

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**ENGLEWOOD ON THE PALISADES  
CHARTER SCHOOL  
JUNE 30, 2017**

**PREPARED BY**

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

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BERGEN COUNTY**

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## **INTRODUCTORY SECTION**

**ENGLEWOOD ON THE PALISADES  
CHARTER SCHOOL**

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DIRECTOR**

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PRINCIPAL**

December 1, 2017

Commissioner  
New Jersey Department of Education  
100 Riverview Executive Plaza  
CN – 500  
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, 2017. 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 6. 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 2016-2017 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>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2016-2017	245	0.19%
2015-2016	206	0.02%
2014-2015	201	0.09%
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%

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.

### **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 2016-2017 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.

### **Mission and Key Design Elements**

The Mission at EPCS 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, interdependent global society. Our learning environment effectively addresses academic and social needs and builds self-esteem and self-worth. EPCS empowers all students with knowledge and flexibility to adapt and shape our ever-changing world. Key areas of on-going concentration are parent involvement, mastery/fluency of basic skills for critical thinking, and classrooms that are safe for risk taking. We model collaboration, interdependence, democracy, conflict resolution, negotiation, and mediation skills. Our culturally diverse population works in an environment in which everyone is valued.

Teachers are held to a very high standard. Specific program implementation is vital to the academic success of our children. Teachers all participate in regularly scheduled professional development workshops and program training in order to ensure proficiency.

The curriculum that is used at EPCS 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 is being used to help students capture the experiences needed to grow intellectually, socially, and emotionally.

The key design elements of the program revolve around enhancing and maximizing student achievement. The curriculum includes Blended Learning opportunities that are carried out throughout the school day providing multiple pathways to learning, and increased opportunities for students to explore diverse topics. Lesson plans include the use of the smart-boards, PowerPoint lessons and the Chrome books students' use. The incorporation of these materials in lessons varies by grade level, content area and usage of resources.

All students in 2<sup>nd</sup> thru 6<sup>th</sup> Grades has access to their own Chrome book to help support and engage them in class instruction in all academic areas, in addition to enhancing areas of special; which includes Art, Music, Spanish, and Health.

EPCS uses tutorial sessions in ELA, Math, and Test Prep, Basic Skills and ELL Support. Smart Boards are available in all classrooms and Chromebooks for all 2<sup>nd</sup>-6<sup>th</sup> Grade students to foster academic support, and enrichment for all students. We use Renaissance Learning, and Study Island to test academic achievement of all students. All classrooms are equipped with at least two PC computers.

Our Summer School program is a free half day program consisting of thematic academic instruction that develops the whole child, including classes in music, computers, and gym. Final projects are developed for each grade. Extracurricular offerings include Band, Choir, and Art Club. The 2016 Summer School program was not held. Administration, with the approval of the Board of Trustees decided to use the resources of the summer staff to prepare for the upcoming 7<sup>th</sup> grade classes.

We've found over the years that a commitment to academic remediation, mastery and test preparation has afforded us success on the NJASK and PARCC test. Each year after analyzing our state and local data; although at times there appear to be a slight shift in the areas that need additional support, we continue to revise and improve our instructional programs and services with the hope to bring and/or keep our student's proficiency levels at or above the state's benchmark for both ELA and Mathematics. In addition to supporting the needs of our students, EPCS offered the following Professional Development opportunities for the staff: Opportunities for teachers of State testing grades to attend workshop(s) on testing strategies to be used across all grades in ELA; including writing in preparation for the PARCC test, and Mathematics to ensure growth. Onsite workshops were also provided to support teachers as they differentiate lessons and activities to assist with Special Education student in the classroom; and gain knowledge and understanding of the NGSS and STEM content in the new Science curriculum. All staff members are also required to attend one approved outside workshop and turnkey their information with other staff members.

EPCS continues to provide Anti-bullying Bill of Rights annual initiatives that are embedded throughout the 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 trips, our students are exposed to different cultures and learning experiences. From these, the students create research reports, and are presented with performances at assemblies that reinforce the information through other types of venues or text. Academic achievement is celebrated in Moving Up, and Awards Ceremonies.

### **Instruction**

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.

### **Instruction**

Key areas of on-going concentration are: mastery and fluency of basic skills for critical thinking, classrooms that are safe for risk taking; which models skills for collaboration, interdependence, democracy, conflict resolution, negotiation, mediation and parent involvement. 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.

Englewood on the Palisades Charter School teachers and administrators have developed the school's curricula directly from the New Jersey State Core Curriculum Content Standards. The Learning Standards published by the New Jersey Department of Education Division of Teaching and Learning ([www.state.nj.us/education/cccs](http://www.state.nj.us/education/cccs)) is the foundation for the curriculum utilized by the educators. Where available the charter school also utilizes the Model Curriculum for the content area as published by the New Jersey Department of Education. As more of these documents are published the charter school will update its curriculum framework.

The core standards are addressed daily through the delivery and implementation of all lesson plans. The teachers and administrators of the school have demonstrated through the State Assessment results that they have successfully adapted these standards and the model curriculum in an educational program that is successful for the students attending the charter school. Lesson plans detail the standards to be addressed and identify the learning objective for each content area.

Educational materials utilized in the classrooms are selected specifically for their alignment to the state standards and the curricular supports they provide to teachers and to students with varying needs, allowing for differentiation of instruction. Englewood on the Palisades Charter School utilizes Everyday Math, Reading Street and Study Island for the Mathematics and Language Arts program.

The NJDOE Model 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. This curriculum helps students capture the experiences needed to grow intellectually, socially, and emotionally.

High quality instruction begins with clear learning objectives. Lessons are constructed and delivered to actively engage students in learning and problem solving and understanding how the learning will be assessed.

Teachers use a variety of learning resources including the use of technology. They monitor student work and check for understanding throughout the lesson. If necessary the teachers will adjust the instruction to ensure all students have access to the information presented and they are persistent in the use of resources for any students having difficulty.

### **Instruction**

The instruction is creative and motivating yet carefully thought out with the interest and abilities of all students in mind. Teachers utilize informal assessment at the conclusion of the lesson to ensure that learning objectives are met.

EPCS will continue to increase an emphasis on the transition to the development and implementation of a STEM/STEAM curriculum. STEM/STEAM will tie all the content areas to each other through the use of interdisciplinary lessons and activities. It is seen by the educators and administrators of Englewood on the Palisades Charter School as a life-long career and life-readiness way of educating and learning that is adaptable to the rapidly changing global world we live in.

Increasing emphasis on blended learning will also be an integral element of enhancing student performance. Technology and the use of technology will continue to be an integral element of each classroom. As advances in technology are made the school will adapt and incorporate these changes to enhance lesson delivery and student learning.

Englewood on the Palisades Charter School has also recognized the increasing importance and emphasis on STEM education and has been investing in resources to provide it students with access to these curricular elements. The school also recognizes the importance of well-rounded students and is adjusting its STEM curricular materials to put more emphasis on STEM/STEAM - adding increased emphasis on arts and humanities education to the science, technology, engineering and mathematics program.

In its ongoing development the school has purchased FOSS Next Generation Science Program for all grades for the 2016-2017 school year. The students at Englewood on the Palisades Charter School are demonstrating an interest and desire for science education as demonstrated by the results of 2016 NJASK results. This interest will be encouraged and supported through the implementation of the new program.

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.

### **New Jersey Department of Education**

### **Basic Skills and Orton-Gillingham Program**

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

### **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. However, being faced with the challenge of a new test, it was determined that additional training and instructional support was needed to prepare the teachers and students to address the unfamiliar requirements of PARCC.

With this, the Englewood on the Palisades Charter School will continue:

- to use the NJDOE Model Curriculum to develop skill mastery for each student, and grade level.
- 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 support the needs of our students based on the data received from Renaissance, our in-house computerized testing program.
- to incorporate technology into our everyday instruction by the teacher and for the student.

to provide all teaching staff common planning time to collaborate on institutional and grade appropriate skills, goals, challenges, achievement, data analyze, and possible solutions

### **Assessment**

- a) The ongoing cycle of data-driven instruction includes assessment, analysis, and action and is a cornerstone of support of all Student success.

Diagnostic, Formative, and Summative assessments by grade level administered during the 2015-16 year include:

- Benchmark Testing in both Mathematics and Language Arts. (K-6)
- Renaissance Learning STAR Reading and Math Assessments. (K-5)
- Brigance Early Childhood System in both Mathematics and Language Arts. (K)
- Study Island Testing in both Mathematics and Language Arts. (K-6)
- Project/Performance Based, Rubric Dictated, assessments. (K-6)

Each student participates in the assessment programs offered through Renaissance Learning. Teachers begin the school year with a review and analysis of prior year results from Renaissance Learning Star Reading and Math assessments administered at the end of the previous school year for each student for initial planning purposes. These assessments are administered in late September/early October every year and at least four more times during the year.

Teachers note areas of achievement and areas of deficiency for use in the development of lesson plans and activities for each child. Gaps in a students' knowledge are addressed in class and through remediation programs. From the results of these tests teachers utilize Item Analysis Assessments for each student identifying deficient areas. During the school year teachers monitor student assessment results through a detailed list of skills and knowledge that corresponds to the curriculum and the text. These checklists are updated at least once each marking period and are discussed with parents at the report card conference two times each year.

### **Assessment**

Parents have access to all assessment results, formal and informal, and teachers are always ready to review these results upon request and are included during the formal parent-teacher conferences.

Differentiated Teaching is utilized when different members of a classroom have distinctive skill sets that are challenging them. Small group instruction focuses on clusters of skills needed by those in the group. An example of how we use these assessments to improve instructional effectiveness is the Instructional Planning Reports generated from Renaissance Place in the aftermath of the Benchmark Testing. These reports pinpoint, both for the individual Student, and for the Class, Skills that need the most support, so that the Teacher can adjust his/her lesson plans to reinforce learning in these areas.

This year all teachers are incorporating the Instructional Planning Report for the individual student and the entire class. Also, being instituted this school year is the Growth Report by Student which will be included in student evaluations with the Annual Progress Report. The Student Performance Report is also being added this year where the students will be participating in their own goal setting in cooperation with their teachers. They will graph their own reading and mathematics test scores taking ownership of their learning and helping teachers help them. This strategy will be used in the first through sixth grades in grade/age appropriate manner.

Englewood on the Palisades Charter School is also instituting a program of Interactive Notebooks whereby students in all grades will be taught note taking skills, and creating their own study guides.

The purpose of the interactive notebook is to enable students to be creative, independent thinkers and writers. Interactive notebooks are used for class notes as well as for other activities where the student will be asked to express his/her own ideas and process the information presented in class. Interactive Notebooks are a resource for students to take ownership and interact with their learning.

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.

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. The following schedule presents a summary of the General Fund, and special revenue funds for the fiscal years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 3,165,953	\$ 2,819,498	\$ 346,455	12.29%
State Sources	720,304	534,914	185,390	34.66%
Federal Sources	159,003	154,104	4,899	3.18%
Total	<u>\$ 4,045,260</u>	<u>\$ 3,508,516</u>	<u>\$ 536,744</u>	<u>50.12%</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 K-6 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, 2017, 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, 2017 and 2016, and the percentage of increases and decreases in relation to prior year amounts.

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Expenditures</u>				
Instruction	\$ 1,911,309	\$ 1,903,650	\$ 7,659	0.40%
Undistributed Expenditures	1,979,318	2,018,073	(38,755)	-1.92%
Capital Outlay	68,714	29,481	39,233	133.08%
	-	-		
Total	<u>\$ 3,959,341</u>	<u>\$ 3,951,204</u>	<u>\$ 8,137</u>	<u>131.56%</u>

For the year ending June 30, 2017, 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**

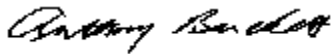
**Independent Audit**

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 now called *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*. 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.

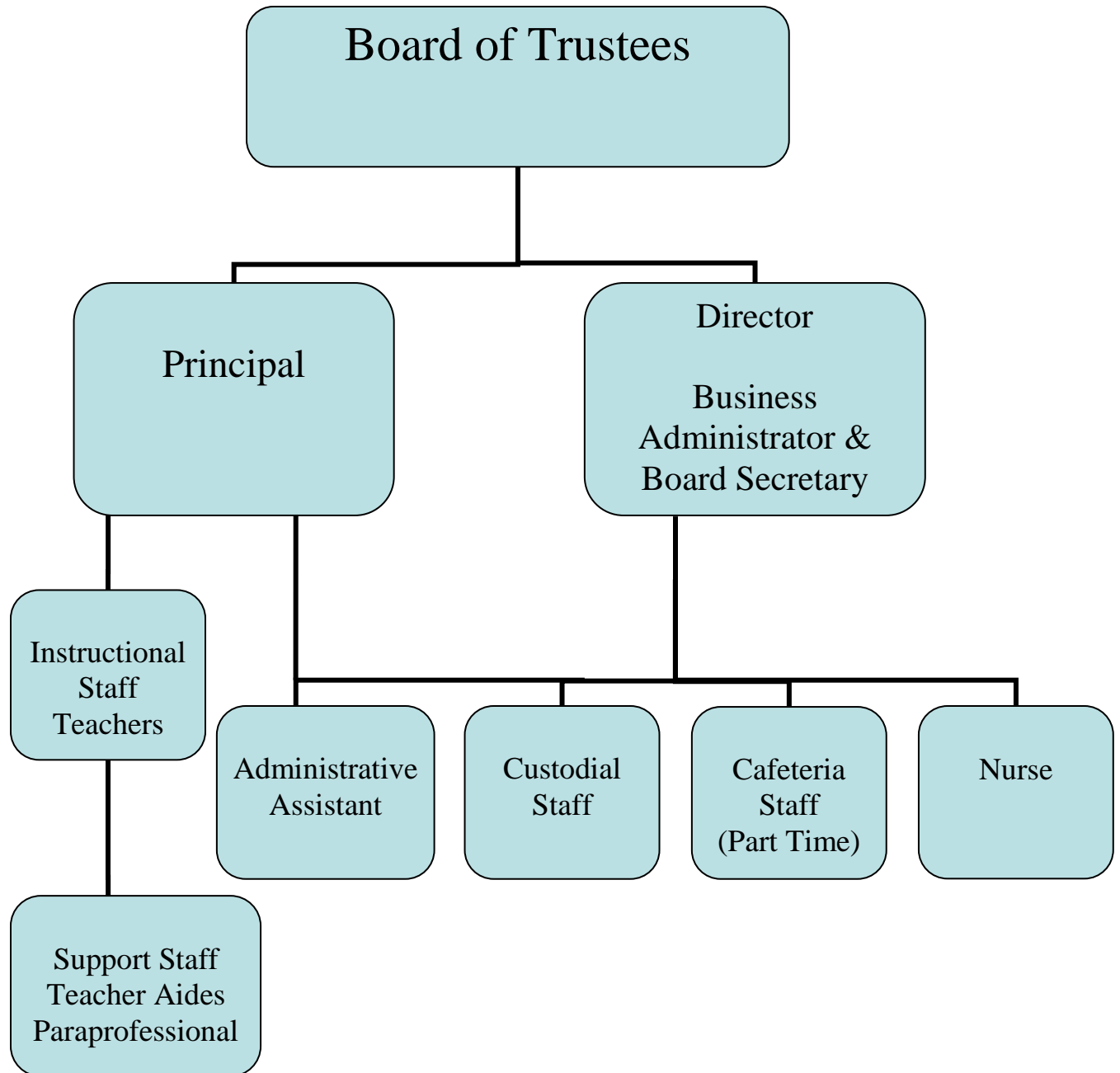
10) **ACKNOWLEDGEMENTS**

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

## ROSTER OF OFFICIALS JUNE 30, 2017

### 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**

**Attorney**

Porzio, Bromberg & Newman PC  
100 Southgate Parkway  
P. O. Box 1997  
Morristown, NJ 07962

Johnston Law Firm LLC  
75 Midland avenue  
Montclair, NJ 07042

**Audit Firm**

Ilori CPA LLC  
24 Commerce Suite1427  
Newark, NJ 07102

**Official Depository**

NVE Bank  
76 Engle Street  
Englewood, NJ 07631

## **FINANCIAL SECTION**



ILORI CPA LLC  
CERTIFIED PUBLIC ACCOUNTANT  
& MANAGEMENT CONSULTANT  
**Member of AICPA, NJCPA & MACPA**

24 COMMERCE STREET SUITE 1427  
NEWARK, NEW JERSEY 07102  
Telephone (973)-621-5780  
Fax (973) 404-8858

## 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, 2017, 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, 2017, 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 supplementary information, which consists of the introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the 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 nonmajor fund financial statement, schedule of expenditures of federal awards and schedule of state financial assistance 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 basic 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, 2017 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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*

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

*ILORI CPA LLC*

December 1, 2017

**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, 2017

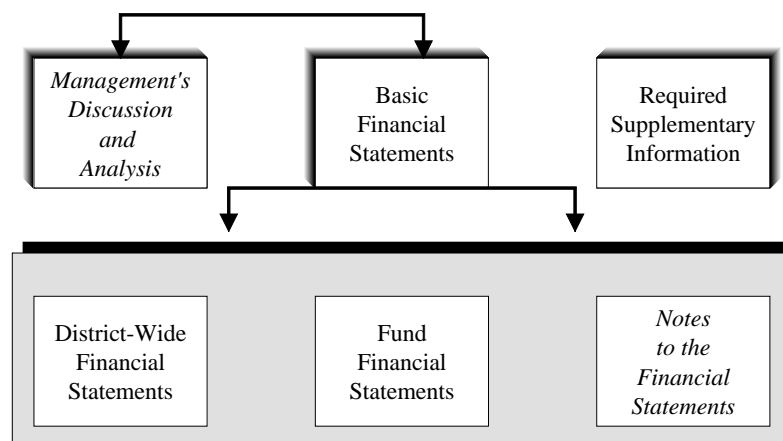
The discussion and analysis of Englewood on the Palisades Charter School’s financial performance provides an overview of the School’s financial activities for the fiscal year ended June 30, 2017. The objective of this overview and analysis is to examine the District’s financial performance as a whole 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, 2017

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 \$826,559 the net position. The Charter School's total net position for the prior year ended June 30, 2016 decreased by net pension liability \$1,418,238 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, 2017**

Table A-2 <b>Major Features of the School-Wide and Fund Financial Statements</b>				
	<b>School-wide Statements</b>	<b>Fund Financial Statements</b>		
		<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, 2017

### Charter School-wide Statements

The School-wide statements report information about the School using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* the government's assets and liabilities. All 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, 2017

### 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, 2017**

#### **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 \$4,545,328 and \$3,798,909 for the years ended June 30, 2017 and 2016, respectively; this included \$152,900 in 2017 and \$149,022 for 2016 of state reimbursed TPAF Social Security Contributions and Pension.

The total cost of all programs and services was \$4,195,987 for 2017 and \$4,232,278 for 2016. 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, 2017

### Business-Type Activities

Revenue for the Charter School's business-type activity Food and After School Programs for the years ended June 30, 2017 and 2016 amounted to \$227,493 and \$196,992 respectively. The revenue increase in the 2017 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 2017 and 2016 was most significant in the general fund. The school governmental fund balance shows significant improvement as it moved from Deficit of \$433,269 to excess of revenue over expenditures in the amount of \$ \$95,399 due efficient use of its fiscal resources in light of the increased 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, 2017 and 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 3,165,953	\$ 2,819,498	\$ 346,455	12.29%
State Sources	720,304	534,914	185,390	34.66%
Federal Sources	152,900	154,104	(1,204)	-0.78%
Total	<u>\$ 4,039,157</u>	<u>\$ 3,508,516</u>	<u>\$ 530,641</u>	<u>46.16%</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, 2017**

**Governmental Activities- Continued**

It identifies the cost of these services supported by unrestricted state entitlements for the fiscal years ended June 30, 2017 and 2016.

	<b>2017</b>	<b>2016</b>		
	<b>Net Cost of</b>	<b>Net Cost of</b>		
	<b>Services</b>	<b>Services</b>	<b>Change</b>	<b>% Change</b>
Instruction	\$ 1,911,309	\$ 1,194,867	\$ 716,442	59.96%
Support Services:				
Administrative expenses	1,165,256	1,194,867	\$ (29,611)	-2.48%
Other support services	920,182	1,104,280	\$ (184,098)	-16.67%
Miscellaneous	0	51,969	\$ (51,969)	-100.00%
Total Expenses	<u>\$ 3,996,747</u>	<u>\$ 2,895,671</u>	<u>\$ 450,764</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 fiscal 2017, 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 \$3,816,155 which included a local share of \$3,077,556. Expenditures and other financing uses were budgeted at \$4,403,172. However, the State of New Jersey reimbursed the Charter School \$152,900 and \$149,022 during the years ended June 30, 2017 and 2016, respectively, for the employer’s share of social security contributions and pension for TPAF members. These unbudgeted amounts were included in both revenues and expenditures.

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

**JUNE 30, 2017**

## **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, 2017 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 2017, 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 2017 and 2016, the total capitalized assets amounts were \$174,319 and \$105,605, respectively.

## **Long-term debt and capitalized lease obligations**

At June 30, 2017, 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 2016-2017. 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, 2017**

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**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, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,501,126	\$ 73,830	\$ 1,574,956
Receivables- State	111,819	296	112,115
Receivables-Federal	-	5,300	5,300
Other Receivable	130,499		130,499
Prepaid assets	50,274		50,274
Depreciated capital assets	-		-
Less Accumulated depreciation of \$108,225	66,094	-	66,094
Total Assets	<u>1,859,812</u>	<u>79,426</u>	<u>1,939,238</u>
<b>Deferred outflows of resources</b>			
Pension deferred outflows	650,044	-	650,044
Total assets and deferred outflows of resources	<u>\$ 2,509,856</u>	<u>\$ 79,426</u>	<u>\$ 2,589,282</u>
 <b>LIABILITIES</b>			
Accounts Payable	15,000	-	15,000
Other Payable - Districts	89,140	-	89,140
Interfund Payable	57,861		57,861
Net Pension Liability	1,418,238		1,418,238
	<u>1,580,239</u>	<u>-</u>	<u>1,580,239</u>
<b>Deferred inflows of resources</b>			
Pension deferred inflows	116,390	-	116,390
 <b>NET POSITION</b>			
Invested in capital assets, net of related debt	66,094		66,094
	-	-	-
Unrestricted	747,133	79,426	826,559
<b>Total net position</b>	<u>\$ 813,227</u>	<u>\$ 79,426</u>	<u>\$ 892,653</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, 2017**

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	\$ 1,911,309	\$ -	\$ 108,147	\$ -	(1,803,162)	\$ -	\$ (1,803,162)
Support services:							
Student & instruction related services	1,165,256	-	-	-	(1,165,256)	-	(1,165,256)
School administrative services	814,062	-	50,856	-	(763,206)	-	(763,206)
Capital outlay	68,714	-	-	-	(68,714)	-	(68,714)
Miscellaneous	-	-	-	-	-	-	-
Unallocated depreciation	37,406	-	-	-	(37,406)	-	(37,406)
Total governmental activities	<u>3,996,747</u>	<u>-</u>	<u>159,003</u>	<u>-</u>	<u>(3,837,744)</u>	<u>-</u>	<u>(3,837,744)</u>
Business-type activities:							
Food service and After care service	199,240	156,874	70,619	-	-	28,253	28,253
Total business-type activities	<u>199,240</u>	<u>156,874</u>	<u>70,619</u>	<u>-</u>	<u>-</u>	<u>28,253</u>	<u>28,253</u>
Total primary government	<u>\$ 4,195,987</u>	<u>\$ 156,874</u>	<u>\$ 229,622</u>	<u>\$ -</u>	<u>\$ (3,837,744)</u>	<u>\$ 28,253</u>	<u>\$ (3,809,491)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
					\$ 3,165,953	\$ -	\$ 3,165,953
Taxes levied for debt service							
					-	-	-
Federal and State aid not restricted							
					720,304	-	720,304
Other sources							
					9,480	-	9,480
Transfers							
					(56,687)	-	(56,687)
Total general revenues, special items, extraordinary items and transfers							
					<u>3,839,050</u>	<u>-</u>	<u>3,839,050</u>
Change in Net Assets B-3							
					1,306	28,253	29,559
Net position—Beginning							
					811,921	51,173	863,094
Adjustment - Pension							
					-	-	-
Adjusted Net position—Beginning							
					<u>811,921</u>	<u>51,173</u>	<u>863,094</u>
Net position—Ending A-1							
					<u>\$ 813,227</u>	<u>\$ 79,426</u>	<u>\$ 892,653</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, 2017**

Exhibit B-1

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Receivables</b>			
Cash and cash equivalents	\$ 1,426,126	\$ -	\$ 1,426,126
Cash - Restricted	75,000	-	75,000
Receivables- State	111,819	-	111,819
Receivables- Federal	-	-	-
Receivable - Court settlement	105,815	-	105,815
Receivable - Others	24,684	-	24,684
Receivables- Security receivable	50,274	-	50,274
Total assets	1,793,718	-	1,793,718

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	15,000	-	15,000
Payable to state or district	89,140	-	89,140
Interfund payable	57,861	-	57,861
Total liabilities	162,001	-	162,001

Fund Balances:

**Unreserved, reported in:**

General fund	1,631,717	-	1,631,717
Total Fund balances	1,631,717	-	1,631,717
Total liabilities and fund balances	\$ 1,793,718	\$ -	

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	174,319	
Less Accumulated Depreciation	108,225	66,094

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) 650,044

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) (116,390)

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) (1,418,238)

Unreported

**Net position of governmental activities- A-1** \$ 813,227

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, 2017**

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenue</b>			
Local sources:			
"Local levy" local share	\$ 3,165,953	\$ -	\$ 3,165,953
Miscellaneous	-	-	-
Total - Local Sources	<u>3,165,953</u>	<u>-</u>	<u>3,165,953</u>
State sources	720,304	-	720,304
Other sources	9,480	-	9,480
TPAF Social Security (Non-Budgeted)	152,900	-	152,900
TPAF Pension and Post Retirement Medical ( Non-Budgeted)	337,688	-	337,688
Federal sources	-	159,003	159,003
Total revenues	<u>4,386,325</u>	<u>159,003</u>	<u>4,545,328</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,803,162	108,147	1,911,309
Undistributed Expenditures:			
Administrative cost	1,165,256	-	1,165,256
Support services	763,206	50,856	814,062
TPAF Social Security (Non-Budgeted)	152,900	-	152,900
TPAF Pension and Post Retirement Medical ( Non-Budgeted)	337,688	-	337,688
Capital outlay	<u>68,714</u>	<u>-</u>	<u>68,714</u>
Total expenditures	<u>4,290,926</u>	<u>159,003</u>	<u>4,449,929</u>
Excess (Deficiency) of revenues over expenditures	<u>95,399</u>	<u>-</u>	<u>95,399</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	95,399	-	95,399
Fund balance—July 1	1,536,318	-	1,536,318
Fund balance—June 30	<u>\$ 1,631,717</u>	<u>\$ -</u>	<u>\$ 1,631,717</u>

TPAF Pension and post retirement medical ( Non-Budgeted)

TPAF Social Security (Non-Budgeted)

**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, 2017**

**Total net change in fund balances - governmental funds (from B-2)** \$ 95,399

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.

	Depreciation expense	(37,406)		
	Assets additions	<u>68,714</u>		
Excess of capital outlays over depreciation expense				31,308

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period (125,401)

**Change in net assets of governmental activities A-2** \$ 1,306

**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, 2017**

**ASSETS**

Current assets:

Cash and cash equivalents	\$	73,830
Government grants receivable-Federal		5,300
Government grants receivable-State		296
Interfund receivable General Fund		
Other receivables		-
Inventories		-
		-
Total current assets		79,426

Total assets		79,426
--------------	--	--------

**LIABILITIES**

Current liabilities:

Accounts payable		-
Interfund payable		-
		-
Total liabilities		-

**NET POSITION**

Invested in capital assets net		-
Unrestricted n		79,426
		79,426

Total net position	\$	79,426
--------------------	----	--------

Total Laibilities and Net Position		79,426
------------------------------------	--	--------

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Charges for services:	
Daily sales - non-reimbursable programs	37,837
After care fees	93,986
New Jersey Care Kids	25,051
Miscellaneous revenue	<u>0</u>
Total operating revenues	<u>156,874</u>
Operating expenses:	
Cost of sales	
Salaries	50,274
Employee benefits	-
Other purchased services	97,566
Field Trips	5,922
Supplies	15,205
Miscellaneous	12,516
Conference & meetings	1,034
Maintenance	12,502
Security	2,643
Postage	1,578
Technology supplies	<u>0</u>
Total Operating Expenses	<u>199,240</u>
Operating loss	<u>(42,366)</u>
Nonoperating revenues:	
<b>State sources:</b>	
State school lunch program	1,523
<b>Federal sources:</b>	
National school breakfast program	4,677
National school lunch program	54,074
Healthy Hunger Free Kids Act	1,736
Federal snack	<u>8,609</u>
Total nonoperating revenues	<u>70,619</u>
Loss before transfers	28,253
Transfers in (out)	<u>-</u>
Change in net position	28,253
Total net position-beginning	<u>51,173</u>
Total net position-ending	<u>\$ 79,426</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, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 156,874
Payments to employees	(50,274)
Payments to suppliers	(148,966)
	<hr/>
Net cash used for operating activities	(42,366)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Payment to vendors	-
Cash received from state and federal reimbursement	70,247
	<hr/>
Net cash provided by (used for) capital and related financing activities	70,247

**Increase in Cash and Cash Equivalents**

	27,881
Balances-beginning of year	<hr/> 45,949
Balances-end of year	<hr/> 73,830

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

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

Operating income (loss)	(42,366)
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	<hr/> <hr/> \$ (42,366)

**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, 2017**

Exhibit B-7

	<b>Unemployment Compensation Trust</b>	<b>Total Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Interfund Receivable	4,696	53,165
	-	-
Total assets	\$ 4,696	\$ 53,165
<b>LIABILITIES</b>		
Payable to the state unemployment		-
Interfund payable	-	
Payroll deductions and withholdings	-	52,063
Payroll payable		1,102
Total liabilities	\$ -	\$ 53,165
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	\$ 4,696	

**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, 2017**

**Exhibit B-8**

	Unemployment Compensation Trust
<b>ADDITIONS</b>	
Contributions:	
Plan member	
Contributions to SUI	\$ 4,696
Other	-
Total Contributions	4,696
Total additions	4,696
<b>DEDUCTIONS</b>	
Quarterly contribution reports	4,696
Administrative expenses	-
Total deductions	4,696
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.**

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2017**

**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, 2017**

**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, 2017

#### **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, 2017, 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, 2017, 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, 2017**

**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, 2017

#### **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, 2017, 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, 2017, 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, 2017**

**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, 2017**

**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>2017</u>
Total revenues and expenditures (budgetary basis)	\$152,900
Adjustments:	
Plus: Encumbrances at June 30, 2016	-
Less: Encumbrances at June 30, 2017	<u>-</u>
Total revenue and expenditures (GAAP basis)	<u>\$ 152,900</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, 2017**

**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, 2017.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2016.

**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, 2017**

**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, 2016, there were no accrued compensated absences at the Charter school.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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**

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2017 in the amount of \$116,390.

The charter school had Pension deferred outflow of resources at June 30, 2017 was \$650,044 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, 2017**

**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, 2017**

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, 2017, and 2016, 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>
\$ 1,501,126	\$ 73,830	\$ -	\$ 1,574,956	\$ 1,905,975
-	-	-	-	-
<u>\$ 1,501,126</u>	<u>\$ 73,830</u>	<u>\$ -</u>	<u>\$ 1,574,956</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**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

As of June 30, 2017, the School's bank balances amounted to \$1,501,126 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, 2017, 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>
Smart board	\$ 27,300	\$ 27,300	\$ -
Equipment	147,019	80,925	66,094
Total	<u>\$ 174,319</u>	<u>\$ 108,225</u>	<u>\$ 66,094</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2016 was \$301,644 before adjustment for security deposit. A new 5year 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, 2017 was 320,013. The annual lease payments are listed below:

<u>Year</u>	<u>Annual Amount</u>
2016	300,983
2017	320,013

**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, 2017, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2017.

# **ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

## **BERGEN COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

#### **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, 2017, 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**

## **BERGEN COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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 determined 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**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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 2017.

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

## BERGEN COUNTY

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

#### 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, 2017**

#### **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, 2017 was \$42,541.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$159,003 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The State also paid \$337,688 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, 2017**

**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 \$5,922,608 as measured on June 30, 2016 and \$7,039,607 as measured on June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$445,002 and revenue of \$445,002 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, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. 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, 2015 and June 30, 2016.

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, 2017**

**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***

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 752,378,257
Collective deferred inflows of resources	\$ 134,532,594	\$ 554,399,005
Collective net pension liability (non-employer State of New Jersey)	\$78,666,367,052	\$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School	\$ 5,922,608	\$ 3,429,237
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.00752877%	0.00542564%

***Actuarial Assumptions***

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.5%
Salary increases:-2012-2021	Varies based on experience
Salary increases	Varies based on experience
Investment rate of returns	7.65%

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**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on 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, 2015, are summarized in the following table:

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

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

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

***Discount Rate***

The discount rate used to measure the State's total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

***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 Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.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, 2017**

**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, 2017, the Charter School reported a liability of \$1,418,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. 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, 2016 and 2015. At June 30, 2016, the Charter School's proportion was 0.0047885732% which was an increase of 0.0013957709% from its proportion measured as of June 30, 2015 which was 0.0033928023%.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$167,941. At June 30, 2017, 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, 2017**

**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***

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences between expected and actual experience	\$ 26,375	\$ -
Changes in assumptions	293,783	-
Net difference between projected and actual earnings on pension plan investments	54,079	-
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	275,807	-
Charter School's contributions subsequent to the measurement date	42,541	-
<b>Total</b>	<b>\$ 692,585</b>	<b>\$ -</b>

**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, 2017, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	<b>Pension Expense</b>
2017	\$ 155,929
2018	155,929
2019	180,649
2020	151,772
2021	48,306
Thereafter	-
	<b>\$ 692,585</b>



**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability (Non-State Local Group)	\$ 29,617,131,759	\$ 22,447,996,119
Charter School's portion of the net pension liability	\$ 1,418,238	\$ 761,616
Charter School's proportion (percentage)	0.00478857%	0.00339280%

***Actuarial Assumptions***

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

Inflation rate	3.08%
Salary increases: through 2026	1.65-4.15% based on age
Salary increases: thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**Public Employees' Retirement System (PERS) - *continued***

***Long-Term Expected Rate of Return***

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**7 Pension Plans – GASB 68 Disclosures - *continued***

**Public Employees’ Retirement System (PERS) – *continued***

***Long-Term Expected Rate of Return– continued***

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2016 and 2015, respectively, calculated using the discount rate of 3.98% and 4.90%, 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:

	<b>2016</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>2.98%</b>	<b>3.98%</b>	<b>4.98%</b>
Charter School's proportionate share of the pension liability	<u>\$ 1,737,885</u>	<u>\$ 1,418,238</u>	<u>\$ 1,154,342</u>
	<b>2015</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>3.90%</b>	<b>4.90%</b>	<b>5.90%</b>
Charter School's proportionate share of the pension liability	<u>\$ 799,135</u>	<u>\$ 761,616</u>	<u>\$ 497,583</u>

## ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

### BERGEN COUNTY

#### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

##### *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, 2016, 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, 2017**

**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, 2017, 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	\$ 1,631,717
Cost of capital assets net accumulated depreciation	66,094
Pension deferred outflows	650,044
Pension deferred inflows	(116,390)
Deferred pension liability as of June 30, 2017	(1,418,238)
Net position (per A-1) as of June 30, 2017	<u>\$ 813,227</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, 2017**

**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>
2016-2017	\$4,696	\$-0-
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, 2017**

**NOTE 17 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 18 UNRESTRICTED DESIGNATED FUND BALANCE**

In accordance with the New Jersey State Department of Education rules and regulations, Charter Schools are now required to maintain a separate escrow account of \$75,000 for purpose of having funds available in the event of a corporate dissolution due to charter surrender or revocation. Accordingly, the Charter school has designated the restricted cash to fund such event if it should occur as detailed in the accompanying financial statements.

**NOTE 19 INTERFUND RECEIVABLES, PAYABLES**

The composition of interfund balances as of June 30, 2017 is as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ -	\$ 57,861
Special Revenue Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	57,861	-
	<u>\$ 57,861</u>	<u>\$ 57,861</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in negative position. Liquidation of this interfund balances is expected within the next fiscal year.



**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**BERGEN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 20 SUBSEQUENT EVENTS**

The Charter School has evaluated subsequent events through November 23, 2017 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, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Levy -Local share	\$ 3,143,968	\$ (66,412)	3,077,556	\$ 3,165,953	88,397
Miscellaneous	-	-	-	-	-
Total - Local Sources	<u>3,143,968</u>	<u>(66,412)</u>	<u>3,077,556</u>	<u>3,165,953</u>	<u>88,397</u>
<b>Categorical Aid:</b>					
Local Levy -State share					
District Security Aid	62,306	(2,109)	60,197	60,274	77
State Non public Aid	-	-	-	-	-
State - Other	621,750	7,926	629,676	615,304	(14,372)
Special Education Aid	68,262	(23,536)	44,726	44,726	-
Total State Sources	<u>752,318</u>	<u>(17,719)</u>	<u>734,599</u>	<u>720,304</u>	<u>(14,295)</u>
<b>Revenue from Other Sources:</b>					
Interest income	5,000	(5,000)	-	3,620	3,620
Other Sources	4,000	-	4,000	5,860	1,860
TPAF Pension and post retirement medical ( Non-Budgeted)	-	-	-	337,688	337,688
TPAF Social Security (Non-Budgeted)	-	-	-	152,900	152,900
Total Revenue from Other Sources	<u>9,000</u>	<u>(5,000)</u>	<u>4,000</u>	<u>500,068</u>	<u>496,068</u>
<b>Total Revenues</b>	<u>3,905,286</u>	<u>(89,131)</u>	<u>3,816,155</u>	<u>4,386,325</u>	<u>570,170</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Instruction</b>					
Salaries of Teachers	1,752,581	(60,000)	1,692,581	1,550,757	141,824
Other Salaries for Instruction	147,140	(7,200)	139,940	139,030	910
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	41,250	(15,000)	26,250	20,402	5,848
Other Purchased Services (400-500 series)	20,000	-	20,000	11,948	8,052
General Supplies	45,000	-	45,000	33,855	11,145
Textbooks	57,500	(4,000)	53,500	43,174	10,326
Miscellaneous	20,000	-	20,000	3,996	16,004
<b>Total Instruction</b>	<u>2,083,471</u>	<u>(86,200)</u>	<u>1,997,271</u>	<u>1,803,162</u>	<u>194,109</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**  
**BUDGETARY COMPARISON SCHEDULE**  
For the fiscal year ended June 30, 2017

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Undist. Expend. - Administrative Cost</b>					
Salaries	342,735	(3,000.00)	339,735	333,990	5,745
Salaries of Secretarial and Clerical Assistants	62,688	-	62,688	61,847	841
Total Benefit Costs	862,575	(43,676)	818,899	684,805	134,094
Professional/Technical Service	65,500	(20,000)	45,500	27,860	17,640
Legal Fees	80,000	(15,000)	65,000	10,038	54,962
Other Purchased Services	23,200	2,500	25,700	20,817	4,883
Communications/Telephone	17,500	(6,059)	11,441	9,581	1,860
Supplies and Materials	7,500	-	7,500	2,928	4,572
Miscellaneous	25,000	-	25,000	13,390	11,610
<b>Total Undist. Expend. - Administrative Cost</b>	<b>1,486,698</b>	<b>(85,235)</b>	<b>1,401,463</b>	<b>1,165,256</b>	<b>236,207</b>
<b>Undist. Expend. - Support Services</b>					
Salaries	246,142	(10,000)	236,142	198,964	37,178
Other Purchased Services and Technical Service	100,000	-	100,000	89,159	10,841
Other Purchased Services (400-500 series)	55,000	-	55,000	31,841	23,159
Rental	345,000	(24,000)	321,000	320,014	986
Insurance-Fidelity, Liability, Property	70,628	(23,132)	47,496	45,186	2,310
Supplies and Materials	20,000	-	20,000	12,986	7,014
Energy	90,000	(20,000)	70,000	61,796	8,204
Trans other	9,800	-	9,800	2,952	6,848
Miscellaneous	5,000	-	5,000	308	4,692
<b>Total Undist. Expend. - Support Services</b>	<b>941,570</b>	<b>(77,132)</b>	<b>864,438</b>	<b>763,206</b>	<b>101,232</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,428,268</b>	<b>(162,367)</b>	<b>2,265,901</b>	<b>1,928,462</b>	<b>337,439</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>2,428,268</b>	<b>(162,367)</b>	<b>2,265,901</b>	<b>1,928,462</b>	<b>337,439</b>
<b>CAPITAL OUTLAY</b>					
Instructional equipment	50,000	-	50,000	22,786	27,214
Non-instructional equipment	15,000	-	15,000	2,204	12,796
Purchase of land/improvement	50,000	-	50,000	32,225	17,775
Miscellaneous expenses	25,000	-	25,000	11,499	13,501
<b>Total Capital Outlay</b>	<b>140,000</b>	<b>-</b>	<b>140,000</b>	<b>68,714</b>	<b>71,286</b>
<b>ON-BEHALF CONTRIBUTIONS</b>					
TPAF Pension and post retirement medical ( Non-Budgeted)	-	-	-	337,688	(337,688)
TPAF Social Security (Non-Budgeted)	-	-	-	152,900	(152,900)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490,588</b>	<b>(490,588)</b>
<b>TOTAL EXPENDITURES</b>	<b>4,651,739</b>	<b>(248,567)</b>	<b>4,403,172</b>	<b>4,290,926</b>	<b>112,246</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>(746,453)</b>	<b>159,436</b>	<b>(587,017)</b>	<b>95,399</b>	<b>682,416</b>
<b>Fund Balance, July 1</b>	<b>(1,683,816)</b>	<b>2,249,432</b>	<b>565,616</b>	<b>1,536,318</b>	<b>(970,702)</b>
<b>Fund Balance, June 30</b>	<b>\$ (2,430,269)</b>	<b>\$ 2,408,868</b>	<b>\$ (21,401)</b>	<b>\$ 1,631,717</b>	<b>\$ (288,286)</b>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL  
BUDGETARY COMPARISON -SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	159,003	-	159,003	159,003	-
Hurricane Impact Aid	-	-	-	-	-
Other- Robert foundation Grant	-	-	-	-	-
<b>Total Revenues</b>	<b>159,003</b>	<b>-</b>	<b>159,003</b>	<b>159,003</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	70,000	5,000	75,000	75,000	-
Other Salaries for Instruction	-	-	-	-	-
Personal Services - Employee Benefits	18,200	1,300	19,500	19,500	-
Purchased Professional and Technical Services	-	-	-	-	-
Purchased Professional - Educational Services	5,000	2,171	7,171	7,171	-
Miscellaneous	-	-	-	-	-
General Supplies	6,476	-	6,476	6,476	-
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
<b>Total Instruction</b>	<b>99,676</b>	<b>8,471</b>	<b>108,147</b>	<b>108,147</b>	<b>-</b>
<b>Support Services</b>					
Salaries of Other Professional Staff	32,000	(2,000)	30,000	30,000	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	8,320	(520)	7,800	7,800	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional Services	-	-	-	-	-
Text Books	-	-	-	-	-
Travel	750	(750)	-	-	-
Other Purchased Services (400-500 series)	10,227	(343)	9,884	9,884	-
Supplies & Materials	3,131	41	3,172	3,172	-
Other Objects	-	-	-	-	-
Supplies	-	-	0	-	-
<b>Total Support Services</b>	<b>54,428</b>	<b>(3,572)</b>	<b>50,856</b>	<b>50,856</b>	<b>-</b>
<b>Facilities Acquisition and Construction Services:</b>					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
<b>Total Facilities Acquisition and Const. Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>154,104</b>	<b>4,899</b>	<b>159,003</b>	<b>159,003</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>		<b>0</b>			
<b>Other Fin.Sources (Uses)</b>	<b>\$ (4,899)</b>	<b>\$ 4,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2017**

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 4,386,325	[C-2] \$ 159,003
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] \$ 4,386,325	[B-2] \$ 159,003
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,290,926	[C-2] \$ 159,003
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] \$ 4,290,926	[B-2] \$ 159,003

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**



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

	Fiscal Year Ended June 30,			2013
	2016	2015	2014	
Charter School's proportion of the net pension liability (assets)	0.0047885732%	0.0033928023%	0.0043224919%	0.0038489431%
Charter School's proportionate share of the net pension liability (assets)	1,418,238	761,616	809,289	735,610
Charter School's covered employee payroll	\$ 331,224	\$ 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	428.18%	233.22%	353.46%	264.19%
Plan fiduciary net position as a percentage of the total pension liability - local	40.14%	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**

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

	<u>2016</u>	<u>Fiscal Year Ended June 30,</u> <u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 42,541	\$ 29,169	\$ 35,634	\$ 29,001
Contribution in relation to the contractually required contribution	<u>(42,541)</u>	<u>(29,169)</u>	<u>(35,634)</u>	<u>(29,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 331,224	\$ 326,568	\$ 228,959	\$ 278,436
Contributions as a percentage of covered employee payroll	12.84%	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.
--

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

	Fiscal Year Ended June 30,			
	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A
Charter School's proportionate share of the net pension liability (assets)**	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 5,922,608	\$ 9,316,796	\$ 7,039,607	\$ 2,574,933
Total	<u>\$ 5,922,608</u>	<u>\$ 9,316,796</u>	<u>\$ 7,039,607</u>	<u>\$ 2,574,933</u>
Charter School's covered employee payroll	\$ 1,722,212	\$ 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	N/A
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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, 2017**

**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**

**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, 2017**

	Title I	Title II	IDEA Part B	Total
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Federal Sources	108,147	9,884	40,972	159,003
	-	-	-	-
<b>Total Revenues</b>	<b>108,147</b>	<b>9,884</b>	<b>40,972</b>	<b>159,003</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	75,000	-	-	75,000
Other Salaries for Instruction	-	-	-	-
Personal Services - Employee Benefits	19,500	-	-	19,500
Purchased Professional - Educational Services	7,171	-	-	7,171
Purchased Professional and Technical Services	-	-	-	-
Miscellaneous	-	-	-	-
General Supplies	6,476	-	-	6,476
Textbooks	-	-	-	-
Other Objects	-	-	-	-
<b>Total instruction</b>	<b>108,147</b>	<b>-</b>	<b>-</b>	<b>108,147</b>
<b>Support services:</b>				
Salaries of Other Professional Staff	-	-	30,000	30,000
Other Salaries	-	-	-	-
Personal Services - Employee Benefits	-	-	7,800	7,800
Purchased Professional - Educational Services	-	-	-	-
Other Purchased Professional Services	-	9,884	-	9,884
Text Books	-	-	-	-
Travel	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-
Supplies & Materials	-	-	3,172	3,172
Instructional Equipment	-	-	-	-
Other Objects	-	-	-	-
<b>Total support services</b>	<b>-</b>	<b>9,884</b>	<b>40,972</b>	<b>50,856</b>
<b>Facilities acquisition and construction:</b>				
Buildings	-	-	-	-
Instructional Equipment	-	-	-	-
Noninstructional Equipment	-	-	-	-
<b>Total facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>108,147</b>	<b>9,884</b>	<b>40,972</b>	<b>159,003</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2017, 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, 2017**

**Exhibit G-1**

	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 24,650	\$ 49,180	\$ 73,830
Government grants receivable-Fed	5,300	-	5,300
Government grants receivable-State	296	-	296
Interfund receivable General Fund	-	-	-
Other receivables	-	-	-
Inventories	-	-	-
Total current assets	<u>30,246</u>	<u>49,180</u>	<u>79,426</u>
Total assets	<u><u>30,246</u></u>	<u><u>49,180</u></u>	<u><u>79,426</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	-	-
Interfund payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Invested in capital assets net	-	-	-
Unrestricted net assets	<u>30,246</u>	<u>49,180</u>	<u>79,426</u>
Total net assets	<u>\$ 30,246</u>	<u>\$ 49,180</u>	<u>\$ 79,426</u>
Total Laibilities and Net Position	<u><u>30,246</u></u>	<u><u>49,180</u></u>	<u><u>79,426</u></u>

**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, 2017**

Operating revenues:	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
Charges for services:			
Daily sales - non-reimbursable programs	\$ 37,837	\$ -	\$ 37,837
After care fees		93,986	93,986
New Jersey Care for Kids		25,051	25,051
Miscellaneous revenue	-	-	-
Total operating revenues	<u>37,837</u>	<u>119,037</u>	<u>156,874</u>
Operating expenses:			
Cost of sales	-	-	-
Salaries	-	50,274	50,274
Employee benefits	-	-	-
Other purchased services	90,616	6,950	97,566
Field Trip		5,922	5,922
Supplies	21	15,184	15,205
Miscellaneous	54	12,462	12,516
Conference & meetings	-	1,034	1,034
Maintenance	2,820	9,682	12,502
Security		2,643	2,643
Postage	-	1,578	1,578
Technology supplies	-	-	-
Total Operating Expenses	<u>93,511</u>	<u>105,729</u>	<u>199,240</u>
Operating loss	<u>(55,674)</u>	<u>13,308</u>	<u>(42,366)</u>
Nonoperating revenues:			
<b>State sources:</b>			
State school lunch program	1,523	-	1,523
<b>Federal sources:</b>			
National school breakfast program	4,677	-	4,677
National school lunch program	54,074	-	54,074
Healthy Hunger Free Kids Act	1,736		1,736
Federal snack	8,609	-	8,609
Total nonoperating revenues	<u>70,619</u>	<u>-</u>	<u>70,619</u>
Loss before transfers	14,945	13,308	28,253
Transfers in (out)	-	-	-
Change in net position	14,945	13,308	28,253
Total net position-beginning	<u>15,301</u>	<u>35,872</u>	<u>51,173</u>
Total net position-ending	<u>\$ 30,246</u>	<u>\$ 49,180</u>	<u>\$ 79,426</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, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 156,874
Payments to employees	(50,274)
Payments to suppliers	(148,966)
Net cash used for operating activities	<u>(42,366)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Payment to vendors	-
Cash received from State and Federal reimbursements	70,247
Other receipts	-
	<u>70,247</u>

**Decrease in Cash and Cash Equivalents** 27,881

Balances-beginning of year	<u>45,949</u>
Balances-end of year	<u><u>73,830</u></u>

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

Operating income (loss)	(42,366)
Increase in receivable	-
Increase/(Decrease) in payable	-
Net cash used for operating activities	<u><u>\$ (42,366)</u></u>

**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, 2017 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, 2017**

Exhibit H-1

	<u>Unemployment Compensation Insurance</u>	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Other current assets				-
Interfund Receivable	<u>4,696</u>	<u>53,165</u>	-	<u>53,165</u>
Total assets	<u>4,696</u>	<u>53,165</u>	-	<u>53,165</u>
<b>LIABILITIES</b>				
Interfund Payable	\$ -	\$ -		\$ -
Payroll deductions and withholdings	-	52,063	\$ -	52,063
Other Payable	-	1,102		1,102
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>53,165</u>	<u>-</u>	<u>53,165</u>
<b>NET POSITION</b>				
Reserved for unemployment claims and other purposes	4,696	-		-
Unrestricted surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 4,696</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, 2017**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
General fund Appropriation	\$ -
Contribution	4,696
	<u>-</u>
Total Contributions	<u>4,696</u>
<b>DEDUCTIONS</b>	
	-
Payment to NJ unemployment compensation fund	-
Claims	-
	<u>-</u>
Total deductions	<u>-</u>
Change in net assets	<u>4,696</u>
Net position-beginning of the year	<u>-</u>
Net position-end of the year	<u><u>\$ 4,696</u></u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Assets</u>	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
Interfund receivable	\$ 86,733	\$ 1,276,923	1,310,491	53,165
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 86,733</u>	<u>\$ 1,276,923</u>	<u>\$ 1,310,491</u>	<u>\$ 53,165</u>
 <b><u>Liabilities</u></b>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	41,297	1,276,923	1,266,157	52,063
Other payable	45,436	-	44,334	1,102
	<u>45,436</u>	<u>-</u>	<u>44,334</u>	<u>1,102</u>
Total liabilities	<u>\$ 86,733</u>	<u>\$ 1,276,923</u>	<u>\$ 1,310,491</u>	<u>\$ 53,165</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, 2017, 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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Invested in capital assets, net of related debt	\$ 66,094	\$ 34,786	\$ 13,967	\$ 15,779	\$ 23,738	\$ 16,498	\$ -	\$ 53,710	\$ -	\$ -
Restricted										
Unrestricted	747,133	747,133	1,214,069	2,479,292	2,653,773	2,701,187	2,583,750	2,700,021	2,461,135	1,899,553
Total governmental activities net position	<u>\$ 813,227</u>	<u>\$ 781,919</u>	<u>\$ 1,228,036</u>	<u>\$ 2,495,071</u>	<u>\$ 2,677,511</u>	<u>\$ 2,717,685</u>	<u>\$ 2,583,750</u>	<u>\$ 2,753,731</u>	<u>\$ 2,461,135</u>	<u>\$ 1,899,553</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	79,426	51,173	17,461	21,523	3,000	161	5,194	3,166	800	2,923
Total business-type activities net position	<u>\$ 79,426</u>	<u>\$ 51,173</u>	<u>\$ 17,461</u>	<u>\$ 21,523</u>	<u>\$ 3,000</u>	<u>\$ 161</u>	<u>\$ 5,194</u>	<u>\$ 3,166</u>	<u>\$ 800</u>	<u>\$ 2,923</u>
District-wide										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,710	\$ -	\$ -
Restricted										
Unrestricted	892,653	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
Total district-wide net position	<u>\$ 892,653</u>	<u>\$ 863,094</u>	<u>\$ 1,245,497</u>	<u>\$ 2,516,594</u>	<u>\$ 2,680,511</u>	<u>\$ 2,717,846</u>	<u>\$ 2,588,944</u>	<u>\$ 2,756,897</u>	<u>\$ 2,461,935</u>	<u>\$ 1,902,476</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

NET POSITION BY COMPONENTS

UNAUDITED

LAST TEN YEARS

(accrual basis of accounting)

Fiscal Year Ending June 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities										
Instruction	1,903,650	1,903,650	\$ 1,721,650	\$ 1,721,559	\$ 1,464,319	\$ 1,464,319	\$ 1,458,816	\$ 1,458,816	\$ 1,285,686	\$ 1,002,432
Administration	1,194,867	1,194,867	1,122,763	1,122,763	753,636	753,636	792,675	792,675	618,725	579,009
Support Services:	823,206	823,206	767,207	767,207	766,784	766,784	831,689	831,689	715,827	521,124
Capital Outlay	71,418	71,418	137,225	137,225	50,238	50,238	37,801	62,798	58,677	-
	<u>3,993,141</u>	<u>3,993,141</u>	<u>3,748,845</u>	<u>3,748,754</u>	<u>3,034,977</u>	<u>3,034,977</u>	<u>3,120,981</u>	<u>3,145,978</u>	<u>2,678,915</u>	<u>\$ 2,102,565</u>
<b>Total governmental activities expenses</b>										
Business-type activities:										
Food service	113,631	113,631	-	-	-	-	-	-	-	0
After Child Care	62,079	62,079	47,151	47,151	45,516	45,516	50,423	47,484	60,238	0
Total business-type activities expense	<u>175,710</u>	<u>175,710</u>	<u>-</u>	<u>47,151</u>	<u>45,516</u>	<u>45,516</u>	<u>50,423</u>	<u>47,484</u>	<u>60,238</u>	<u>-</u>
Total district expenses	<u>4,168,851</u>	<u>4,168,851</u>	<u>\$ 3,748,845</u>	<u>\$ 3,795,905</u>	<u>\$ 3,080,493</u>	<u>\$ 3,080,493</u>	<u>\$ 3,171,404</u>	<u>\$ 3,193,462</u>	<u>\$ 2,739,153</u>	<u>\$ 2,102,565</u>
<b>Program Revenues</b>										
Governmental activities:										
Revenue	0	3,798,909	\$ -	\$ -	\$ -	\$ -	\$ 66,784	\$ 66,784	\$ -	0
Operating grants and contributions	154,104	154,104	148,201	148,201	158,614	161,824	171,602	275,424	161,954	165,574
Capital grants and contributions	0	0	-	-	-	-	-	-	-	0
Total governmental activities program revenues	<u>154,104</u>	<u>3,953,013</u>	<u>148,201</u>	<u>148,201</u>	<u>158,614</u>	<u>161,824</u>	<u>238,386</u>	<u>342,208</u>	<u>161,954</u>	<u>165,574</u>
<b>Business-type activities:</b>										
Charges for services										
Food service	23,058	31,250	-	-	-	-	-	-	-	-
After care and other services	70,385	100,011	49,990	49,990	40,483	40,483	52,451	49,850	58,115	49,798
Operating grants and contributions	65,731	65,731	-	-	-	-	-	-	-	-
Capital grants and contributions	0	0	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>159,174</u>	<u>159,174</u>	<u>49,990</u>	<u>49,990</u>	<u>40,483</u>	<u>40,483</u>	<u>52,451</u>	<u>49,850</u>	<u>58,115</u>	<u>49,798</u>
Total district program revenues	<u>313,278</u>	<u>313,278</u>	<u>\$ 198,191</u>	<u>\$ 198,191</u>	<u>\$ 199,097</u>	<u>\$ 202,307</u>	<u>\$ 290,837</u>	<u>\$ 392,058</u>	<u>\$ 220,069</u>	<u>\$ 215,372</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(3,839,037)	(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)
Business-type activities	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366	(2,123)	2
Total district-wide net expense	<u>(3,855,573)</u>	<u>(3,855,573)</u>	<u>\$ (3,582,030)</u>	<u>\$ (3,582,030)</u>	<u>\$ (2,901,963)</u>	<u>\$ (2,878,186)</u>	<u>\$ (2,880,567)</u>	<u>\$ (2,801,404)</u>	<u>\$ (2,519,084)</u>	<u>\$ (1,936,989)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
General purposes	2,819,498	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
Grants and contributions(Federal/state aid)	534,914	534,914	391,754	391,754	293,193	372,774	169,689	168,287	483,378	1,322,745
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	290,393	290,393	126,161	126,161	88,506	58,675	44,408	208,728	201,923	50,065
Total governmental activities	<u>3,644,805</u>	<u>3,644,805</u>	<u>3,426,072</u>	<u>3,426,072</u>	<u>2,864,628</u>	<u>2,990,590</u>	<u>2,772,749</u>	<u>3,096,366</u>	<u>3,078,543</u>	<u>2,880,263</u>
<b>Business-type activities:</b>										
Investment earnings	0	0	-	-	-	-	-	-	-	0
Transfers	0	0	-	-	-	-	-	-	-	-
Total business-type activities	<u>0</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
<b>Total Charter -wide Change in Net Position</b>										
Governmental activities	(194,232)	(416,115)	\$ (174,481)	\$ (174,481)	\$ (40,174)	\$ 117,437	\$ (109,846)	\$ 292,596	\$ 561,582	\$ 943,272
Business-type activities	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366	(2,123)	2
	<u>(210,768)</u>	<u>(382,403)</u>	<u>\$ (155,958)</u>	<u>\$ (155,958)</u>	<u>\$ (37,335)</u>	<u>\$ 112,404</u>	<u>\$ (107,818)</u>	<u>\$ 294,962</u>	<u>\$ 559,459</u>	<u>\$ 943,274</u>
<b>Total Charter School</b>										

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**Exhibit J-3**

**FUND BALANCES-GOVERNMENTAL FUNDS**

**LAST TEN YEARS**

*(modified accrual basis of accounting)*

**UNAUDITED**

**Fiscal Year Ending June 30,**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,631,717	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
Total general fund	<u>\$ 1,631,717</u>	<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>
<b>All Other Governmental Funds</b>										
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>
<b>Total governmental funds</b>	<u>\$ 1,631,717</u>	<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>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

Exhibit J-4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS  
(modified accrual basis of accounting)  
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Local sources	3,165,953	2,819,498	2,702,506	2,908,157	2,482,929	2,559,141	2,563,511	2,719,351	2,393,242	1,507,453
Contribution										
Miscellaneous	9,480	290,393	357,860	406,170	263,940	290,158	229,926	208,728	140,777	190,842
State sources	1,210,892	534,914	440,477	391,754	293,193	372,774	169,689	168,287	55,814	1,322,745
Federal sources	159,003	154,104	154,020	148,201	158,614	161,824	171,602	275,424	161,954	165,574
Total revenue	4,545,328	3,798,909	3,654,863	3,854,282	3,198,676	3,383,897	3,134,728	3,371,790	2,751,787	3,186,614
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,911,309	1,903,650	1,757,510	1,721,559	1,437,494	1,464,319	1,529,885	1,466,510	1,285,686	1,113,998
Special education instruction										
Other special instruction										
Vocational education										
Other instruction										
Nonpublic school programs										
Adult/continuing education										
Support Services:										
Tuition										
Student & inst. related services										
General administration										
School administrative services	1,165,256	548,187	1,197,631	554,599	450,850	753,636	779,949	625,578	569,718	579,009
Central services										
Admin. information technology										
Plant operations and maintenance										
Pupil transportation										
Other Support Services	619,845	1,104,208	491,229	1,047,216	856,300	766,784	712,987	810,733	618,725	575,132
Employee benefits	684,805	646,680	646,680	568,164	460,086	231,483	190,377	167,285	146,109	140,777
Capital outlay	68,714	29,481	71,418	137,225	41,360	50,238	37,801	62,798	58,677	95,566
Debt service:										
Principal										
Interest and other charges										
Total expenditures	4,449,929	4,232,206	4,164,468	4,028,763	3,246,090	3,266,460	3,250,999	3,132,904	2,678,915	2,504,482
Excess (Deficiency) of revenues over (under) expenditures	95,399	(433,297)	(509,605)	(174,481)	(47,414)	117,437	(116,271)	238,886	72,872	682,132
<b>Other Financing sources (uses)</b>										
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	\$ 95,399	\$ (433,297)	\$ (509,605)	\$ (174,481)	\$ (47,414)	\$ 117,437	\$ (116,271)	\$ 238,886	\$ 72,872	\$ 682,132

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**FULL TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY  
FUNCTION/PROGRAM**

**LAST TEN YEARS**

*(modified accrual basis of accounting)*

**GRADE 1-6**

**UNAUDITED**

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	12	12	12	12	12	12	12	12	12	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	6	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	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>23</u>	<u>26</u>

**Source:** District Personnel Records

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

Exhibit J-17

OPERATING STATISTICS

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) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						K	ELEMENTARY	GRADE 4-6				
2005	192	1,089,426	5,674	-44.00%	-	2	6	6	188.2	184.4	#REF!	98.00%
2006	182	2,126,167	11,682	105.89%	-	2	6	6	178.4	174.8	-5.21%	98.00%
2007	183	2,099,820	11,474	-1.78%	-	2	6	6	179.6	172	0.70%	95.49%
2008	175	2,504,482	14,311	24.72%	-	2	6	6	177.6	170	-1.11%	95.55%
2009	182	2,516,961	13,829	-3.37%	-	2	6	6	182	178.4	2.48%	98.00%
2010	199	2,650,091	13,317	-3.71%	-	2	6	4	199	191.0	9.34%	96.00%
2011	196	3,060,622	15,615	17.26%	-	2	6	4	196.0	188.2	-1.51%	96.00%
2012	181	3,266,460	18,047	15.57%	-	2	6	4	185.6	178.2	-5.31%	96.01%
2014	178	3,246,090	18,236	1.05%	-	2	6	4	174.4	171.0	-6.01%	98.00%
2015	178	4,449,929	25,000	37.09%		2	6	4	174.4	171.0	0.00%	98.00%
2016	206	4,232,278	20,545	-17.82%		2	6	4	201.9	197.8	15.73%	98.00%
2017	242	4,449,929	18,388	-10.50%		2	6	4	237.2	232.4	17.48%	98.00%

Note: Enrollment based on annual October district count.



**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

**SCHOOL BUILDING INFORMATION**

**LAST TEN YEARS  
UNAUDITED**

<b><u>Charter School Building</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Square Feet	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
<b>Enrollment:</b>										
Kindergarten	32	29	29	29	29	30	33	33	36	28
Grade 1	38	33	33	33	27	33	34	36	31	29
Grade 2	35	32	32	32	29	32	35	34	33	28
Grade 3	38	27	27	27	28	28	30	33	28	28
Grade 4	37	32	32	32	23	33	36	33	30	20
Grade 5	36	25	25	25	30	25	28	30	24	25
Grade 6	26	-	-	-	21	-	-	-	-	17
Total students	242	210	178	178	187	181	196	199	182	175

**2016-17 SCHEDULE OF INSURANCE  
FOR  
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<b><u>Package</u></b> NJSBAIG P831 09/08/16-07/01/17 \$7,941	Covered Location	65 West Demarest Avenue, Englewood, NJ 07631
<b><u>Property</u></b>	\$395,000 \$120,000 \$225,000	Contents –All Risk w/ \$1,000 Deductible Loss of Business Income/Tuition Limit w/ \$1,000 Deductible Electronic Data Processing w/ \$1,000 Deductible
<b><u>Crime</u></b>	\$25,000 \$25,000 \$5,000 \$5,000  \$148,000	Faithful Performance w/ \$500 Deductible Forgery & Alteration w/ \$500 Deductible Money & Securities w/ \$500 Deductible Money Order/Counterfeit w/ \$500 Deductible  Board Secretary/SBA w/ \$1,000 Deductible (A. Barckett)
<b><u>General Liability</u></b>	\$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000	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
<b><u>Automobile Liability</u></b>	\$5,000,000	Hired and Non Owned
<b><u>Student Accident</u></b> Berkley Life and Health Insurance Company PAI L00490423 003 09/08/16-09/08/17 \$2,002	\$5,000,000 \$10,000	Accident Medical Excess Benefit (Gold Plan) AD&D
<b><u>School Leaders E&amp;O</u></b> NJSBAIG E831 09/08/16-07/01/17 \$5,627	\$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
<b><u>Workers' Compensation</u></b> NJSBAIG W831 09/08/16-07/01/17 \$20,758 \$2,070,250 School Professional \$178,741 School Non-Professional 0.7959 MOD)	\$1,000,000 \$1,000,000 \$1,000,000	Each Accident Each Employee Policy Limit
<b><u>Supplemental Indemnity</u></b> NJSBAIG 6477-57-74 09/08/16-07/01/17 \$748	Statutory	7-Day Waiting Period

**Charter School Performance Framework Financial Indicators  
Near Term Indicators  
June 30, 2017  
Unaudited**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash	\$ 1,426,126	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	298,188	190,542	156,089	113,279
Capital assets, net	66,094	34,786	13,967	15,799
Total assets	<u>1,790,408</u>	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	162,001	66,039	66,039	30,843
Long term liabilities	-	-	-	-
Total liabilities	<u>162,001</u>	<u>66,039</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>\$ 1,628,407</u>	<u>\$ 1,623,326</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	\$ 4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	<u>\$ 95,399</u>	<u>\$ (433,369)</u>	<u>\$ (509,605)</u>	<u>\$ (174,481)</u>
Depreciation expense	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Final average daily enrollment	240	206	178	196
March 30th budgeted enrollment	250	211	190	200

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>Two Year Cumulative</b>
<b>NEAR TERM INDICATORS:</b>					
Current ratio	10.64	25.05	31.21	77.52	108.73
Unrestricted days cash	116.98	126.26	166.97	206.36	39.39
Enrollment variance	96%	98%	94%	98%	0.96
Default	N/A	N/A	N/A	N/A	N/A

Source: Charter School Records

**Charter School Performance Framework Financial Indicators  
Sustainability Indicators  
June 30, 2017  
Unaudited**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,426,126	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	298,188	190,542	156,089	113,279
Capital assets, net	66,094	34,786	13,967	15,799
Total assets	<u>1,790,408</u>	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	162,001	67,088	66,039	30,843
Long term liabilities	0	-	-	-
Total liabilities	<u>162,001</u>	<u>67,088</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>1,628,407</u>	<u>\$ 1,622,277</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	<u>\$ 95,399</u>	<u>\$ (433,369)</u>	<u>\$ (509,605)</u>	<u>\$ (174,481)</u>
Depreciation expense	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Final average daily enrollment	240	206	178	196
March 30th budgeted enrollment	250	211	190	200

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>Two Year Cumulative</u>
<b>SUSTAINABILITY INDICATORS:</b>					
Total Marging	2.10%	-11.41%	-13.94%	-4.53%	(0.28)
Debt to asset	N/A	N/A	N/A	206.36	206.36
Cash flow	\$ (37,911)	\$ (440,988)	\$ (372,726)	107376%	0.97
Debt ratio	N/A	N/A	N/A	N/A	N/A

Source: Charter School Records

## **SINGLE AUDIT SECTION**



ILORI CPA LLC  
CERTIFIED PUBLIC ACCOUNTANT  
& MANAGEMENT CONSULTANT  
**Member of AICPA, NJCPA & MACPA**

24 COMMERCE STREET SUITE 1427  
NEWARK, NEW JERSEY 07102  
Telephone (973)-621-5780  
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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, 2017, and the related notes to the financial statements, which collectively comprise Charter School's basic financial statements, and have issued our report thereon dated December1, 2017.

#### **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*

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

*ILORI CPA LLC*

December 1, 2017



ILORI CPA LLC  
CERTIFIED PUBLIC ACCOUNTANT  
& MANAGEMENT CONSULTANT  
**Member of AICPA, NJCPA & MACPA**

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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, 2017. 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, 2017.

### **Report on Internal Control over Compliance**

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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*

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

*ILori CPA LLC*

December 1, 2017

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL  
(BERGEN COUNTY )

EXHIBIT K-3  
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA No.	Grant or State Project No.	Program Name	Program or Award Amount	Grant Period	Balance 06/30/16	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	(Accts. Rec.) Def. Rev 6/30/2017	Due to Grantor 6/30/2017
<b>U.S. Department of Education</b>												
<b>Passed-through State Dept. of Education:</b>												
Title I-Grants to Local Educational Agencies	84.010A	NCLB643003	Title I	\$ 108,147	7/1/16/30/17	\$ -	\$ -	\$ 108,147	\$ 108,147	\$ -	\$ -	\$ -
Title II Part A Improving Teachers Quality State Grant	84.367A	NCLB643003	Title IIA	9,884	7/1/16/30/17	-	-	9,884	9,884	-	-	-
IDEA - Individuals with Disabilities Education Act	84.027		IDEA	40,972	7/1/16/30/17			40,972	40,972			
<b>Total U. S. Dept. of Education</b>				<u>\$ 159,003</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,003</u>	<u>\$ 159,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>U.S. Department of Agriculture</b>												
<b>Passed-Through New Jersey Dept of Agriculture</b>												
National School Lunch Program	10.555			75,919	7/1/16-6/30/17	-	-	70,619	75,919	-	\$ (5,300)	-
<b>Total Enterprise Fund/Total U.S. Department of Agriculture</b>				<u>75,919</u>		<u>-</u>	<u>-</u>	<u>70,619</u>	<u>75,919</u>	<u>-</u>	<u>(5,300)</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 234,922</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,622</u>	<u>\$ 234,922</u>	<u>\$ -</u>	<u>\$ (5,300)</u>	<u>\$ -</u>

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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL  
(BERGEN COUNTY)

EXHIBIT K-4

SCHEDULE B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

JUNE 30, 2017

STATE GRANTOR/ PROGRAM TITLE	Grant or State Project No.	Program or Award Amount	Grant Period	(Accts. Rec.) Def. Rev June 30, 2016	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment or Prior Year's Balance	(Accts. Rec.) Def. Rev June 30, 2017	Due to Grantor June 30, 2017	
<b>State Department of Education</b>												
<b>General Fund:</b>												
Equalization Aid	17-495-034-5120-078	\$ 3,075,899	7/1/16-6/30/17	\$ -	\$ -	\$ 3,053,220	3,075,899	\$ -	(22,679)	-		
Equalization Aid	16-495-034-5120-078	2,697,731	7/1/15-6/30/16	(29,229)	-	29,229	-	-	-	-		
Security Aid	17-495-034-5120-084	60,737	7/1/16-6/30/17	-	-	60,737	60,737	-	-	-		
Special Education	17-495-034-5120-089	45,843	7/1/16-6/30/17	-	-	45,843	45,843	-	-	-		
State Adjustment Aid	17-495-034-5120-089	632,808	7/1/16-6/30/17	-	-	632,808	632,808	-	-	-		
Social Security Tax Reimbursement	17-495-034-5095-002	152,900	7/1/16-6/30/17	-	-	152,900	152,900	-	-	-		
Teacher's Pension and Post Retirement	17-495-034-5095-001	337,688	7/1/16-6/30/17	-	-	337,688	337,688	-	-	-		
<b>Total State Educational aid</b>		<b>7,003,606</b>		<b>(29,229)</b>	<b>-</b>	<b>4,312,425</b>	<b>4,305,875</b>	<b>-</b>	<b>(22,679)</b>	<b>-</b>		
<b>State Department of Agriculture</b>												
State School lunch program	17-100-010-3350-023	1,818	7/1/16-6/30/17	-	-	1,522	1,818	-	(296)	-		
<b>Total State Dept. of Agriculture</b>		<b>1,818</b>		<b>-</b>	<b>-</b>	<b>1,522</b>	<b>1,818</b>	<b>-</b>	<b>(296)</b>	<b>-</b>		
<b>Total State Financial Assistance</b>		<b>7,005,424</b>		<b>(29,229)</b>	<b>0</b>	<b>4,313,947</b>	<b>4,307,693</b>	<b>0</b>	<b>0</b>	<b>(22,975)</b>	<b>0</b>	
Less expenditures not subject to state single audits							(337,688)					
<b>Total State Financial Assistance Subject to Single Audit</b>							<b>\$ 3,970,005</b>					

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, 2017**

**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 this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. 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, 2017

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS- CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,800,338	\$ 3,800,338
Special Revenue Fund	159,003	-	159,003
Enterprise Fund	70,619	1,523	72,142
Total	<u>\$ 229,622</u>	<u>\$ 3,801,861</u>	<u>\$ 4,031,483</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, 2017.

NOTE 6. ONBEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Part I Summary of Auditors' Results**

**Financial Statements Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified? \_\_\_\_\_ Yes  None reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  No

**Federal Awards:**

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

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified? \_\_\_\_\_ Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes  No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

N/A

N/A

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

Auditee qualifies as low-risk auditee?  yes \_\_\_\_\_ No

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**State Financial Assistance Section**

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

Auditee qualifies as low-risk auditee?  yes  No

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

Internal control over major programs:

Material weaknesses identified?  Yes  No

Significant deficiencies identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circulars 15-08 as applicable?  Yes  No

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-085	State Adjustment Aid



**SCHEDULES OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

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

None

**SUMMARY SCHEDULE OF PRIOR YEAR  
AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

There were no findings in prior year.