	2,099,820	11,474	-1.78%	-	1:4	179.6	172	100.00%	95.49%
2008	175	2,504,482	14,311	24.72%	-	1:4	177.6	170	-1.11%	95.55%
2009	182	2,516,961	13,829	-3.37%	-	1:4	182	178.4	2.48%	96.00%
2010	199	2,650,091	13,317	-3.71%	-	1:4	199	191.0	9.34%	96.00%
2011	196	3,060,622	15,615	17.26%	-	1:4	196.0	188.2	-1.51%	96.00%
2012	181	3,266,460	18,047	15.57%	-	1:4	185.6	178.2	-5.31%	96.01%
2014	178	3,246,090	18,236	1.05%	-	1:4	174.4	171.0	-6.01%	96.00%
2015	178	4,232,278	23,777	30.38%	-	1:4	174.4	171.0	0.00%	96.00%
2016	206	4,232,278	20,545	-13.59%	-	1:4	201.9	197.8	15.73%	96.00%

Note: Enrollment based on annual October district count.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

SCHOOL BUILDING INFORMATION

LAST TEN YEARS
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Charter School Building</u>											
Square Feet	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Building Capacity for students	225	225	225	225	225	225	225	225	225	225	225
Enrollment:											
Kindergarten	29	29	29	29	30	33	33	36	28	27	27
Grade 1	33	33	33	27	33	34	36	31	29	27	27
Grade 2	32	32	32	29	32	35	34	33	28	28	28
Grade 3	27	27	27	28	28	30	33	28	28	29	29
Grade 4	32	32	32	23	33	36	33	30	20	24	24
Grade 5	25	25	25	30	25	28	30	24	25	24	24
	-	-	-	21	-	-	-	-	17	23	23
Total students	210	178	178	187	181	196	199	182	175	182	182

**2015-16 SCHEDULE OF INSURANCE
FOR
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
Package NJSIG P831 09/08/15-16 \$9,537	Covered Location	65 West Demarest Avenue, Englewood, NJ 07631
<u>Property</u>	\$390,000 \$100,000,000 \$225,000 \$120,000	Contents –All Risk w/ \$1,000 Deductible Boiler & Machinery w/ \$1,000 Deductible Electronic Data Processing w/ \$1,000 Deductible Business Income w/\$1,000 Deductible
<u>Crime</u>	\$25,000 \$25,000 \$5,000 \$5,000 \$148,000 \$148,000	Faithful Performance w/ \$500 Deductible Forgery & Alteration w/ \$500 Deductible Money & Securities w/ \$500 Deductible Money Order/Counterfeit w/ \$500 Deductible Board Treasurer w/ \$1,000 Deductible Board Secretary/BA w/ \$1,000 Deductible
<u>General Liability</u>	\$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000 \$5,000,000	Single Limit for Bodily Injury and Property Damage Products/Completed Operations Aggregate Sexual Abuse per Occurrence Each Occurrence for Personal Injury/Advertising Injury Each Claim for Employee Benefits Liability w/ \$1,000 Deductible Premise Medical Payments Per Person Fire Legal Liability
<u>Automobile Liability</u>	\$5,000,000	Hired and Non Owned
<u>Student Accident</u> Berkeley Life and Health Insurance Co PATL00490423 004 09/08/15-16 \$1,898	\$1,000,000	Gold Plan Accidental Medical Excess Benefit w/\$0 Deductible
<u>School Leaders E&O</u> NJSBAIG E831 09/08/15-16 \$6,614	\$1,000,000 \$100,000 \$300,000	Coverage A Each Loss w/ \$5,000 Deductible Coverage B Each Loss w/ \$5,000 Deductible Coverage B Annual Aggregate
<u>Workers' Compensation</u> NJSBAIG W831 09/08/15-16 \$34,163 (includes \$10,000 Fee) (Based on \$ 2,172,790 Prof and \$123,335 Non-Prof - 0.8345 MOD)	\$1,000,000 \$1,000,000 \$1,000,000	Each Accident Each Employee Policy Limit
<u>Supplemental Indemnity</u> National Union (NJSIG) 6477-57-74 09/08/15-16 \$751	Statutory	7-Day Waiting Period

Charter School Performance Framework Financial Indicators
New Term Indicators
June 30, 2015
Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	190,542	156,089	113,279
Capital assets, net	34,786	13,967	15,799
Total assets	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	67,088	66,039	30,843
Long term liabilities	-	-	-
Total liabilities	<u>67,088</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>\$ 1,622,277</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	\$ 3,654,863	\$ 3,654,863	\$ 3,854,282
Total expenses	4,164,468	4,164,468	(4,028,763)
Change in net position	<u>\$ 7,819,331</u>	<u>\$ 7,819,331</u>	<u>\$ (174,481)</u>
Depreciation expense	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	178	178	196
March 30th budgeted enrollment	190	190	200

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Two Year Cumulative</u>
NEAR TERM INDICATORS:				
Current ratio	24.66	31.21	77.52	133.40
Unrestricted days cash	(128.32)	(166.97)	206.36	(88.92)
Enrollment variance	94%	94%	98%	0.96
Default	N/A	N/A	N/A	N/A

Source: Charter School Records

**Charter School Performance Framework Financial Indicators
Sustainability Indicators
June 30, 2016
Unaudited**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	190,542	156,089	113,279
Capital assets, net	34,786	13,967	15,799
Total assets	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	67,088	66,039	30,843
Long term liabilities	-	-	-
Total liabilities	<u>67,088</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>\$ 1,622,277</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	\$ 3,654,863	\$ 3,654,863	\$ 3,854,282
Total expenses	4,164,468	4,164,468	(4,028,763)
Change in net position	<u>\$ 7,819,331</u>	<u>\$ 7,819,331</u>	<u>\$ (174,481)</u>
Depreciation expense	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-
Principal payments	-	-	-
Interest payments	-	-	-
Final average daily enrollment	206	178	196
March 30th budgeted enrollment	211	190	200

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Two Year Cumulative</u>
SUSTAINABILITY INDICATORS:				
Total margin	214%	214%	-5%	139%
Debt to asset	N/A	N/A	N/A	N/A
Cash flow	\$ (440,988)	\$ (372,726)	\$ 107,376	\$ (706,338)
Debt service coverage ratio	N/A	N/A	N/A	N/A

Source: Charter School Records

SINGLE AUDIT SECTION



ILORI CPA LLC
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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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*

The Honorable President and
Members of the Board of Trustees
Englewood on the Palisades Charter School, Inc.
Bergen County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Englewood on the Palisades Charter School, Inc., in the County of Bergen, State of New Jersey(Charter School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Charter School's basic financial statements, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charter School, Inc's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Charter School, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**INDEPENDENT AUDITOR'S 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***

Internal Control Over Financial Reporting - Continued

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

Compliance and Other Matters

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

Purpose of this Report

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

ILORI CPA LLC

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

ILORI CPA LLC

December 1, 2016



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EXHIBIT K-2

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and *State of New Jersey Department of Treasury Circular 15-08-OMB*

The Honorable Chairperson and
Members of the Board of Trustees
Englewood on the Palisades Charter School, Inc.
Bergen County, New Jersey

Compliance

We have audited the Charter School ("the Charter School"), in the County of Bergen State of New Jersey compliance with the types of requirements described in the OMB Compliance Supplements and *State of New Jersey Department of Treasury Circular 15-08-OMB Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2016. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; 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 Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance, State of New Jersey Department of Treasury Circular 15-08-OMB and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Accordingly, this report is not suitable for any other purpose

Ilori CPA LLC

KunleIlori

Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

ILori CPA LLC

December 1, 2016

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
(BERGEN COUNTY)

EXHIBIT K-3
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA No.	Grant or State Project No.	Program Name	Program or Award Amount	Grant Period	Balance 06/30/14	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	(Accts. Rec.) Def. Rev 6/30/2015	Due to Grantor 6/30/2015
U.S. Department of Education Passed-through State Dept. of Education:												
Title I-Grants to Local Educational Agencies	84.010A	NCLB643003	Title I	\$ 99,676	7/1/15-6/30/16	\$ -	\$ -	\$ 99,676	\$ (99,676)	\$ -	\$ -	\$ -
Title II Part A Improving Teachers Quality State Grant	84.367A	NCLB643003	Title IIA	10,977	7/1/15-6/30/16	-	-	10,977	(10,977)	-	-	0
IDEA - Individuals with Disabilities Education Act	84.027		IDEA	43,451	7/1/15-6/30/16	-	-	43,451	(43,451)	-	-	-
Total U. S. Dept. of Education				<u>\$ 154,104</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,104</u>	<u>\$ (154,104)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Department of Agriculture												
Passed-Through New Jersey Dept of Agriculture				64,499	7/1/15-6/30/16	-	-	71,690	(76,818)	-	\$ (5,128)	-
National School Lunch Program	10.555											
National After School Snacks												
Total Enterprise Fund/Total U.S. Department of Agriculture				<u>64,499</u>		<u>-</u>	<u>-</u>	<u>71,690</u>	<u>(76,818)</u>	<u>-</u>	<u>(5,128)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 218,603</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,794</u>	<u>\$ (230,922)</u>	<u>\$ -</u>	<u>\$ (5,128)</u>	<u>\$ -</u>

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

See accompanying Notes to Schedules of Expenditures of Federal Awards

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
(BERGEN COUNTY)

EXHIBIT K-4
SCHEDULE B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	Grant or State Project No.	Program or Award Amount	Grant Period	(Accts. Rec.) Def. Rev June 30, 2014	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment or Prior Year's Balance	(Accts. Rec.) Def. Rev June 30, 2015	Due to Grantor June 30, 2015
State Department of Education											
General Fund:											
Equalization Aid	16-495-034-5120-078	\$ 2,697,731	7/1/15-6/30/16	\$ 45,220	\$ -	2,482,929	(2,557,378)	\$ -	\$ -	(29,229)	(29,229)
Security Aid	16-495-034-5120-084	53,286	7/1/15-6/30/16	-	-	60,845	(60,845)	-	-	-	-
Special Education	16-495-034-5120-089	48,657	7/1/15-6/30/16	-	-	48,657	(48,657)	-	-	-	-
Social Security Tax Reimbursemen	16-495-034-5095-002	149,022	7/1/15-6/30/16	-	-	149,022	(149,022)	-	-	-	-
Teacher's Pension and Annuity Fund	16-495-034-5095-006	132,052	7/1/15-6/30/16	-	-	132,052	(132,052)	-	-	-	-
Total State Educational aid		3,080,748		45,220	-	2,873,505	(2,947,954)	-	-	(29,229)	(29,229)
State Department of Agriculture											
State School lunch program	16-100-010-3350-023	1,232	7/1/15-6/30/16	-	-	1,291	1,387	-	-	(96)	-
Total State Dept. of Agriculture		1,232		-	-	1,291	1,387	-	-	(96)	-
Total State Financial Assistance		3,081,980		45,220	0	2,874,796	(2,946,567)	0	0	(29,325)	(29,229)
Less Onbehalf payments not subject to single audit											
<u>(281,074)</u>											
<u>2,800,906</u>											

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Board of Trustees, Englewood on the Palisades Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the modified accrual basis of accounting with the exception of those recorded in the special revenue, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid..* Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation, of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for 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 subsequent year or expenditures have been made. The general fund is presented in the accompanying schedule on the modified basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from budgetary basis to GAAP basis is \$0 for general fund and \$0 for special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

SCHEDULES OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS- CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,810,498	\$ 2,810,498
Special Revenue Fund	154,104	-	154,104
Enterprise Fund	65,731	1,232	66,963
Total	<u>\$ 219,835</u>	<u>\$ 2,811,730</u>	<u>\$ 3,031,565</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food distribution program represent current year value received and current year distributions respectively. The amount reported as TPAF 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, 2016.

NOTE 6. SCHOOL WIDE PROGRAM FUNDS

School-wide programs are not separate federal programs as defined in uniform guidance; amounts used in school wide programs are included in the total expenditures of the program contributing the funds in the schedule of expenditures of federal and state awards. The following funds by programs are included in school-wide programs in the charter school financials.

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6. SCHOOL WIDE PROGRAM FUNDS-CONTINUED

Program

Title, PartA: Improving basic Programs operated by local Ed. agency	\$ 99,676
Title 11, PartA: Teacher and Principal Training Recurring	10,977
IDEA PartB	<u>43,451</u>
	<u>\$ 154,104</u>

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- * Material weakness (es) indentified? yes X no
- * Significant deficiencies identified that are not considered to be material weaknesses yes X none reported
- * Noncompliance material to basic financial statements noted? yes X no

Federal Awards

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

Unmodified

- * Material weakness(es) identified? yes X no
- * Significant deficiencies identified that are not considered to be material weaknesses yes X no
- * Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
N/A	N/A

Dollar threshold used to distinguish between Type A and B programs :

Auditee qualifies as low-risk auditee yes no

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

State Awards

Dollar threshold used to distinguish
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Internal control over major programs:

▪ Material weakness(es) identified?

Yes No

▪ Reportable condition(s) identified
that are not considered to be
material weakness(es)?

None reported

State Awards

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

Yes No

Identification of Major Programs

State Grant/Project Numbers

16-495-034-5120-078
16-495-034-5120-068

Name of State Programs

Equalization Aid
State Aid

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENT FINDING

Current Year

None

Prior Year

None

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND
QUESTIONED COSTS**

Current Year

None

Prior Year

None

**SUMMARY SCHEDULE OF PRIOR YEAR
AUDIT FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

There were no findings in prior year.