

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL
JUNE 30, 2019**

PREPARED BY

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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

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INTRODUCTORY SECTION

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL**

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

**DR. SHIRL BURNS
PRINCIPAL**

December 17, 2019

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, 2019. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the Management’s Discussion and Analysis, the basic financial statements, required supplementary information and other supplementary information, as well as the auditor’s report thereon. The statistical section includes ten unaudited fiscal years of data. The Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB’s Circular 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.” Information related to this single audit, including the auditor’s report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES**

The Charter School is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

The Charter School provides a full range of educational services appropriate to grade levels K through 5. This includes regular and special needs student enrollment. We do accept special education and handicapped children if appropriate application is made to the Charter School as required by law. The Charter School completed the 2018-2019 fiscal year with an average daily enrollment of 312 students, which is 36 students more than the previous year's enrollment. The following details the changes in student enrollment of the school over the last three years.

	<u>Average Daily Enrollment</u>		
Fiscal	Student	Percentage	
Year	Enrollment	Change	
2018-2019	312	13.04%	
2017-2018	276	12.65%	
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%	

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. 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, and our architects to reach an agreement on the process.

Major Initiatives

The Englewood on the Palisades Charter School (EPCS) is a K-5 public school serving 312 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 2018-2019 school year 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 of our 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, 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.

At EPCS, our 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, 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 also 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 2nd thru 8th Grades has access to their own Chromebook to help support and engage them in class instruction in all academic areas, in addition to enhancing areas of specials; which includes Art, Music, Spanish, and Health.

This year all teachers continued to incorporate the Instructional Planning Report for the individual student and the entire class. Also utilized this school year was the Growth Report by Student which was included in student evaluations with the Annual Progress Report. The Student Performance Report was also used this year where the students will be participating in their own goal setting in cooperation with their teachers. They graphed their own reading and mathematics test scores taking ownership of their learning and helping teachers help them. This strategy was used in the first through fifth grades in a grade/age appropriate manner.

Englewood on the Palisades Charter School has also instituted a program of Interactive Notebooks whereby students in all grades are taught note taking skills and create 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.

The mission of the Englewood on the Palisades Charter School is to provide a nurturing, caring, child-centered, constructivist learning community; modeling skills and practices necessary for obtaining a high degree of achievement in an increasingly complex, independent global society. The focus of EPCS is to provide all students with a learning environment that effectively addresses their academic and social needs as they build self-esteem and self-worth. It is the endeavor of the school to empower all students with the knowledge and flexibility to adapt and help shape our ever-changing world.

Key areas of on-going concentration are 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 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. 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. All students in 2nd thru 6th 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.

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 and will continue to utilize it for the 2019-2020 school year. The students at Englewood on the Palisades Charter School are demonstrating an interest and desire for science education. This can be seen in the individual Report Cards, but since the NJSLA for Science in 2019 was a Beta Test, no results are available. However, 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:

- 1) Our Teaching Staff continues to create and enact lesson plans that follow the same curriculum standards that are being tested in the NJSLA exams. They are careful to utilize all the resources at hand, which include the Reading and Math series, and online resources which have been approved by our Administrative Offices. Teachers are constantly updating their plans to ensure that the appropriate materials are covered in the classroom and in the Test Prep practices.

Our classrooms are designed to be Constructivist, and so projects are completed throughout the year by students to show mastery of the concepts being taught. Students also work in small group instruction, and Peer Mentoring is encouraged.

We are continuing to ensure progress of all of our students by adopting the most recent edition of the Everyday Math series (#4), and we are also exploring the next stages of Mathematics education having brought in a Pre-Algebra and Algebra Series through McGraw Hill.

In ELA we have enhanced our Reading Street Series by implementing the Renaissance Accelerated Reader Program into the curriculum for all of our students, K-8. The shift to a greater usage of fiction and non-fiction books, and less reliance on text books, affords our students the opportunity to take ELA to a higher level. It is also a way to support those of differing abilities, or racial/ethnic groups, since we are careful to choose a wide variety of materials that cover the full spectrum of our school enrollment.

Finally, our utilization of Title 4 funds focus on At-Risk Student Progress across the board, no matter their financial, disability, or ELL, status, or their racial/ethnic group. Englewood on the Palisades Charter School is committed to creating lifelong learners who have the skills and independent thinking ability to be successful in any chosen pursuit.

Diagnostic, Formative, and Summative assessments by grade level administered during the 2018-2019 year include:

- Benchmark Testing in All Subjects. (K-8)
- Renaissance Learning STAR Reading and Math Assessments. (K-8)
- Brigance Early Childhood System in both Mathematics and Language Arts. (K)
- Study Island Testing in both Mathematics and Language Arts. (K-8)
- Study Island Testing in Science (5, 8)
- Project/Performance Based, Rubric Dictated, assessments. (K-8)
- NJSLA Testing in ELA and Mathematics
- NJSLA Testing in Science (5& 8)

Teachers administer informal testing to assess student learning on a daily and weekly basis. The formal review process occurs at least four times each school year and includes the Teachers and Administrators. The formal evaluation process is conducted through the Renaissance Learning Website through the Star Math and Star Reading modalities.

Results from these tests are used by the Teachers and by the Administration to get a full, clear picture of how students are performing in a variety of circumstances and environments. No single evaluation tool gives a complete picture of how every single student is learning and growing. The educators in the school review the results of these assessments and work to modify their lesson plans and in-class focuses to address the most current skill needs of the students.

The results of these analyses are shared with the parents to ensure they are aware of their child's progress. These recommendations are instituted, and student performance monitored for improvement.

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.

Major activities or events the school offered to parents/guardians during the 2018-2019 school year included:

- a. Back to School Night
- b. Kindergarten Community Reading Series
- c. Parent/Teacher Conferences
- d. Internet Safety for Parents Presentation
- e. Progress Reports
- f. PARCC Informational Family Night
- g. Hispanic Heritage Celebration
- h. Holiday Celebration
- i. Black History Celebration
- j. Pasta Dinner Fund Raiser
- k. Box Tops for Education
- l. Mt. Calvary Appreciation Luncheon
- m. Spring Concert
- n. Marking Period Honor Roll Awards Ceremonies
- o. Kindergarten Moving Up Ceremony
- p. 1st thru 7th Grade Awards Ceremony
- q. 8th Grade Graduation Ceremony

Major activities or events conducted by parents/guardians to further the school's mission and goals.

- a. Bottle Caps for Cancer Drive
- b. Halloween Safe Trunk or Treat Event
- c. Teacher Appreciation Luncheon and Gifts
- d. PTO Assembly Fund Raisers at each Major Assembly
- e. PTO 5th Grade Moving Up Transition Celebration

Through our Parent/Teacher Community Outreach Program the Parents/Guardians held Dress Down Day Fund Raisers which allowed our Students to contribute to the following Philanthropic Endeavors:

- Funded the National Spelling Bee Entrance Fee for EPCS Student
- Assisted families who faced tragic loss
- Honored one of our students who placed in the Bergen County Spelling Bee
- Purchased Tablets for Kindergarten Classes
- Gifted the Graduating 8th Grade Class with an end of year Trip
- Gifted the Kindergartners with Caps and gowns for their Moving Up Ceremony
- Funded and organized the Burns Buck Store
- Provided Gift Cards for Accelerated Reader Top Readers

- Provided soft-Serve Ice Cream for all Students
- Custodial Appreciation Day
- Lee Denim Foundation
- Never Alone Again Domestic Violence
- Organization & Resource Center

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, 2019 and 2018.

	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 4,304,185	\$ 3,667,885	\$ 636,300	17.35%
State Sources	639,840	797,145	(157,305)	-19.73%
Federal Sources	167,831	315,646	(147,815)	-46.83%
Total	<u>\$ 5,111,856</u>	<u>\$ 4,780,676</u>	<u>\$ 331,180</u>	<u>-49.22%</u>

The amount of monies received from local sources (Englewood Board of Education and other sending Charter Schools) is determined by the per pupil cost of their Charter School. 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, 2019, we received grants for ESSA, including Title I, II and IDEA. As our enrollment increases, we expect these funds 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, 2019 and 2018, and the percentage of increases and decreases in relation to prior year amounts.

	<u>2019</u>	<u>2018</u>	<u>Decrease</u>	<u>% Change</u>
<u>Expenditures</u>				
Instruction	\$ 2,171,335	\$ 2,004,189	\$ 167,146	8.34%
Undistributed				
Expenditures	2,245,927	2,400,945	(155,018)	-6.46%
Capital Outlay	204,175	232,049	(27,874)	-12.01%
	-	-		
Total	<u>\$ 4,621,437</u>	<u>\$ 4,637,183</u>	<u>\$ (15,746)</u>	<u>-10.13%</u>

For the year ending June 30, 2019, our expenditures were based upon one director, one principal, 22 teachers, 6 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**

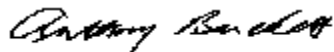
Independent Audit

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**

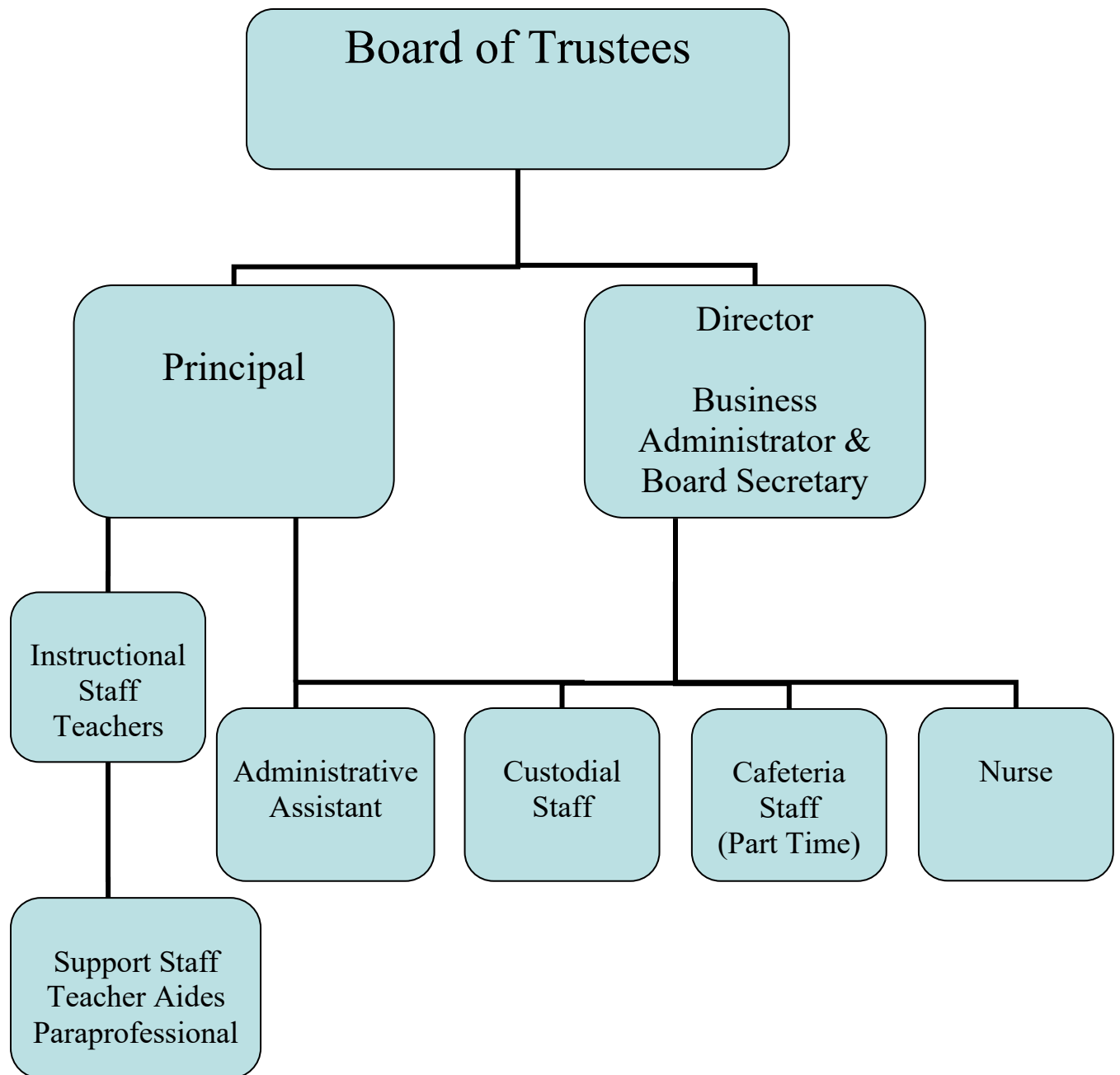
We would like to express our appreciation to the members of Englewood on the Palisades Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and Englewood school Charter School and thereby contributing their full support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

Respectfully submitted,



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

Englewood on the Palisades Charter School
Organizational Flow Chart



ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

**ROSTER OF OFFICIALS
JUNE 30, 2019**

Members of Board of Trustees

Travis Waller	President
Aree Booker	Vice President
Glenn Coley	Member
Judy Khan	Member
Felise T. Matlock	Member

Other Officials

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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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FINANCIAL SECTION



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& MANAGEMENT CONSULTANT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Englewood on the Palisades Charter School, (the "Charter School") in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2019, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT-CONTINUED

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, 2019, 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 17, 2019 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

ILORI CPA LLC

KunleIlori

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

ILORI CPA LLC

December 17, 2019

**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, 2019

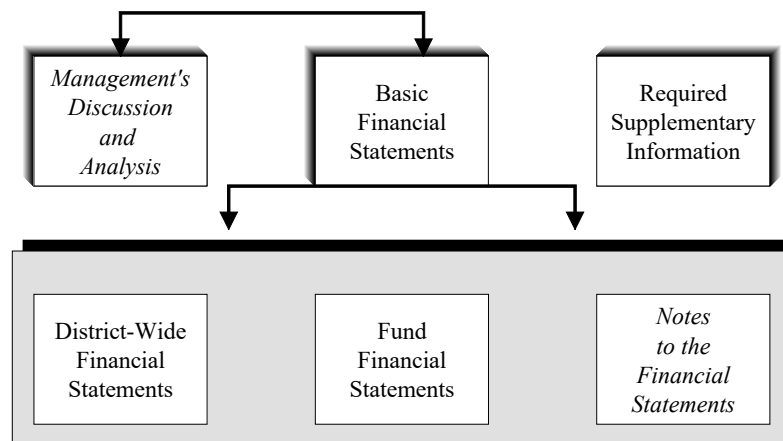
The discussion and analysis of Englewood on the Palisades Charter School’s financial performance provides an overview of the School’s financial activities for the fiscal year ended June 30, 2019. The objective of this overview and analysis is to examine the Charter School’s financial performance as a whole and to disclose important financial commentary that will provide overall understanding of the Charter School’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, 2019

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

- 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 Charter School's operations in *more detail* than the Charter School-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 Charter School 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 (deferred inflows of resources) of the Charter School at the close of its most recent fiscal year by \$160,138 the net position. The Charter School's total net position for the year ended June 30, 2019 decreased by net pension liability \$1,112,944 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, 2019

	School-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
		Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance
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, 2019

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, 2019

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, 2019

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 \$5,627,520 and \$5,367,196 for the years ended June 30, 2019 and 2018, respectively; this included \$674,133 in 2019 and \$580,305 for 2018 of state reimbursed TPAF Social Security Contributions and Pension.

The total cost of all programs and services was \$4,760,463 for 2019 and \$4,767,078 for 2018. 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, 2019

Business-Type Activities

Revenue for the Charter School's business-type activity Food and After School Programs for the years ended June 30, 2019 and 2018 amounted to \$247,118 and \$225,356 respectively.

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 2019 and 2018 was most significant in the general fund. The school governmental fund balance shows significant improvement as it increased from \$1,781,425 to \$2,281,206. 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, 2019 and 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 4,304,185	\$ 3,667,885	\$ 636,300	17.35%
State Sources	639,840	797,145	(157,305)	-19.73%
Federal Sources	167,831	315,646	(147,815)	-46.83%
Total	<u>\$ 5,111,856</u>	<u>\$ 4,780,676</u>	<u>\$ 331,180</u>	<u>-49.22%</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, 2019

Governmental Activities- Continued

It identifies the cost of these services supported by unrestricted state entitlements for the fiscal years ended June 30, 2019 and 2018.

	2019	2018		
	Net Cost of	Net Cost of		
	Services	Services	Change	% Change
Instruction	\$ 2,019,371	\$ 1,856,104	\$ 163,267	8.80%
Support Services:				
Administrative expenses	1,296,451	1,444,200	\$ (147,749)	-10.23%
Other support services	949,476	956,745	\$ (7,269)	-0.76%
Total Expenses	<u>\$ 4,265,298</u>	<u>\$ 4,257,049</u>	<u>\$ 8,249</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 2019, 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 and provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues and other financing sources were \$4,873,825 fiscal year ended June 30, 2019. Expenditures and other financing uses were budgeted at \$4,441,197. These unbudgeted amounts were included in both revenues and expenditures of the CAFR.

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

JUNE 30, 2019

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, 2019 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 2019, 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 2019 and 2018, the total capitalized assets amounts were \$371,105 and \$232,049, respectively.

Long-term debt and capitalized lease obligations

At June 30, 2019, 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 2018-2019. Despite the increasing operating costs, nothing was done to compromise the quality of the programs in place. 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, 2019

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,236,567	\$ 65,287	\$ 2,301,854
Receivables- State	12,113		12,113
Receivables-Federal	-	-	-
Other Receivable	105,815		105,815
Prepaid assets	50,274		50,274
Depreciated capital assets	-		-
Less Accumulated depreciation of \$190,581	311,738	-	311,738
Total Assets	<u>2,716,507</u>	<u>65,287</u>	<u>2,781,794</u>
Deferred outflows of resources			
Pension deferred outflows- Pension	354,712	-	354,712
Total assets and deferred outflows of resources	<u>\$ 3,071,219</u>	<u>\$ 65,287</u>	<u>\$ 3,136,506</u>
 LIABILITIES			
Accounts Payable	18,000	-	18,000
Other Payable - Districts	105,563	-	105,563
Interfund Payable	-		-
Net Pension Liability	971,097		971,097
	<u>1,094,660</u>	<u>-</u>	<u>1,094,660</u>
Deferred inflows of resources			
Pension deferred inflows	379,485	-	379,485
 NET POSITION			
Invested in capital assets, net of related debt	311,738		311,738
	-	-	-
Unrestricted	1,285,336	65,287	1,350,623
Total net position	<u>\$ 1,597,074</u>	<u>\$ 65,287</u>	<u>\$ 1,662,361</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, 2019**

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	\$ 2,019,371	\$ -	\$ 151,964	\$ -	(1,867,407)	\$ -	\$ (1,867,407)
Support services:							
Student & instruction related services	1,296,451	-	-	-	(1,296,451)	-	(1,296,451)
School administrative services	949,476	-	15,867	-	(933,609)	-	(933,609)
Capital outlay	204,175	-	-	-	(204,175)	-	(204,175)
Miscellaneous	-	-	-	-	-	-	-
Unallocated depreciation	59,366	-	-	-	(59,366)	-	(59,366)
Total governmental activities	<u>4,528,839</u>	<u>-</u>	<u>167,831</u>	<u>-</u>	<u>(4,361,008)</u>	<u>-</u>	<u>(4,361,008)</u>
Business-type activities:							
Food service and After care service	231,623	174,963	72,155	-	-	15,495	15,495
Total business-type activities	<u>231,623</u>	<u>174,963</u>	<u>72,155</u>	<u>-</u>	<u>-</u>	<u>15,495</u>	<u>15,495</u>
Total primary government	<u>\$ 4,760,462</u>	<u>\$ 174,963</u>	<u>\$ 239,986</u>	<u>\$ -</u>	<u>\$ (4,361,008)</u>	<u>\$ 15,495</u>	<u>\$ (4,345,513)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
					\$ 4,304,185	\$ -	\$ 4,304,185
Taxes levied for debt service							
					-	-	-
Federal and State aid not restricted							
					639,840	-	639,840
Other sources							
					9,362	-	9,362
Transfers							
					9,147	-	9,147
Total general revenues, special items, extraordinary items and transfers							
					<u>4,962,534</u>	<u>-</u>	<u>4,962,534</u>
Change in Net Assets B-3							
					601,526	15,495	617,021
Net position—Beginning							
					995,548	49,792	1,045,340
Adjustment - Pension							
					-	-	-
Adjusted Net position—Beginning							
					<u>995,548</u>	<u>49,792</u>	<u>1,045,340</u>
Net position—Ending A-1							
					<u>\$ 1,597,074</u>	<u>\$ 65,287</u>	<u>\$ 1,662,361</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, 2019**

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
Receivables			
Cash and cash equivalents	\$ 2,161,567	\$ -	\$ 2,161,567
Cash - Restricted	75,000	-	75,000
Receivables- State	12,113	-	12,113
Receivables- Federal	-	-	-
Receivable - Court settlement	105,815	-	105,815
Interfund receivable	-	-	-
Receivables- Security receivable	50,274	-	50,274
Total assets	2,404,769	-	2,404,769
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	18,000	-	18,000
Payable to state or district	105,563	-	105,563
Interfund payable	-	-	-
Total liabilities	123,563	-	123,563
Fund Balances:			
Unreserved, reported in:			
General fund	2,281,206	-	2,281,206
Total Fund balances	2,281,206	-	2,281,206
Total liabilities and fund balances	\$ 2,404,769	\$ -	
Amounts reported for <i>governmental activities</i> 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		502,319	
Less Accumulated Depreciation		190,581	311,738
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)			354,712
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)			(379,485)
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)			(971,097)
Unreported			
Net position of governmental activities- A-1			\$ 1,597,074

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, 2019

Exhibit B-2

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenue			
Local sources:			
"Local levy" local share	\$ 4,304,185	\$ -	\$ 4,304,185
Miscellaneous	-	-	-
Total - Local Sources	4,304,185	-	4,304,185
State sources	639,840	-	639,840
Other sources	9,362	-	9,362
TPAF Social Security (Non-Budgeted)	155,339	-	155,339
TPAF Pension and Post Retirement Medical (Non-Budgeted)	518,794	-	518,794
Federal sources	-	167,831	167,831
Total revenues	5,627,520	167,831	5,795,351
EXPENDITURES			
Current:			
Instruction	2,019,371	151,964	2,171,335
Undistributed Expenditures:			
Administrative cost	1,296,451	-	1,296,451
Support services	933,609	15,867	949,476
TPAF Social Security (Non-Budgeted)	155,339	-	155,339
TPAF Pension and Post Retirement Medical (Non-Budgeted)	518,794	-	518,794
Capital outlay	204,175	-	204,175
Total expenditures	5,127,739	167,831	5,295,570
Excess (Deficiency) of revenues over expenditures	499,781	-	499,781
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	499,781	-	499,781
Fund balance—July 1	1,781,425	-	1,781,425
Fund balance—June 30	\$ 2,281,206	\$ -	\$ 2,281,206

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, 2019**

Total net change in fund balances - governmental funds (from B-2) \$ 499,781

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	(59,366)		
	Assets additions	204,176		

Excess of capital outlays over depreciation expense 144,810

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 (43,065)

Change in net assets of governmental activities A-2 \$ 601,526

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, 2019**

ASSETS

Current assets:

Cash and cash equivalents	\$	65,287
Government grants receivable-Federal		-
Government grants receivable-State		-
Interfund receivable General Fund		
Other receivables		-
Inventories		-
		-
Total current assets		65,287

Total assets		65,287
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LIABILITIES

Current liabilities:

Accounts payable		-
Interfund payable		-
		-
Total liabilities		-

NET POSITION

Invested in capital assets net		-
Unrestricted		65,287
		65,287

Total net position	\$	65,287
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Total Laibilities and Net Position		65,287
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ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

Charges for services:	
Daily sales - non-reimbursable programs	39,463
After care fees	125,222
New Jersey Care Kids	
Miscellaneous revenue	10,278
Total operating revenues	<u>174,963</u>
Operating expenses:	
Cost of sales	
Salaries	46,437
Employee benefits	-
Other purchased services	131,946
Field Trips	3,854
Supplies	19,656
Miscellaneous	8,164
Conference & meetings	1,427
Maintenance	10,507
Insurance	4,693
Utilities	316
Security	0
Postage	825
Technology supplies	3,798
Total Operating Expenses	<u>231,623</u>
Operating loss	<u>(56,660)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	1,527
Federal sources:	
National school breakfast program	3,448
National school lunch program	58,521
Healthy Hunger Free Kids Act	1,730
Federal snack	6,929
Total nonoperating revenues	<u>72,155</u>
Loss before transfers	15,495
Transfers in (out)	-
Change in net position	15,495
Total net position-beginning	<u>49,792</u>
Total net position-ending	<u>\$ 65,287</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, 2019**

Cash flows from operating activities	
Operating loss	(56,660)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	
Changes in assets and liabilities:	
Accounts receivable	7,267
Accounts payable	(4,275)
Due to/from general fund	-
Net cash used in operating activities	<u>(97,266)</u>
 Cash flows from noncapital financing activities	
Cash received from state reimbursements	1,527
Cash received from federal reimbursements	70,628
Operating subsidies and transfers from other funds	-
Net cash provided by noncapital financing activities	<u>70,236</u>
 Cash flows from investing activities	
	<u>0</u>
Net change in cash and cash equivalents	18,487
Cash and cash equivalents, beginning	<u>46,800</u>
Cash and cash equivalents, ending	<u><u>65,287</u></u>

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, 2019

Exhibit B-7

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

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

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B-8

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

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

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019

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 Charter School’s overall financial position and results of operations
- Charter School-wide financial statements prepared using full-accrual accounting for all of the Charter School’s activities and the economic resources measurement focus.
- Depreciation expense on the Charter School’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, 2019

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, 2019

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, 2019, 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, 2019, 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, 2019

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, 2019

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, 2019, 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, 2019, 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, 2019

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 fund types. Unencumbered appropriations lapse at fiscal year-end.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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>2019</u>
Total revenues and expenditures (budgetary basis)	\$315,646
Adjustments:	
Plus: Encumbrances at June 30, 2018	-
Less: Encumbrances at June 30, 2019	<u> </u>
Total revenue and expenditures (GAAP basis)	<u>\$ 315,646</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, 2019

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, 2019.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019.

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, 2019

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 expenditures.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

Fund Balance and Equity

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

Net Position

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

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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019 in the amount of \$116,390. The charter school had Pension deferred outflow of resources at June 30, 2019 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, 2019

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 Teacher’s Pension and Annuity Fund. The amounts are not required to be included in the Charter School’s annual budget.

New Accounting Standards

GASBS Implemented in the 2019 Fiscal Year

The GASB issued Statement No. 75, *Accounting and Financial Reporting/or Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The District has adopted GASB Statement No. 75 during the year ended June 30, 2019, which resulted in the recording of full accrual revenues and expenses and additional financial statement disclosures.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017. The District has adopted GASB Statement No. 85 during the year ended June 30, 2019 and it did not have a significant impact on the financial statements.

NOTE 2. DEPOSIT AND INVESTMENTS

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. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2. DEPOSIT AND INVESTMENTS -continued

As of June 30, 2019, and 2018, cash and cash equivalents consisted of the following:

<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Agency Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
\$ 2,161,567	\$ 65,287	\$ -	\$ 2,226,854	\$ 1,752,594
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,161,567</u>	<u>\$ 65,287</u>	<u>\$ -</u>	<u>\$ 2,226,854</u>	<u>\$ 1,752,594</u>

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. As of June 30, 2019, the School's reconciled bank balances amounted to \$2,226,854, and 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 \$1,752,594 is a category 1 as disclosed in the financial statements.

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.

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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2019, the Charter School did not hold any investments.

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, 2019, the Charter School capital assets are detailed below:

<u>Assets Description</u>	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvement	\$ 327,117	\$ 33,518	\$ 293,599
Equipment	155,532	137,393	18,139
Others	19,670	19,670	-
Total	<u>\$ 502,319</u>	<u>\$ 190,581</u>	<u>\$ 311,738</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 4. LEASE OBLIGATIONS

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. A new 5year lease was entered into in August 2012 effective for July 1, 2012 to June 30, 2019 for annual rent of \$ 260,000 with five percent increase each year until a new lease agreement is reached. The total lease payments for the year ended June 30, 2019 was 346,127. The annual lease payments are listed below:

<u>Year</u>	<u>Annual Amount</u>
2019	336,014
2020	352,814
2021	370,455
2022	388,978
2023	408,427

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, 2019, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2019.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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, 2019

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.

0ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTES 8 Pension Plans - *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 2018.

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, 2019

NOTE 8 Pension Plans - *continued*

Significant Legislation

As of June 30, 2018, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2017.

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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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. 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, 2019 was \$49,058.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$495,562 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The State also paid \$1,426,921 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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTES 8 Pension Plans – GASB 68 Disclosures- TPAF
Teacher’s 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 Teacher’s 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.

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 \$10,796,687 as measured on June 30, 2018.

For the year ended June 30, 2019, the Charter School recognized pension expense of \$629,409 and revenue of \$629,409 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, 2019 is based upon changes in the collective net pension liability with a measurement period of June 30, 2017 through June 30, 2018. 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, 2017 and June 30, 2017. 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, 2019

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

Teacher’s 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, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$ 12,473,998,870	\$ 14,160,879,257
Collective deferred inflows of resources	\$ 16,180,773,643	\$ 11,800,239,661
Collective net pension liability (non-employer State of New Jersey)	\$ 63,617,852,031	\$ 67,423,605,859
State's portion of the net pension liability that was associated with the Charter School	\$ 10,796,687	\$ 11,024,363
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.01697116%	0.01635090%

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.25%
Salary increases:-2011-2026	1.55-4.55%
Salary increases	2.00-5.45%
Investment rate of returns	7.00%

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, 2019

Teacher's Pension and Annuity Fund (TPAF) - *continued*

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back for 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013.

Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) 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 TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Teacher’s Pension and Annuity Fund (TPAF) – *continued*

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Discount Rate

The discount rate used to measure the State's total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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-tpaf19.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, 2019

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, 2019, the Charter School reported a liability of \$971,097 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2017. 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, 2018 and 2017. At June 30, 2018, the Charter School's proportion was 0.0169711589% 0.0047810152% which was an increase of 0.0121825857% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the Charter School recognized pension expense of \$92,122. At June 30, 2019, 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, 2019

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

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,519	\$ 5,007
Changes in assumptions	160,021	310,505
Net difference between projected and actual earnings on pension plan investments	-	9,109
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	178,172	-
Charter School's contributions subsequent to the measurement date	49,058	-
Total	<u><u>\$ 405,770</u></u>	<u><u>\$ 324,621</u></u>

\$49,058 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, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability measured as of June 30 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Pension Expense</u>
2019	\$ (1,481)
2020	2,050
2021	14,701
2022	12,743
2023	4,081
Thereafter	-
	<u><u>\$ 32,095</u></u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 7,646,736,226	\$ 1,028,023,941
Collective net pension liability (Non-State Local Group)	\$ 19,689,501,539	\$ 23,278,401,588
Charter School's portion of the net pension liability	\$ 971,097	\$ 1,112,944
Charter School's proportion (percentage)	0.00493205%	0.00478102%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
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	7.00%

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Pension Plans – GASB 68 Disclosures - continued

Public Employees’ Retirement System (PERS) – continued

Long-Term Expected Rate of Return– continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 50% 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 2046.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018 and 2017, respectively, calculated using the discount rate of 5.66% and 5.00%, 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:

	2018		
	Current		
	1% Decrease	Discount Rate	1% Increase
	(4.66%)	(5.66%)	(6.66%)
Charter School's proportionate share of the pension liability	\$ 1,221,042	\$ 971,097	\$ 761,408
	2017		
	Current		
	1% Decrease	Discount Rate	1% Increase
	4.00%	5.00%	6.00%
Charter School's proportionate share of the pension liability	\$ 1,380,682	\$ 1,112,944	\$ 889,885

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Plan Description and Benefits Provided

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52: 14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms.

At June 30, 2018, the following employees were covered by the benefit terms:

Active plan member = 217,131

Inactive plan members entitled to but not yet receiving benefits = 145,050

Inactive plan members or beneficiaries currently receiving benefits = -0-

Total Nonemployer OPEB Liability

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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary increases:			
through 2026	1.55% to 4.55%	2.15% to 4.15%	2.10% to 8.98%
	based on years	based on age	based on age
	of service		
Salary increases:			
thereafter	2.00% to 5.45%	3.15% to 5.15%	3.10% to 9.98%
	based on years	based on age	based on age
	of service		

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

10 Post Retirement Benefits – *continued*

Actuarial Assumptions and Other Inputs - *continued*

Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO and Health Maintenance Organization (HMO) medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreases to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.58%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 10 Post Retirement Benefits – *continued*

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

	Increase/(Decrease)
	<u>Total OPEB Liability</u>
Balance at June 30, 2017 measurement date	<u>\$ 53,639,841,858</u>
Changes recognized for the fiscal year:	
Service Cost	1,984,642,729
Interest on total OPEB liability	1,970,236,232
Difference between expected and actual experience	(5,002,065,740)
Effect of changes of assumptions	(5,291,448,855)
Gross benefits paid by the State	(1,232,987,247)
Contributions from the member	42,614,005
Net changes	<u>(7,529,008,876)</u>
Balance at June 30, 2018 measurement date	<u>\$ 46,110,832,982</u>

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2018 and 2017, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a discount rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 10 Post Retirement Benefits – continued

	June 30, 2018		
	At 1% Decrease (2.87%)	At 1% Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB liability attributable to the Charter School	<u>\$ 3,930,444</u>	<u>\$ 3,324,676</u>	<u>\$ 2,843,153</u>
	June 30, 2017		
	At 1% Decrease (2.58%)	At 1% Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB liability attributable to the Charter School	<u>\$ 5,000,116</u>	<u>\$ 4,212,142</u>	<u>\$ 3,587,113</u>

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

The following presents the total nonemployer OPEB Liability attributable to the Charter School as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the Charter School would be if it were calculated using a healthcare trend rate that is I-percentage-point lower or I-percentage-point higher than the current rate:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 10 Post Retirement Benefits – continued

	June 30, 2018		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	<u>\$ 2,748,038</u>	<u>\$ 3,324,676</u>	<u>\$ 4,087,301</u>
	June 30, 2017		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
Total OPEB liability attributable to the Charter School	<u>\$ 3,464,080</u>	<u>\$ 4,212,142</u>	<u>\$ 5,205,560</u>

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

For the fiscal year ended June 30, 2019 the Charter School recognized OPEB expense of \$266,992 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 10 Post Retirement Benefits – continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected Experience	\$ -	\$ (4,476,086,167)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	-	(10,335,978,867)
Sub total	-	(14,812,065,034)
Contributions made in fiscal year 2018 after June 30, 2017 measurement date	1,190,373,242	N/A
Total	<u>\$ 1,190,373,242</u>	<u>\$ (14,812,065,034)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period - Fiscal Year Ending June 30:	Total
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	<u>\$ (14,812,065,034)</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 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 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, 2019, Charter School-wide compensated absences amounted to \$-0-.

NOTE 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	\$ 2,281,206
Cost of capital assets net accumulated depreciation	311,738
Pension deferred outflows	354,712
Pension deferred inflows	(379,485)
Deferred pension liability as of June 30, 2018	(971,097)
Net position (per A-1) as of June 30, 2018	<u>\$ 1,597,074</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13 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>
2018-2019	\$5,390	\$-0
2017-2018	\$4,941	\$-0-
2016-2017	\$4,696	\$-0-
2015-2016	\$4,088	\$-0-

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

NOTE 14 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, 2019

NOTE 15 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 16 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.

NOTE 17 INTERFUND RECEIVABLES, PAYABLES

The composition of interfund balances as of June 30, 2019 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	<u>\$ -</u>	<u>\$ -</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, 2019

NOTE 18 SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events through December 17, 2019 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, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Levy -Local share	\$ 4,459,964	\$ (230,311)	4,229,653	\$ 4,304,185	74,532
Miscellaneous	-	-	-	-	-
Total - Local Sources	<u>4,459,964</u>	<u>(230,311)</u>	<u>4,229,653</u>	<u>4,304,185</u>	<u>74,532</u>
Categorical Aid:					
Local Levy -State share					
District Security Aid	97,563	(12,929)	84,634	81,898	(2,736)
State Non public Aid	-	-	-	-	-
State - Other	254,380	215,007	469,387	475,786	6,399
Special Education Aid	112,904	(30,253)	82,651	82,156	(495)
Total State Sources	<u>464,847</u>	<u>171,825</u>	<u>636,672</u>	<u>639,840</u>	<u>3,168</u>
Revenue from Other Sources:					
Interest income	3,500	-	3,500	4,792	1,292
Other Sources	4,000	-	4,000	4,570	570
TPAF Pension and post retirement medical (Non-Budgeted)	-	-	-	518,794	518,794
TPAF Social Security (Non-Budgeted)	-	-	-	155,339	155,339
Total Revenue from Other Sources	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>683,495</u>	<u>675,995</u>
Total Revenues	<u>4,932,311</u>	<u>(58,486)</u>	<u>4,873,825</u>	<u>5,627,520</u>	<u>753,695</u>
EXPENDITURES:					
Current Expense:					
Instruction					
Salaries of Teachers	1,972,669	(91,000)	1,881,669	1,779,688	101,981
Other Salaries for Instruction	95,465	24,000	119,465	113,545	5,920
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	30,250	-	30,250	23,234	7,016
Other Purchased Services (400-500 series)	43,000	-	43,000	35,907	7,093
General Supplies	39,500	-	39,500	26,156	13,344
Textbooks	51,000	(5,000)	46,000	30,482	15,518
Miscellaneous	15,000	-	15,000	10,359	4,641
Total Instruction	<u>2,246,884</u>	<u>(72,000)</u>	<u>2,174,884</u>	<u>2,019,371</u>	<u>155,513</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undist. Expend. - Administrative Cost					
Salaries	340,668	2,322.00	342,990	342,990	-
Salaries of Secretarial and Clerical Assistants	104,950	(20,000.00)	84,950	70,830	14,120
Total Benefit Costs	1,068,913	(80,391.00)	988,522	785,921	202,601
Professional/Technical Service	40,000	-	40,000	37,678	2,322
Legal Fees	60,000	(15,000.00)	45,000	5,819	39,181
Other Purchased Services	32,000	-	32,000	31,517	483
Communications/Telephone	16,500	-	16,500	8,618	7,882
Supplies and Materials	9,000	-	9,000	3,572	5,428
Miscellaneous	25,000	(5,000.00)	20,000	9,506	10,494
Total Undist. Expend. - Administrative Cost	1,697,031	(118,069)	1,578,962	1,296,451	282,511
Undist. Expend. - Support Services					
Salaries	349,636	-	349,636	297,401	52,235
Other Purchased Services and Technical Service	105,000	67,000	172,000	115,018	56,982
Other Purchased Services (400-500 series)	60,000	-	60,000	34,218	25,782
Rental	350,000	(3,000)	347,000	346,127	873
Insurance-Fidelity, Liability, Property	46,360	20,000	66,360	65,107	1,253
Supplies and Materials	25,000	(2,322)	22,678	11,351	11,327
Energy	70,000	-	70,000	57,048	12,952
Trans other	7,905	(95)	7,810	7,125	685
Miscellaneous	6,000	-	6,000	214	5,786
Total Undist. Expend. - Support Services	1,019,901	81,583	1,101,484	933,609	167,875
TOTAL UNDISTRIBUTED EXPENDITURES	2,716,932	(36,486)	2,680,446	2,230,060	450,386
TOTAL GENERAL CURRENT EXPENSE	2,716,932	(36,486)	2,680,446	2,230,060	450,386
CAPITAL OUTLAY					
Instructional equipment	25,000	-	25,000	19,463	5,537
Non-instructional equipment	15,000	-	15,000	13,573	1,427
Purchase of land/improvement	150,000	50,000	200,000	151,469	48,531
Miscellaneous expenses	20,000	-	20,000	19,670	330
Total Capital Outlay	210,000	50,000	260,000	204,175	55,825
ON-BEHALF CONTRIBUTIONS					
TPAF Pension and post retirement medical (Non-Budgeted)	-	-	-	518,794	(518,794)
TPAF Social Security (Non-Budgeted)	-	-	-	155,339	(155,339)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	674,133	(674,133)
TOTAL EXPENDITURES	5,173,816	(58,486)	5,115,330	5,127,739	741,286
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(241,505)	-	(241,505)	499,781	741,286
Fund Balance, July 1	(2,430,269)	2,408,868	(21,401)	1,781,425	(1,802,826)
Fund Balance, June 30	\$ (2,671,774)	\$ 2,408,868	\$ (262,906)	\$ 2,281,206	\$ (1,061,540)

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON -SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	309,003	6,643	315,646	167,831	-
Hurricane Impact Aid	-	-	-	-	-
Other- Robert foundation Grant	-	-	-	-	-
Total Revenues	309,003	6,643	315,646	167,831	-
EXPENDITURES:					
Instruction					
Salaries of Teachers	70,000	5,000	75,000	108,500	(33,500)
Other Salaries for Instruction	-	-	-	-	-
Personal Services - Employee Benefits	18,200	1,300	19,500	32,550	(13,050)
Purchased Professional and Technical Services	-	-	-	-	-
Purchased Professional - Educational Services	5,000	2,171	7,171	2,500	4,671
Miscellaneous	-	-	-	-	-
General Supplies	6,476	-	6,476	8,414	(1,938)
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Instruction	99,676	8,471	108,147	151,964	(43,817)
Support Services					
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	10,867	-
Supplies & Materials	3,131	41	3,172	5,000	(1,828)
Other Objects	-	-	-	-	-
Supplies	-	-	0	-	-
Total Support Services	54,428	(3,572)	50,856	15,867	-
Facilities Acquisition and Construction Services:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Const. Services	-	-	-	-	-
Total Expenditures	154,104	4,899	159,003	167,831	-
Excess (Deficiency) of Revenues Over (Under)		0			
Other Fin.Sources (Uses)	\$ (154,899)	\$ (1,744)	\$ (156,643)	\$ -	\$ (156,643)

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, 2019**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 5,627,520	[C-2] \$ 167,831
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] \$ 5,627,520	[B-2] \$ 167,831
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 5,127,739	[C-2] \$ 167,831
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] \$ 5,127,739	[B-2] \$ 167,831

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

L-1

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

	2018		2017		2016		Fiscal Year Ended June 30,		2015		2014		2013	
Charter School's proportion of the net pension liability (assets)	0.0049320537%		0.0047810152%		0.0047885732%		0.0033928023%		0.0043224919%		0.0038489431%			
Charter School's proportionate share of the net pension liability (assets)	971,097		1,112,944		1,418,238		761,616		809,289		735,610			
Charter School's covered employee payroll	\$	313,418	\$	346,354	\$	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	309.84%		321.33%		428.18%		233.22%		353.46%		264.19%			
Plan fiduciary net position as a percentage of the total pension liability - local	53.60%		48.10%		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

L-2

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

	Fiscal Year Ended June 30,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 49,058	\$ 44,291	\$ 42,541	\$ 29,169	\$ 35,634	\$ 29,001
Contribution in relation to the contractually required contribution	<u>(49,058)</u>	<u>(44,291)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 313,418	\$ 346,354	\$ 331,224	\$ 326,568	\$ 228,959	\$ 278,436
Contributions as a percentage of covered employee payroll	15.65%	12.79%	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 Five Fiscal Years

	2018		2017		2016		Fiscal Year Ended June 30,		2013	
							2015	2014		
Charter School's proportion of the net pension liability (assets)**	N/A	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 10,796,687	\$ 11,024,363	\$ 5,922,608	\$ 9,316,796	\$ 7,039,607	\$ 2,574,933				
Total	\$ 10,796,687	\$ 11,024,363	\$ 5,922,608	\$ 9,316,796	\$ 7,039,607	\$ 2,574,933				
Charter School's covered employee payroll	\$ 1,968,496	\$ 1,923,757	\$ 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	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	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.

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ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

M-1

Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Charter School
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	Fiscal Year Ending		
	2018	2017	2016
Total OPEB Liability			
Service cost	\$ 286,205	\$ 344,237	**
Interest cost	159,518	134,565	**
Changes of assumptions	(381,523)	(596,704)	**
Difference between expectation and actual	(865,838)	-	
Member contributions	3,073	3,592	**
Gross benefit payments	(88,901)	(97,562)	**
Net change in total OPEB liability	(887,466)	(211,872)	**
Total OPEB liability - beginning	4,212,142	4,424,014	**
Total OPEB liability, ending	<u>\$ 3,324,676</u>	<u>\$ 4,212,142</u>	<u>\$ 4,424,014</u>
Covered employee payroll - PERS and TPAF	\$ 845,444	\$ 982,783	
Total OPEB liability as a percentage of covered employee payroll	393%	429%	0.00%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.00%	0.00%	0.00%
Charter School's contributions	\$ -	\$ -	\$ -

** Information not available.

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

**Note to Required Supplementary Information
Pension Schedules
Year Ended June 30, 2019**

1 Public Employees' Retirement System (PERS)

Benefit Changes

There were none

Changes of assumptions

The discount changed from 5% as of June 30, 2017 to 5.66% as of June 30, 2018

2 Teacher's Pension and Annuity Fund (TPAF)

There were none

Changes of assumptions

The discount changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018

3 Other Post-Retirement Benefit Plan - Public Employees' Retirement System (PERS) and Teachers Pension and Annuity Fund (TPAF)

Benefit Changes

There were none

Changes of assumptions

The discount changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018

**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, 2019**

	<u>Title I</u>	<u>Title II A & D</u>	<u>Title 4 Part A</u>	<u>IDEA Part B</u>	<u>Total</u>
REVENUES					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	96,799	9,367	10,000	51,665	167,831
	-	-	-	-	-
Total Revenues	96,799	9,367	10,000	51,665	167,831
EXPENDITURES:					
Instruction:					
Salaries of Teachers	70,000	-	3,500	35,000	108,500
Other Salaries for Instruction	-	-	-	-	-
Personal Services - Employee Benefits	21,700	-	-	10,850	32,550
Purchased Professional - Educational Services	2,500	-	-	-	2,500
Purchased Professional and Technical Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
General Supplies	2,599	-	-	5,815	8,414
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total instruction	96,799	-	3,500	51,665	151,964
Support services:					
Other Purchased Professional Services	-	9,367	1,500	-	10,867
Text Books	-	-	-	-	-
Travel	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies & Materials	-	-	5,000	-	5,000
Instructional Equipment	-	-	-	-	-
Other Objects	-	-	-	-	-
Total support services	-	9,367	6,500	-	15,867
Facilities acquisition and construction:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total facilities acquisition and construction	-	-	-	-	-
Total Expenditures	96,799	9,367	10,000	51,665	167,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds. At June 30, 2019, 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.

**ENGLEWOOD ON THE PALISADE CHARTER SCHOOL
 COMBINING STATEMENT OF NET POSITION
 ENTERPRISE FUND
 JUNE 30, 2019**

Exhibit G-1

	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,247	\$ 50,040	\$ 65,287
Government grants receivable-Fed	-	-	-
Government grants receivable-State	-	-	-
Interfund receivable General Fund	-	-	-
Other receivables	-	-	-
Inventories	-	-	-
Total current assets	<u>15,247</u>	<u>50,040</u>	<u>65,287</u>
Total assets	<u><u>15,247</u></u>	<u><u>50,040</u></u>	<u><u>65,287</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	-
Interfund payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets net	-	-	-
Unrestricted net assets	<u>15,247</u>	<u>50,040</u>	<u>65,287</u>
Total net assets	<u>\$ 15,247</u>	<u>\$ 50,040</u>	<u>\$ 65,287</u>
Total Laibilities and Net Position	<u><u>15,247</u></u>	<u><u>50,040</u></u>	<u><u>65,287</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, 2019

Operating revenues:	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
Charges for services:			
Daily sales - non-reimbursable programs	\$ 39,463	\$ -	\$ 39,463
After care fees		125,222	125,222
Miscellaneous revenue	8,523	1,755	10,278
Total operating revenues	<u>47,986</u>	<u>126,977</u>	<u>174,963</u>
Operating expenses:			
Cost of sales	-	-	-
Salaries	-	46,437	46,437
Employee benefits	-	-	-
Other purchased services	118,940	13,006	131,946
Travel	883	2,971	3,854
Supplies	7,614	12,042	19,656
Miscellaneous	3,170	4,994	8,164
Conference & meetings	-	1,427	1,427
Maintenance	3,379	7,128	10,507
Field trip	-	4,693	4,693
Utilities		316	316
Security		-	-
Postage	-	825	825
Technology supplies	-	3,798	3,798
Total Operating Expenses	<u>133,986</u>	<u>97,637</u>	<u>231,623</u>
Operating loss	<u>(86,000)</u>	<u>29,340</u>	<u>(56,660)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	1,527	-	1,527
Federal sources:			
National school breakfast program	3,448	-	3,448
National school lunch program	58,521	-	58,521
Healthy Hunger Free Kids Act	1,730	-	1,730
Federal snack	6,929	-	6,929
Total nonoperating revenues	<u>72,155</u>	<u>-</u>	<u>72,155</u>
Loss before transfers	(13,845)	29,340	15,495
Transfers in (out)	-	-	-
Change in net position	(13,845)	29,340	15,495
Total net position-beginning	<u>29,092</u>	<u>20,700</u>	<u>49,792</u>
Total net position-ending	<u>\$ 15,247</u>	<u>\$ 50,040</u>	<u>\$ 65,287</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, 2019**

	Food Services	After Care Services	Total
Cash flows from operating activities			
Operating loss	\$ (86,000)	\$ 29,340	\$ (56,660)
Adjustment to reconcile operating loss to net cash used in operating activities:			-
Depreciation expense	-	-	-
Changes in assets and liabilities:			-
Accounts receivable	7,267	-	7,267
Accounts payable	-	(4,275)	(4,275)
Due to/from general fund	-	-	-
Net cash used in operating activities	<u>(78,733)</u>	<u>25,065</u>	<u>(53,668)</u>
Cash flows from noncapital financing activities			
Cash received from state reimbursements	1,527	-	1,527
Cash received from federal reimbursements	70,628	-	70,628
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	<u>72,155</u>	<u>-</u>	<u>72,155</u>
Cash flows from investing activities			
Net change in cash and cash equivalents	(6,578)	25,065	18,487
Cash and cash equivalents, beginning	<u>21,825</u>	<u>24,975</u>	<u>46,800</u>
Cash and cash equivalents, ending	<u>\$ 15,247</u>	<u>\$ 50,040</u>	<u>\$ 65,287</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, 2019 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, 2019**

Exhibit H-1

	<u>Unemployment Compensation Insurance</u>	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Agency Fund</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Other current assets				-
Interfund Receivable	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Interfund Payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	-	-
Other Payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Reserved for unemployment claims and other purposes	-	-	-	-
Unrestricted surplus	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Board contributions	\$ -
Employee's Contributions	5,390
	<u>-</u>
Total Contributions	<u>5,390</u>
DEDUCTIONS	
	-
Payment to NJ unemployment compensation fund	5,390
Claims	-
	<u>-</u>
Total deductions	<u>5,390</u>
Change in net assets	<u>-</u>
Net position-beginning of the year	<u>-</u>
Net position-end of the year	<u><u>\$ -</u></u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Assets</u>	<u>Balance July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2019</u>
Interfund receivable	\$ 61,574	\$ 1,766,023	1,827,597	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 61,574</u>	<u>\$ 1,766,023</u>	<u>\$ 1,827,597</u>	<u>\$ -</u>
 <u>Liabilities</u>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	61,574	\$ 1,766,023	1,827,597	-
Other payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 61,574</u>	<u>\$ 1,766,023</u>	<u>\$ 1,827,597</u>	<u>\$ -</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, 2019, 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)

J-1

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Invested in capital assets, net of related debt	\$ 311,738	\$ 166,929	\$ 66,094	\$ 34,786	\$ 13,967	\$ 15,779	\$ 23,738	\$ 16,498	\$ -	\$ 53,710
Restricted										
Unrestricted	1,285,336	828,619	747,133	747,133	1,214,069	2,479,292	2,653,773	2,701,187	2,583,750	2,700,021
Total governmental activities net position	\$ 1,597,074	\$ 995,548	\$ 813,227	\$ 781,919	\$ 1,228,036	\$ 2,495,071	\$ 2,677,511	\$ 2,717,685	\$ 2,583,750	\$ 2,753,731
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	65,287	49,792	79,426	51,173	17,461	21,523	3,000	161	5,194	3,166
Total business-type activities net position	\$ 65,287	\$ 49,792	\$ 79,426	\$ 51,173	\$ 17,461	\$ 21,523	\$ 3,000	\$ 161	\$ 5,194	\$ 3,166
District-wide										
Invested in capital assets, net of related debt	\$ 311,738	\$ 166,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,710
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,350,623	878,411	892,653	833,092	1,245,497	2,516,594	2,680,511	2,717,846	2,588,944	2,703,187
Total district-wide net position	\$ 1,662,361	\$ 1,045,340	\$ 892,653	\$ 833,092	\$ 1,245,497	\$ 2,516,594	\$ 2,680,511	\$ 2,717,846	\$ 2,588,944	\$ 2,756,897

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

J-2

NET POSITION BY COMPONENTS

UNAUDITED

LAST TEN YEARS

(accrual basis of accounting)

Fiscal Year Ending June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities										
Instruction	2,171,335	2,004,189	1,903,650	1,903,650	\$ 1,721,650	\$ 1,721,559	\$ 1,464,319	\$ 1,464,319	\$ 1,458,816	\$ 1,458,816
Administration	1,296,451	1,444,200	1,194,867	1,194,867	1,122,763	1,122,763	753,636	753,636	792,675	792,675
Support Services:	949,476	956,745	823,206	823,206	767,207	767,207	766,784	766,784	831,689	831,689
Capital Outlay	0	0	71,418	71,418	137,225	137,225	50,238	50,238	37,801	62,798
Total governmental activities expenses	4,417,262	4,405,134	3,993,141	3,993,141	3,748,845	3,748,754	3,034,977	3,034,977	3,120,981	3,145,978
Business-type activities:										
Food service	133,986	113,311	113,631	113,631	-	-	-	-	-	-
After Child Care	97,637	141,679	62,079	62,079	47,151	47,151	45,516	45,516	50,423	47,484
Total business-type activities expense	231,623	254,990	175,710	175,710	-	47,151	45,516	45,516	50,423	47,484
Total district expenses	4,648,885	4,660,124	4,168,851	4,168,851	\$ 3,748,845	\$ 3,795,905	\$ 3,080,493	\$ 3,080,493	\$ 3,171,404	\$ 3,193,462
Program Revenues										
Governmental activities:										
Revenue	5,482,238	5,169,681	0	3,798,909	\$ -	\$ -	\$ -	\$ -	\$ 66,784	\$ 66,784
Operating grants and contributions	167,831	315,646	154,104	154,104	148,201	148,201	158,614	161,824	171,602	275,424
Capital grants and contributions	0	0	0	0	-	-	-	-	-	-
Total governmental activities program revenues	5,650,069	5,485,327	154,104	3,953,013	148,201	148,201	158,614	161,824	238,386	342,208
Business-type activities:										
Charges for services										
Food service	47,986	41,921	23,058	31,250						
After care and other services	126,977	113,199	70,385	100,011	49,990	49,990	40,483	40,483	52,451	49,850
Operating grants and contributions	72,155	70,236	65,731	65,731						
Capital grants and contributions	0	0	0	0	-	-	-	-	-	-
Total business-type activities program revenues	247,118	225,356	159,174	159,174	49,990	49,990	40,483	40,483	52,451	49,850
Total district program revenues	5,897,187	5,710,683	313,278	313,278	\$ 198,191	\$ 198,191	\$ 199,097	\$ 202,307	\$ 290,837	\$ 392,058
Net (Expense)/Revenue										
Governmental activities	1,232,807	1,050,559	(3,839,037)	(4,060,920)	\$ (3,600,553)	\$ (3,600,553)	\$ (2,904,802)	\$ (2,873,153)	\$ (2,882,595)	\$ (2,803,770)
Business-type activities	(16,536)	(29,634)	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366
Total district-wide net expense	1,216,271	1,020,925	(3,855,573)	(3,855,573)	\$ (3,582,030)	\$ (3,582,030)	\$ (2,901,963)	\$ (2,878,186)	\$ (2,880,567)	\$ (2,801,404)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	4,304,185	3,667,885	2,819,498	2,819,498	2,908,157	2,908,157	2,482,929	2,559,141	2,558,652	2,719,351
Grants and contributions(Federal/state aid)	527,136	761,664	534,914	534,914	391,754	391,754	293,193	372,774	169,689	168,287
Transfers	0	0	0	0	0	0	0	0	0	0
Miscellaneous income	0	0	290,393	290,393	126,161	126,161	88,506	58,675	44,408	208,728
Total governmental activities	4,831,321	4,429,549	3,644,805	3,644,805	3,426,072	3,426,072	2,864,628	2,990,590	2,772,749	3,096,366
Business-type activities:										
Investment earnings	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0	0
Total business-type activities	0	0	0	0	0	0	0	0	0	0
Total Charter -wide										
Change in Net Position										
Governmental activities	1,646,866	1,074,974	(194,232)	(416,115)	\$ (174,481)	\$ (174,481)	\$ (40,174)	\$ 117,437	\$ (109,846)	\$ 292,596
Business-type activities	15,495	(29,634)	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028	2,366
Total Charter School	1,662,361	1,045,340	(210,768)	(382,403)	\$ (155,958)	\$ (155,958)	\$ (37,335)	\$ 112,404	\$ (107,818)	\$ 294,962

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

FUND BALANCES-GOVERNMENTAL FUNDS

LAST TEN YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Unreserved	2,281,206	1,781,425	1,631,717	1,536,318	1,969,687	2,479,292	2,653,773	2,479,292	2,583,750	2,700,021
Total general fund	<u>\$ 2,281,206</u>	<u>\$ 1,781,425</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total governmental funds	<u>\$ 2,281,206</u>	<u>\$ 1,781,425</u>	<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>\$ 2,583,750</u>	<u>\$ 2,700,021</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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Local sources	4,304,185	3,165,953	3,165,953	2,819,498	2,702,506	2,908,157	2,482,929	2,559,141	2,563,511	271,9351
Contribution										
Miscellaneous	9,362	9,480	9,480	290,393	357,860	406,170	263,940	290,158	229,926	208,728
State sources	639,840	1,210,892	1,210,892	534,914	440,477	391,754	293,193	372,774	169,689	168,287
Federal sources	167,831	159,003	159,003	154,104	154,020	148,201	158,614	161,824	171,602	275,424
Total revenue	5,121,218	4,545,328	4,545,328	3,798,909	3,654,863	3,854,282	3,198,676	3,583,897	3,134,728	3,371,790
Expenditures										
Instruction										
Regular instruction	2,171,335	1,911,309	1,911,309	1,903,650	1,757,510	1,721,559	1,437,494	1,464,319	1,529,885	1,466,510
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	510,530	1,165,256	1,165,256	548,187	1,197,631	554,599	450,850	753,636	779,949	625,578
School administrative services										
Central services										
Admin. information technology										
Plant operations and maintenance										
Pupil transportation	949,476	619,845	619,845	1,104,208	491,229	1,047,216	856,300	766,784	712,987	810,733
Other Support Services	785,921	684,805	684,805	646,680	646,680	568,164	460,086	231,483	190,377	167,285
Employee benefits										
Capital outlay	204,175	68,714	68,714	29,481	71,418	137,225	41,360	50,238	37,801	62,798
Debt service:										
Principal										
Interest and other charges										
Total expenditures	4,621,437	4,449,929	4,449,929	4,232,206	4,164,468	4,028,763	3,246,090	3,266,460	3,250,999	3,132,904
Excess (Deficiency) of revenues over (under) expenditures	499,781	95,399	95,399	(433,297)	(509,605)	(174,481)	(47,414)	117,437	(116,271)	238,886
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)										
Proceeds from refunding										
Payments to escrow agent										
Transfers in										
Transfers out										
Total other financing sources (uses)	0	0	0	0	0	0	0	0	0	0
Net change in fund balances	\$ 499,781	\$ 95,399	\$ 95,399	\$ (433,297)	\$ (509,605)	\$ (174,481)	\$ (47,414)	\$ 117,437	\$ (116,271)	\$ 238,886

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

J-16

**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>2019</u>	<u>2018</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>
Instruction										
Regular	18	16	12	12	12	12	12	12	12	12
Special education	2	2	1	1	1	1	1	1	1	1
Other special education										
Vocational										
Other instruction	2	2	6	6	6	6	6	6	6	6
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	2	2	1	1	1	1	1	1	1	1
Pupil transportation										
Other support services	4	4	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>32</u>	<u>30</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</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) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						K	ELEMENTARY	GRADE 4-7				
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%
2013	178	3,087,476	17,345	-3.89%	-	2	6	4	185.6	178.2	0.00%	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	2	6	4	174.4	171.0	0.00%	98.00%
2016	206	4,232,278	20,545	-17.82%	2	2	6	4	201.9	197.8	15.73%	98.00%
2017	242	5,217,488	21,560	4.94%	2	2	6	4	237.2	232.4	17.48%	98.00%
2018	274	4,901,842	17,890	-17.02%	2	2	6	6	268.5	263.1	13.22%	98.00%
2019	312	5,295,570	16,973	-5.13%	2	2	2	8	305.8	299.6	13.87%	98.00%

Note: Enrollment based on annual October district count.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

J-18

SCHOOL BUILDING INFORMATION

LAST TEN YEARS
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Charter School Building</u>										
Square Feet	40,000	40,000	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Building Capacity for students	496	496	225	225	225	225	225	225	225	225
Enrollment:										
Kindergarten	38	34	32	29	29	29	29	30	33	33
Grade 1	32	37	38	33	33	33	27	33	34	36
Grade 2	37	38	35	32	32	32	29	32	35	34
Grade 3	35	33	38	27	27	27	28	28	30	33
Grade 4	29	37	37	32	32	32	23	33	36	33
Grade 5	39	34	36	25	25	25	30	25	28	30
Grade 6	36	37	26	-	-	-	21	-	-	-
Grade 7	38	24	-							
Grade 8	28									
Total students	312	274	242	210	178	178	187	181	196	199

**2018-19 SCHEDULE OF INSURANCE
FOR
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
<u>Package</u> NJSBAIG P831 07/01/18-07/01/19 \$11,164	Covered Location	65 West Demarest Avenue, Englewood, NJ 07631
<u>Property</u>	\$465,000 \$150,000 \$350,000	Contents –All Risk w/ \$1,000 Deductible Business Income/Tuition Limit w/ \$1,000 Deductible Electronic Data Processing w/ \$1,000 Deductible
<u>Crime</u>	\$250,000 \$25,000 \$5,000 \$5,000 \$10,000 \$155,000	Faithful Performance w/ \$500 Deductible Forgery & Alteration w/ \$500 Deductible Money & Securities w/ \$500 Deductible Money Order/Counterfeit w/ \$500 Deductible Computer Fraud w/ \$500 Deductible Board Secretary/SBA w/ \$1,000 Deductible (A. Barckett)
<u>General Liability</u>	\$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$100,000 \$5,000	Single Limit for Bodily Injury and Property Damage Products/Completed Operations Aggregate Sexual Abuse per Person Sexual Abuse – Aggregate per Policy Period Each Occurrence for Personal Injury/Advertising Injury Each Claim for Employee Benefits Liability w/ \$1,000 Deductible Fire Legal Liability (Any One Fire) Premise Medical Payments Per Person
<u>Crisis Management</u>	\$1,000,000	Each Occurrence
<u>Brezley Breach Response Service</u>	\$1,000,000	Each Occurrence
<u>Automobile Liability</u>	\$5,000,000	Hired and Non Owned
<u>Student Accident/Service Fee</u> Berkley Life and Health Insurance Company/Fortitude Insurance Group PAI L00490423 003 09/08/18-09/08/19 \$12,002	\$5,000,000 \$10,000	Accident Medical Excess Benefit (Gold Plan) AD&D
<u>School Leaders E&O</u> NJSBAIG E831 07/01/18-07/01/19 \$9,159	\$1,000,000 \$100,000 \$300,000	Coverage A Each Loss w/ \$5,000 Deductible Coverage B Each Loss w/ \$5,000 Deductible Coverage B Annual Aggregate
<u>Workers' Compensation</u> NJSBAIG W831 07/01/18-07/01/19 \$31,658 \$2,372,261 School Prof \$223,690 School Non-Prof w/ 0.7913 MOD)	\$2,000,000 \$2,000,000 \$2,000,000	Each Accident Each Employee Policy Limit
<u>Supplemental Indemnity</u> NJSBAIG 6477-57-74 07/01/18-07/01/19 \$1,098	Statutory	7-Day Waiting Period 109

Charter School Performance Framework Financial Indicators
Near Term Indicators
June 30, 2019
Unaudited

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 2,161,567	\$ 1,630,794		\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	168,202	248,925	298,188	190,542	156,089	113,279
Capital assets, net	311,738	166,929	66,094	34,786	13,967	15,799
Total assets	<u>2,641,507</u>	<u>2,046,648</u>	<u>364,282</u>	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	123,563	170,302	162,001	66,039	66,039	30,843
Long term liabilities	-	-	-	-	-	-
Total liabilities	<u>123,563</u>	<u>170,302</u>	<u>162,001</u>	<u>66,039</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>\$ 2,517,944</u>	<u>\$ 1,876,346</u>	<u>\$ 202,281</u>	<u>\$ 1,623,326</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	\$ 5,795,351	\$ 5,367,196	\$ 4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(5,295,570)	(5,217,488)	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	<u>\$ 499,781</u>	<u>\$ 149,708</u>	<u>\$ 95,399</u>	<u>\$ (433,369)</u>	<u>\$ (509,605)</u>	<u>\$ (174,481)</u>

Depreciation expense	\$ 59,366	\$ 37,406	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-
Final average daily enrollment	312	240	240	206	178	196
March 30th budgeted enrollment	340	250	250	211	190	200

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Two Year Cumulative
NEAR TERM INDICATORS:							
Current ratio	18.85	11.04	1.84	25.05	31.21	77.52	108.73
Unrestricted days cash	148.99	114.09	-	126.26	166.97	206.36	39.39
Enrollment variance	92%	96%	96%	98%	94%	98%	0.96
Default	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School Records

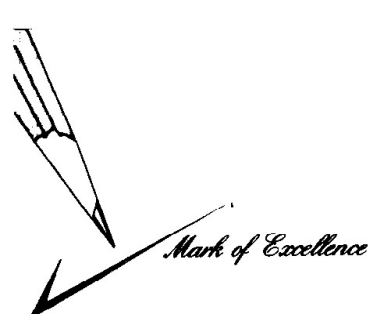
**Charter School Performance Framework Financial Indicators
Sustainability Indicators
June 30, 2019
Unaudited**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 2,161,567	\$ 1,630,794	\$ 1,426,126	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	168,202	248,925	298,188	190,542	156,089	113,279
Capital assets, net	311,738	166,929	66,094	34,786	13,967	15,799
Total assets	<u>2,641,507</u>	<u>2,046,648</u>	<u>1,790,408</u>	<u>1,689,365</u>	<u>2,075,081</u>	<u>2,406,829</u>
Current liabilities	123,563	170,302	162,001	67,088	66,039	30,843
Long term liabilities	0	0	0	-	-	-
Total liabilities	<u>123,563</u>	<u>170,302</u>	<u>162,001</u>	<u>67,088</u>	<u>66,039</u>	<u>30,843</u>
Net position	<u>2,517,944</u>	<u>1,876,346</u>	<u>1,628,407</u>	<u>\$ 1,622,277</u>	<u>\$ 2,009,042</u>	<u>\$ 2,375,986</u>
Total revenue	5,795,351	5,367,196	4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(5,295,570)	(5,217,488)	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	<u>\$ 499,781</u>	<u>\$ 149,708</u>	<u>\$ 95,399</u>	<u>\$ (433,369)</u>	<u>\$ (509,605)</u>	<u>\$ (174,481)</u>
Depreciation expense	\$ 59,366	\$ 37,406	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-
Final average daily enrollment	240	240	240	206	178	196
March 30th budgeted enrollment	250	250	250	211	190	200

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Two Year Cumulative
SUSTAINABILITY INDICATORS:							
Total Marging	8.62%	2.79%	2.10%	-11.41%	-13.94%	-4.53%	(0.16)
Debt to asset	N/A	N/A	N/A	N/A	N/A	206.36	206.36
Cash flow	\$ 530,773	\$ 204,668	\$ (37,911)	\$ (440,988)	\$ (372,726)		0.97
Debt ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School Records

SINGLE AUDIT SECTION



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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, 2019, and the related notes to the financial statements, which collectively comprise Charter School's basic financial statements, and have issued our report thereon dated December 17, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Internal Control Over Financial Reporting - Continued

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

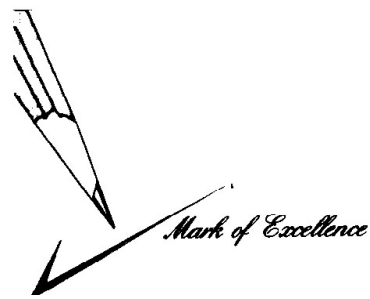
ILORI CPA LLC

KunleIlori

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

ILORI CPA LLC

December 17, 2019



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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, 2019. 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, 2019.

Report on Internal Control over Compliance

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

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

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

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

Ilori CPA LLC

KunleIlori

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

ILori CPA LLC

December 17, 2019

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
(BERGEN COUNTY)

EXHIBIT K-3
SCHEDULE .

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA No.	Federal Award Identification No.	Program Name	Program or Award Amount	Grant Period	Balance 06/30/19	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	(Accts. Rec.) Def. Rev 6/30/2019	Due to Grantor 6/30/2019
U.S. Department of Education												
Passed-through State Dept. of Education:												
Title I-Grants to Local Educational Agencies	84.010A	S010A180030	Title I	\$ 96,799	7/1/18-6/30/19	\$ -	\$ -	\$ 96,799	\$ 96,799	\$ -	\$ -	\$ -
Title II Part A Improving Teachers Quality State Grant	84.367A	S367A180029	Title IIA	9,367	7/1/18-6/30/19	-	-	9,367	9,367	-	-	-
Title IV Part A	84.424	S424A180031	Title IVA	10,000	7/1/18-6/30/19	-	-	10,000	10,000	-	-	-
IDEA - Individuals with Disabilities Education Act	84.027	H027A180100	IDEA	51,665	7/1/18-6/30/19	-	-	51,665	51,665	-	-	-
Total U. S. Dept. of Education				<u>\$ 167,831</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,831</u>	<u>\$ 167,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Department of Agriculture												
Passed-Through New Jersey Dept of Agriculture												
National School Lunch Program	10.555	201NJ304N1099	Food program	70,628		-	-	70,628	70,628	-	\$ -	-
Total Enterprise Fund/Total U.S. Department of Agriculture				<u>70,628</u>		<u>-</u>	<u>-</u>	<u>70,628</u>	<u>70,628</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 238,459</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,459</u>	<u>\$ 238,459</u>	<u>\$ -</u>	<u>\$ -</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, 2019

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, 2018	Due to Grantor June 30, 2018
State Department of Education											
General Fund:											
Equalization Aid	19-495-034-5120-078	\$ 4,304,653	07/1/18-6/30/19	\$ -	\$ -	\$ (4,304,185)	\$ 4,210,735	\$ -	\$ -	93,450	-
Equalization Aid	18-495-034-5120-078	3,884	07/1/18-6/30/19	3,884	-	(3,884)	-	-	-	-	-
Security Aid	19-495-034-5120-084	81,898	07/1/18-6/30/19	-	-	(81,898)	81,898	-	-	-	-
Special Education	19-495-034-5120-089	82,156	07/1/18-6/30/19	-	-	(82,156)	82,156	-	-	-	-
State Adjustment Aid	19-495-034-5120-089	475,786	07/1/18-6/30/19	-	-	(475,786)	475,786	-	-	-	-
Social Security Tax Reimbursement	19-495-034-5095-002	155,339	07/1/18-6/30/19	-	-	(155,339)	155,339	-	-	-	-
Teacher's Pension and Post Retirement	19-495-034-5095-001	518,794	07/1/18-6/30/19	-	-	(518,794)	518,794	-	-	-	-
Total State Educational aid		5,622,510		3,884	-	(5,622,042)	5,524,708	-	-	93,450	-
State Department of Agriculture				5,618,626							
State School lunch program	19-100-010-3350-023	1,527	07/1/18-6/30/19	-	-	(1,527)	1,527	-	-	-	-
Total State Dept. of Agriculture		1,527		5,618,626	-	(1,527)	1,527	-	-	-	-
Total State Financial Assistance		5,624,037		5,622,510	-	(5,623,569)	5,526,235	0	0	93,450	0
Less expenditures not subject to state single audits							518,794				
Total State Financial Assistance Subject to Single Audit							155,339				
							\$ 4,852,102				

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, 2019

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 *uniform guidance*. 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, 2019

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS- CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,944,025	\$ 4,944,025
Special Revenue Fund	167,831	-	167,831
Enterprise Fund	70,628	1,527	72,155
Total	<u>\$ 238,459</u>	<u>\$ 4,945,552</u>	<u>\$ 5,184,011</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, 2019.

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, 2019

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:

<u>CFDA Number</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	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, 2019

State Financial Assistance Section

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

programs: 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>
19-495-034-5120-078	Equalization Aid
19-495-034-5120-085	State Adjustment Aid

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019

There were no findings in prior year.