

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL
JUNE 30, 2020**

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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DIRECTOR**

**DR. SHIRL BURNS
PRINCIPAL**

January 15, 2020

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, 2020. 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 2019-2020 fiscal year with an average daily enrollment of 324 students, which is 12 students more than the previous year's enrollment. The following details the changes in student enrollment of the school over the last ten years.

<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2019-2020	324	3.84%
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%

2) **ECONOMIC CONDITION AND OUTLOOK**

The Charter School 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-8th grade public school serving 324 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 2019-2020 school year we lowered our teacher/student ratio by providing each Kindergarten class with the support of a shared teacher assistant throughout the school day. Additional academic support continued to be provided by a teacher assistant in the First grade also. At EPCS, we are proud that the demographics of the students and staff have long been rich in cultural, ethnic and racial diversity throughout the years.

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. Our curriculum is also 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 use of Chrome books by our students. The incorporation of these materials into lessons varies by grade level, content area and usage of resources.

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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.

With all of the programs and curriculums in place to support the academic needs of our students, on Friday, March 13, 2020, we were instructed by our County Superintendent that all public and charter schools will close as of Friday, March 13th by 3:00pm. With this mandate, came the closing of all schools indefinitely as of Monday, March 16th, 2020. Unbeknown to any of us, this was the beginning of a change in the education of our children.

In preparation for Monday, March 16th, the first date of our remote and packet learning, all students received a packet of work and information about how we were expecting our students and families to support our efforts to implement at home learning (grades K-2) and online learning for our designated students in grades 3rd-8th.

In an effort to support our 3rd through 8th grade students with their assignments that were technology based, students were being allowed to take their Chromebooks and a charger home with them. Parents and students were reminded that the Chromebooks were school property, and it was expected that it would only be used to complete their school assignments. It was also expected that their Chromebooks would be returned in good condition.

Although preparing for what we thought would be a short-term learning experience for all of us; it was imperative that we remembered that the health and safety of our students, staff and families came first. It was also very important that our students understood that our online learning was a replacement for the time that we were not going to physically be in our school building. At this time, it was expected that we would be out of our school building for approximately 2 to 3 weeks. In reality, all of our students remained remote/packet learners for the remainder of the 2019-2020, school year.

In an effort to maintain some normalcy and the ability to keep some traditions that our students could look forward to, the Englewood on the Palisades Charter School used the following innovative programs and practices to foster academic support, and enrichment:

- 1) Our teaching staff continued to create and enact lesson plans that followed curriculum standards that are being tested in the NJSLA assessments. Staff members are careful to utilize all the resources at hand, which include the Reading, Math and Science series, and other online resources which have been approved by Administration. Teachers contentiously updated their plans to ensure that the appropriate materials are covered in the classroom and in the Test Prep practices. Due to the COVID 19 Pandemic, the 2019-2020 NJSLA Assessments were not administered for that year.

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- 2) During our Remote learning, teachers continued to institute the development of an 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

- 3) 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 their Zoom classes. Interactive Notebooks are a resource for students to take ownership and interact with their learning.

Our classrooms are designed to be Constructivist, and 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.

During our remote learning, it was imperative that we continued to provide our students with exposure to our Special Subject areas which consisted of; Spanish, Music and Art. All students in Kindergarten through 8th grade rotated through a grade cluster schedule for the remaining marking periods.

In order to also institute Physical Education and Health classes for the total student population, a three-week rotation schedule was also implemented for the remaining marking periods.

Submission and Implementation of Closure Plans

As mandated by the NJDOE, Englewood on the Palisades Charter School (EPCS) submitted an updated Closure Plan due to the COVID-19 Pandemic. This plan was developed with the intension of continuing the implementation of meaningful remote/online instruction for our students through the use of a variety of instructional resources and platforms. The EPCS Plan included equitable access for all students and also meets the inclusive needs of our student population, i.e., students with disabilities.

With a total enrollment of 324 students, our Elementary school enrollment consisted of 218 students, and our Middle School student population was 106 students. We did not have students that were identified as homeless and/or migrant LSE. During this school year there were 28 Special Education students receiving services.

For the remainder of the 2019-2020 school year, all students in Kindergarten through 8th grade continued to participate in our remote leaning program.

To assure equitable access for all students, chromebooks were given to our students to use at home during remote learning.

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Through our teacher's communication with their parents, any concerns pertaining to lack of access of internet was reported to Administration and the following solutions were made available if needed: mobile hotspots, provide hard copies of assignments, provide communication by Phone or text, and the dissemination of chrome books to students.

The academic instructional times for all students were between the hours of 8:00am to 12:00pm. All teachers were also available to their students during Office Hours, which were held daily from 1:00pm to 3:00pm.

With the use of selected platforms such as Zoom, Google Classroom, Google Chat, small group instruction, pre-recorded lessons, virtual field trips, and mini lessons allowed our students to have instructional experiences that meet the need of individual students, as well as allowed for the utilization of grade bands as it pertains to selected platforms. Students in Kindergarten through 2nd grade had computer access with selected platforms/programs to support their pencil and paper academic instruction. Students in 3rd through 8th grade used their chromebooks to access the appropriate platform to meet the needs of their assignments. Adaptive platforms were available to be used to meet the needs of individual students.

Traditionally, during a normal school year many activities were available to our students and family members. Due to the COVID-19 pandemic, we wanted to provide our students with some sense of school normalcy by keeping the following activities alive: Individual classroom Science presentations, Anti-Bullying Assembly, Internet Safety for Parent Presentation, Back to School Night, Parent/Teacher Conferences, Progress Reports, Week of Respect, Hispanic Heritage Celebration, Holiday Celebration, Black History Celebration, Elementary School wide Pajama Day, Marking Period Honor Roll Award Ceremonies, Kindergarten Virtual Moving Up Presentation, 1st through 7th Grade Awards Virtual Presentation. Due to the pandemic, our 8th grade students were unable to participate in their 8th grades Prom and field trip. However, we were able to provide our 8th grade graduates and their families with a drive by graduation. It was an awesome experience for everyone!

EPCS will begin the 2020-2021 school year with the understanding that our students are in need of academic support, interventions, and social emotional learning as we navigate through the 2020-2021 school year.

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>2020</u>	<u>2019</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 4,472,414	\$ 4,304,185	\$ 168,229	3.91%
State Sources	498,282	639,840	(141,558)	-22.12%
Federal Sources	<u>227,762</u>	<u>167,831</u>	<u>59,931</u>	<u>35.71%</u>
Total	<u>\$ 5,198,458</u>	<u>\$ 5,111,856</u>	<u>\$ 86,602</u>	<u>17.49%</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>2020</u>	<u>2019</u>	<u>Decrease</u>	<u>% Change</u>
<u>Expenditures</u>				
Instruction	\$ 2,046,452	\$ 2,171,335	\$ (124,883)	-5.75%
Undistributed				
Expenditures	2,193,228	2,245,927	(52,699)	-2.35%
Capital Outlay	102,375	204,175	(101,800)	-49.86%
	-	-		
Total	<u>\$ 4,342,055</u>	<u>\$ 4,621,437</u>	<u>\$ (279,382)</u>	<u>-57.96%</u>

For the year ending June 30, 2020, our expenditures were based upon one director, one principal, full time teachers for all grades, 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.

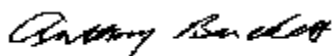
10) **COVID-19**

On March 11, 2020, the World Health Organization declared and characterized COVID-19 as a pandemic. Furthermore, on March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2020-2021 school year academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs' ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes as they become necessary.

11) **ACKNOWLEDGEMENTS**

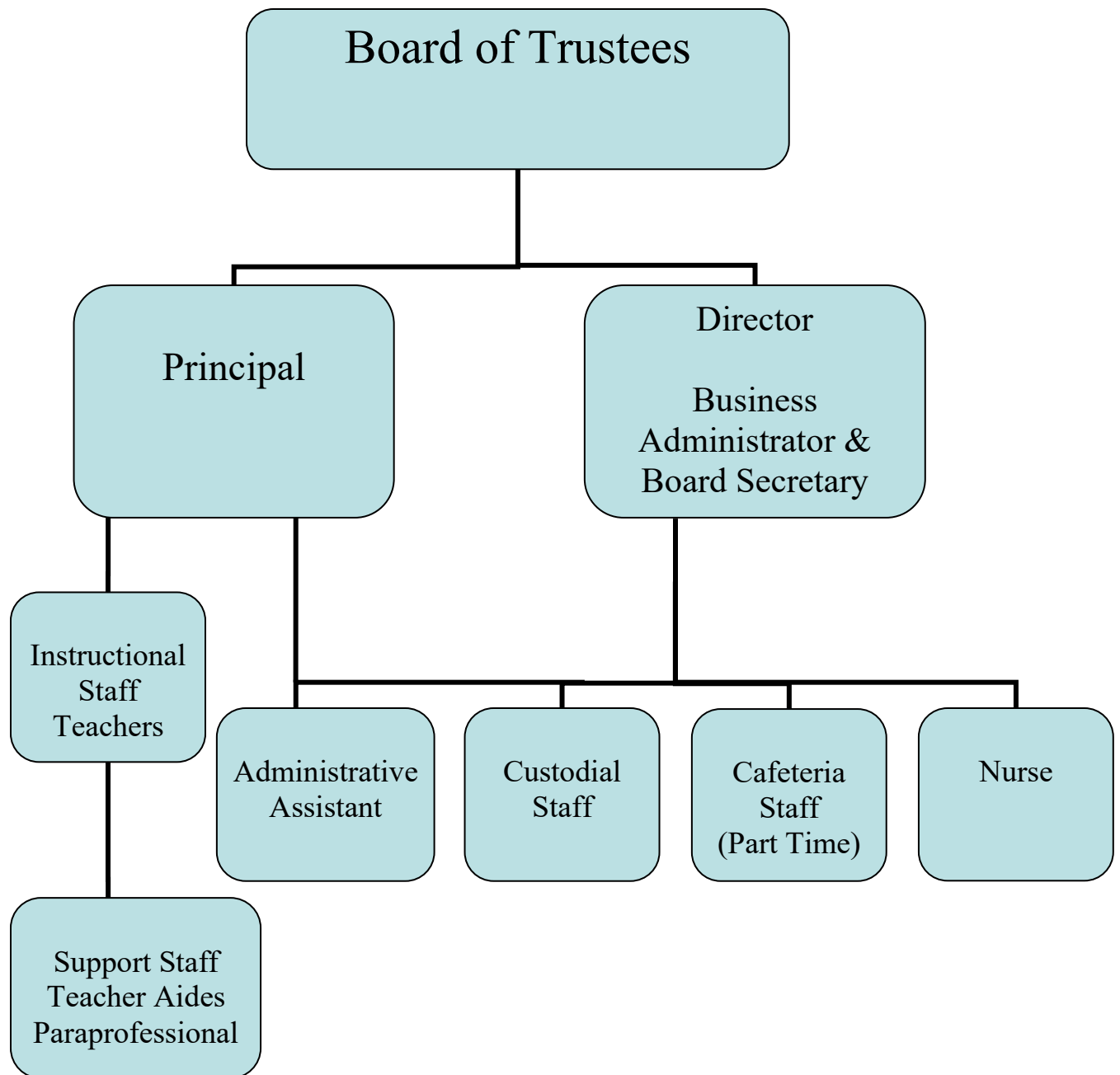
We would like to express our appreciation to the members of Englewood on the Palisades Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and Englewood school Charter School and thereby contributing their full support 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, 2020

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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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, 2020, 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, 2020, 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 January 15, 2020 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

January 15, 2021

**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, 2020

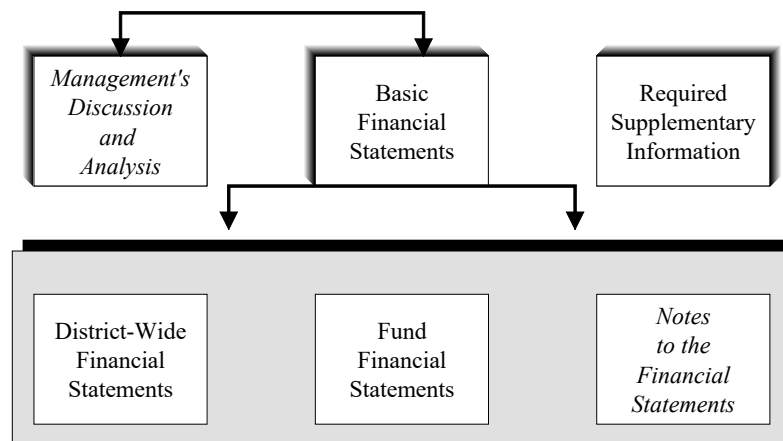
The discussion and analysis of Englewood on the Palisades Charter School’s financial performance provides an overview of the School’s financial activities for the fiscal year ended June 30, 2020. The objective of this overview and analysis is to examine the Charter School’s financial performance as a 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, 2020

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 and deferred inflows of resources of the Charter School at the close of its fiscal year by \$1,912,754. The Charter School's total net position for the year ended June 30, 2020 increased by \$ 748,216. 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, 2020

	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, 2020

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, 2020

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 fees 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, 2020

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 \$5,735,767 and \$5,627,520 for the years ended June 30, 2020 and 2019, respectively; this included \$756,744 in 2019 and \$674,133 for 2019 of state reimbursed TPAF Social Security Contributions and Pension.

The total cost of all programs and services was \$4,783,721 for 2020 and \$4,760,744 for 2019. 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, 2020

Business-Type Activities

Revenue for the Charter School's business-type activity Food and After School Programs for the years ended June 30, 2020 and 2019 amounted to \$178,186 and \$247,118, 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 2020 and 2019 was most significant in the general fund. The school governmental fund balance shows significant improvement as it increased from \$2,281,206 to \$2,918,174. 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>2020</u>	<u>2019</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
<u>Revenue</u>				
Local Sources	\$ 4,472,414	\$ 4,304,185	\$ 168,229	3.91%
State Sources	498,282	639,840	(141,558)	-22.12%
Federal Sources	227,762	167,831	59,931	35.71%
Total	<u>\$ 5,198,458</u>	<u>\$ 5,111,856</u>	<u>\$ 86,602</u>	<u>17.49%</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, 2020

Governmental Activities- Continued

It identifies the cost of these services supported by unrestricted state entitlements for the fiscal years ended June 30, 2020 and 2019.

	2020		2019		
	Net Cost of		Net Cost of		
	Services		Services	Change	% Change
Instruction	\$ 2,046,452	\$	2,019,371	\$ 27,081	1.34%
Support Services:					
Administrative expenses	1,002,700		1,296,451	\$ (293,751)	-22.66%
Other support services	1,260,800		949,476	\$ 311,324	32.79%
Total Expenses	\$ 4,309,952	\$	4,265,298	\$ 44,654	

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 2020, 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 \$4,958,126 fiscal year ended June 30, 2020. Expenditures and other financing uses were budgeted at \$4,342,055. These unbudgeted amounts were not included in both revenues and expenditures of the CAFR.

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

JUNE 30, 2020

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, 2020 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 2020, 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 2020 and 2019, the total capitalized assets amounts were \$621,194 and \$371,105, respectively.

Long-term debt and capitalized lease obligations

At June 30, 2020, 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 2019-2020. 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 supply, 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, 2020

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.

FUND FINANCIAL STATEMENTS

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,773,888	\$ 43,733	\$ 2,817,621
Receivables- State	66,060	117	66,177
Receivables-Federal	52,532	5,685	58,217
Other Receivable	105,815		105,815
Prepaid assets	50,274		50,274
Depreciated capital assets	-		-
Less Accumulated depreciation of \$319,322	301,322	-	301,322
Total Assets	<u>3,349,891</u>	<u>49,535</u>	<u>3,399,426</u>
Deferred outflows of resources			
Pension deferred outflows- Pension	<u>199,911</u>	-	<u>199,911</u>
Total assets and deferred outflows of resources	<u>\$ 3,549,802</u>	<u>\$ 49,535</u>	<u>\$ 3,599,337</u>
 LIABILITIES			
Accounts Payable	18,000	-	18,000
Other Payable - Districts	112,395	-	112,395
Interfund Payable	-		-
Net Pension Liability	<u>794,683</u>		<u>794,683</u>
	<u>925,078</u>	-	<u>925,078</u>
Deferred inflows of resources			
Pension deferred inflows	<u>410,648</u>	-	<u>410,648</u>
 NET POSITION			
Invested in capital assets, net of related debt	301,322	-	301,322
	-	-	-
Unrestricted	<u>1,912,754</u>	<u>49,535</u>	<u>1,962,289</u>
Total net position	<u>\$ 2,214,076</u>	<u>\$ 49,535</u>	<u>\$ 2,263,611</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, 2020**

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	\$ 2,046,452	\$ -	\$ 157,490	\$ -	(1,888,962)	\$ -	\$ (1,888,962)
Support services:							
Student & instruction related services	1,260,800	-	-	-	(1,260,800)	-	(1,260,800)
School administrative services	1,002,700	-	70,272	-	(932,428)	-	(932,428)
Capital outlay	-	-	-	-	-	-	-
Miscellaneous	150,540	-	-	-	(150,540)	-	(150,540)
Unallocated depreciation	129,291	-	-	-	(129,291)	-	(129,291)
Total governmental activities	<u>4,589,783</u>	<u>-</u>	<u>227,762</u>	<u>-</u>	<u>(4,362,021)</u>	<u>-</u>	<u>(4,362,021)</u>
Business-type activities:							
Food service and After care service	193,938	105,926	72,260	-	-	(15,752)	(15,752)
Total business-type activities	<u>193,938</u>	<u>105,926</u>	<u>72,260</u>	<u>-</u>	<u>-</u>	<u>(15,752)</u>	<u>(15,752)</u>
Total primary government	<u>\$ 4,783,721</u>	<u>\$ 105,926</u>	<u>\$ 300,022</u>	<u>\$ -</u>	<u>\$ (4,362,021)</u>	<u>\$ (15,752)</u>	<u>\$ (4,377,773)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
					\$ 4,472,414	\$ -	\$ 4,472,414
					-	-	-
Federal and State aid not restricted							
					498,282	-	498,282
Other sources							
					8,327	-	8,327
Transfers							
					-	-	-
					<u>4,979,023</u>	<u>-</u>	<u>4,979,023</u>
					617,002	(15,752)	601,250
Total general revenues, special items, extraordinary items and transfers							
Net position—Beginning					1,597,074	65,287	1,662,361
Adjustment - Pension					-	-	-
Adjusted Net position—Beginning					<u>1,597,074</u>	<u>65,287</u>	<u>1,662,361</u>
					-	-	-
Net position—Ending A-1					<u>\$ 2,214,076</u>	<u>\$ 49,535</u>	<u>\$ 2,263,611</u>

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

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

Exhibit B-1

	General Fund	Special Revenue Fund	Total Governmental Funds
Receivables			
Cash and cash equivalents	\$ 2,751,420	\$ (52,532)	\$ 2,698,888
Cash - Restricted	75,000	-	75,000
Receivables- State	66,060	-	66,060
Receivables- Federal	-	52,532	52,532
Receivable - Court settlement	105,815	-	105,815
Interfund receivable	-	-	-
Receivables- Security receivable	50,274	-	50,274
Total assets	3,048,569	-	3,048,569

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	18,000	-	18,000
Payable to state or district	112,395	-	112,395
Interfund payable	-	-	-
Total liabilities	130,395	-	130,395

Fund Balances:

Unreserved, reported in:

General fund	2,918,174	-	2,918,174
Total Fund balances	2,918,174	-	2,918,174
Total liabilities and fund balances	\$ 3,048,569	\$ -	

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

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

Total Acquisition Cost	621,194	
Less Accumulated Depreciation	319,872	301,322

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)	-	199,911
--	---	---------

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)	(410,648)	
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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)	(794,683)	
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Unreported

Net position of governmental activities- A-1	\$ 2,214,076	
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The accompanying Notes to Financial Statements are an integral part of this statement.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenue			
Local sources:			
"Local levy" local share	\$ 4,472,414	\$ -	\$ 4,472,414
Miscellaneous	-	-	-
Total - Local Sources	<u>4,472,414</u>	<u>-</u>	<u>4,472,414</u>
State sources	498,282	-	498,282
Other sources	8,327	-	8,327
TPAF Social Security (Non-Budgeted)	172,202	-	172,202
TPAF Pension and Post Retirement Medical (Non-Budgeted)	584,542	-	584,542
Federal sources	-	227,762	227,762
Total revenues	<u>5,735,767</u>	<u>227,762</u>	<u>5,963,529</u>
EXPENDITURES			
Current:			
Instruction	2,046,452	157,490	2,203,942
Undistributed Expenditures:			
Administrative cost	1,260,800	-	1,260,800
Support services	932,428	70,272	1,002,700
TPAF Social Security (Non-Budgeted)	172,202	-	172,202
TPAF Pension and Post Retirement Medical (Non-Budgeted)	584,542	-	584,542
Capital outlay	<u>102,375</u>	<u>-</u>	<u>102,375</u>
Total expenditures	<u>5,098,799</u>	<u>227,762</u>	<u>5,326,561</u>
Excess (Deficiency) of revenues over expenditures	<u>636,968</u>	<u>-</u>	<u>636,968</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	636,968	-	636,968
Fund balance—July 1	2,281,206	-	2,281,206
Fund balance—June 30	<u>\$ 2,918,174</u>	<u>\$ -</u>	<u>\$ 2,918,174</u>

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

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total net change in fund balances - governmental funds (from B-2) \$ 636,968

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	129,291		
	Assets additions	<u>118,875</u>		
Excess of capital outlays over depreciation expense				248,166

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

(268,132)

Change in net assets of governmental activities A-2 \$ 617,002

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, 2020**

ASSETS

Current assets:

Cash and cash equivalents	\$	43,733
Government grants receivable-Federal		5,685
Government grants receivable-State		117
Interfund receivable General Fund		
Other receivables		-
Inventories		-
Total current assets		49,535

Total assets		49,535
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LIABILITIES

Current liabilities:

Accounts payable		-
Interfund payable		-
Total liabilities		-

NET POSITION

Invested in capital assets net		-
Unrestricted		49,535

Total net position	\$	49,535
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Total Laibilities and Net Position		49,535
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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, 2020

Charges for services:	
Daily sales - non-reimbursable programs	31,195
After care fees	73,868
New Jersey Care Kids	-
Miscellaneous revenue	863
Total operating revenues	<u>105,926</u>
Operating expenses:	
Cost of sales	
Salaries	52,082
Employee benefits	-
Other purchased services	107,053
Field Trips	2,400
Supplies	15,108
Miscellaneous	2,204
Conference & meetings	863
Maintenance	11,047
Insurance	-
Utilities	-
Security	-
Postage	3,181
Technology supplies	-
Total Operating Expenses	<u>193,938</u>
Operating loss	<u>(88,012)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	1,353
Federal sources:	
National school breakfast program	7,586
National school lunch program	47,486
Healthy Hunger Free Kids Act	1,760
Federal snack	14,075
Total nonoperating revenues	<u>72,260</u>
Loss before transfers	(15,752)
Transfers in (out)	-
Change in net position	(15,752)
Total net position-beginning	<u>65,287</u>
Total net position-ending	<u>\$ 49,535</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, 2020**

Cash flows from operating activities	
Operating loss	(88,012)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	
Changes in assets and liabilities:	
Accounts receivable	(5,802)
Accounts payable	-
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	1,353
Cash received from federal reimbursements	70,907
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	(21,554)
Cash and cash equivalents, beginning	<u>65,287</u>
Cash and cash equivalents, ending	<u><u>43,733</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, 2020

Exhibit B-7

	Unemployment Compensation Trust	Total Agency Fund
ASSETS		
Cash and cash equivalents	\$ 5,075	\$ 5,075
Interfund Receivable	-	1,745,255
	-	-
Total assets	\$ 5,075	\$ 1,750,330
LIABILITIES		
Payable to the state unemployment		-
Interfund payable	-	1,745,255
Payroll deductions and withholdings	-	-
Payroll payable		-
Total liabilities	\$ -	\$ 1,745,255
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ 5,075	\$ 5,075

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, 2020**

Exhibit B-8

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	
Contributions to SUI	\$ 5,075
Other	-
Total Contributions	5,075
Total additions	5,075
DEDUCTIONS	
Quarterly contribution reports	-
Administrative expenses	-
Total deductions	-
Change in net assets	5,075
Net position—beginning of the year	-
Net position—end of the year	\$ 5,075

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, 2020

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, 2020

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 yearend.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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>2020</u>
Total revenues and expenditures (budgetary basis)	\$227,762
Adjustments:	
Plus: Encumbrances at June 30, 2019	-
Less: Encumbrances at June 30, 2020	<u> </u>
Total revenue and expenditures (GAAP basis)	<u>\$ 227,762</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, 2020

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, 2020.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020.

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, 2020

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, 2020

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, 2020

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, 2020

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

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

NOTE 2. DEPOSIT AND INVESTMENTS -continued

As of June 30, 2020, and 2019, cash and cash equivalents consisted of the following:

General Fund	Enterprise Fund	Agency Fund	2020 Total	2019 Total
\$ 2,826,420	\$ (52,532)	\$ -	\$ 2,773,888	\$ 2,721,356
-	-	-	-	-
<u>\$ 2,826,420</u>	<u>\$ (52,532)</u>	<u>\$ -</u>	<u>\$ 2,773,888</u>	<u>\$ 2,721,356</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, 2020, the School's reconciled bank balances amounted to \$2,773,888, 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 \$2,773,888 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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020, 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, 2020, 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	\$ 45,228	\$ 281,889
Equipment	274,407	254,974	19,433
Others	19,670	19,670	-
Total	<u>\$ 621,194</u>	<u>\$ 319,872</u>	<u>\$ 301,322</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4. LEASE OBLIGATIONS

The Charter School is committed to a lease agreement under a non-cancelable operating lease agreement effective July 2016 to expire in June 2026. The lease is on the school building located at 65 West Demarest Avenue, Englewood, New Jersey. The annual rent is in the amount of \$ 346,127 with four (4%) percent increase each year until the lease expires in 2026. The total lease payments for the year ended June 30, 2020 was \$359,972. The annual lease payments are listed below:

<u>Year</u>	<u>Annual Amount</u>
2021	374,370
2022	389,346
2023	404,920
2024	421,116
2025	437,961

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, 2020, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2020.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full-time public-school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 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, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the formulas mentioned above, but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTES 8 Pension Plans - *continued*

Vesting and Benefit Provisions -continued

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. 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, State of New Jersey 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 vided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Funding Status and Funding Progress

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. 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 \$42,900.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Annual Pension Costs (APC)

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$172,202 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 \$1,452,135 to the TPAF pension - representing on-behalf employer's portion of the TPAF contributions for the Charter School. The unbudgeted amounts were included in both revenues and expenditures. The amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NOTES 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 \$10,897,952 as measured on June 30, 2019.

For the year ended June 30, 2020, the Charter School recognized pension expense of \$642,790 and revenue of \$642,790 for support provided by the State.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTES 8 Pension Plans – GASB 68 Disclosures - continued

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

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, 2018 and June 30, 2019. 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.

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

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	\$ 17,539,845,423	\$ 16,180,773,643
Collective net pension liability (non-employer State of New Jersey)	\$ 61,370,943,870	\$ 63,617,852,031
State's portion of the net pension liability that was associated with the Charter School	\$ 29,921,311	\$ 10,796,687
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	0.04875485%	0.01697116%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	1.55% - 4.45% based on years of service
Salary increases: thereafter	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-Term Expected Rate of Return - continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Discount Rate

The discount rate used to measure the State's total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, 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 3.50% and 3.87% as of June 30, 2019 and 2018, 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, 2020

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, 2020, the Charter School reported a liability of \$794.683 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2018. 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, 2019 and 2018. At June 30, 2018, the Charter School's proportion was 0.0044103794% which was an increase of 0.012560779500% from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the Charter School recognized pension expense of \$42,900. 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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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	\$ 14,264	\$ 3,511
Changes in assumptions	79,352	275,832
Net difference between projected and actual earnings on pension plan investments	-	12,544
Changes in proportion and differences between Charter School's contributions and proportionate share of contributions	106,295	118,761
Charter School's contributions subsequent to the measurement date	42,900	-
Total	<u><u>\$ 242,811</u></u>	<u><u>\$ 410,648</u></u>

\$42,900 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, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30 2020. 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>
2020	\$ (24,390)
2021	(79,119)
2022	(70,649)
2023	(33,173)
2024	(3,406)
Thereafter	-
	<u><u>\$ (210,737)</u></u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability (Non-State Local Group)	\$ 18,018,482,972	\$ 19,689,501,539
Charter School's portion of the net pension liability	\$ 794,683	\$ 971,097
Charter School's proportion (percentage)	0.00441038%	0.00493205%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate - price	2.75%
Inflation rate - wage	3.25%
Salary increases: through 2026	2.00%-6.00% based on years of service
Salary increases: thereafter	3.00%-7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Pension Plans – GASB 68 Disclosures - continued

Long-Term Expected Rate of Return– continued

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Discount Rate -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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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:

	2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's proportionate share of the pension liability	\$ 1,010,798	\$ 794,683	\$ 622,764
	2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Charter School's proportionate share of the pension liability	\$ 1,221,042	\$ 971,097	\$ 9,276,059

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, 2020

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

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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:

<i>Active plan member</i> =	216,892
<i>Inactive plan members entitled to but not yet receiving benefits</i> =	148,051
<i>Inactive plan members or beneficiaries currently receiving benefits</i> =	-n/a
<i>Total plan members</i> =	364,943

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, 2020

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%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary increases: through 2026	1.55% to 3.05% based on years of service	2.00% to 6.00% based on age	3.25% to 15.25% based on age
Salary increases: thereafter	1.550% to 3.05% based on years of service	3.00% to 7.00% based on agE	

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-2019 scale.

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-2019 scale.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.50% 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 all future years. For prescription drug benefits, the initial trend rate is 7.50% decreases to a 4.500% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 5.00% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50%. 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, 2020

NOTE 10 Post Retirement Benefits – continued

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

	Increase/(Decrease) Total OPEB Liability
Balance as of June 30, 2018 measurement date	<u>\$ 46,110,832,982</u>
Changes recognized for the fiscal year:	
Service cost	\$ 1,734,404,850
Interest on total OPEB liability	1,827,787,206
Difference between expected and actual experiences	(7,323,140,818)
Effect of changes of assumptions	622,184,027
Gross benefits paid by the State	(1,280,958,373)
Contributions from the members	37,971,171
Net changes	<u>\$ (4,381,751,937)</u>
Balance as of June 30, 2019 measurement date	<u>\$ 41,729,081,045</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, 2019 and 2018, 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 1-percentage-point lower or 1-percentage-point higher than the current rate:

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 10 Post Retirement Benefits – continued

	June 30, 2019		
	At 1% Decrease 2.50%	At 1% Discount Rate 3.50%	At 1% Increase 4.50%
I OPEB liability attributable to the Charter School	<u>\$ 3,886,235</u>	<u>\$ 3,289,530</u>	<u>\$ 2,815,540</u>
	June 30, 2018		
	At 1% Decrease (2.87%)	At 1% Discount Rate (3.87%)	At 1% Increase (4.87%)
I OPEB liability attributable to the Charter School	<u>\$ 3,930,444</u>	<u>\$ 3,324,676</u>	<u>\$ 2,843,153</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, 2019 and 2018, 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, 2020

NOTE 10 Post Retirement Benefits – continued

	June 30, 2019		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
1 OPEB liability attributable to the Charter School	<u>\$ 2,710,426</u>	<u>\$ 3,289,530</u>	<u>\$ 4,056,145</u>
	June 30, 2018		
	At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
1 OPEB liability attributable to the Charter School	<u>\$ 2,748,038</u>	<u>\$ 3,324,676</u>	<u>\$ 4,087,301</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 \$204,061 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, 2020

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
Differences between actual and expected experience	\$ -	\$ (10,484,965,300)
Net difference between expected and actual earnings on OPEB plan investments	-	-
Assumption changes	-	(8,481,529,343)
Subtotal	-	(18,966,494,643)
Contributions made in fiscal year 2019 after June 30, 2018 measurement date	TBD	N/A

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
2020	\$ (2,546,527,182)
2021	\$ (2,546,527,182)
2022	\$ (2,546,527,182)
2023	\$ (2,546,527,182)
2024	\$ (2,546,527,182)
Thereafter	\$ (6,233,858,733)
	<u>\$ (18,966,494,643)</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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	\$ 2,918,174
Cost of capital assets net accumulated depreciation	301,322
Pension deferred outflows	199,911
Pension deferred inflows	(410,648)
Deferred pension liability as of June 30, 2018	(794,683)
Net position (per A-1) as of June 30, 2018	<u>\$ 2,214,076</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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>
2019-2020	\$5,075	\$-0-
2018-2019	\$5,390	\$-0
2017-2018	\$4,941	\$-0-
2016-2017	\$4,696	\$-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, 2020

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, 2020 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, 2020

NOTE 17 SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements except for the following event:

COVID-19. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. On March 21, 2020, New Jersey State Governor Phil Murphy ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business. The Charter School had to close its physical locations and has since been coping with the challenges posed by COVID-19. For the 2020-2021 school year, academic instructions are being planned and executed with flexibilities around virtual learning. Future potential impacts may include continued disruptions or restrictions on instructional and administrative staffs' ability to work. The Board of the Charter School continues to monitor the challenges and plans to adapt and make changes based on the NJDOE directives.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2020

	<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	\$ 4,484,689	\$ 65,485	4,550,174	\$ 4,472,414	(77,760)
Miscellaneous	-	-	-	-	-
Total - Local Sources	<u>4,484,689</u>	<u>65,485</u>	<u>4,550,174</u>	<u>4,472,414</u>	<u>(77,760)</u>
Categorical Aid:					
Local Levy -State share					
District Security Aid	97,489	6,008	103,497	145,380	41,883
State Non public Aid	-	-	-	-	-
State - Other	269,450	(74,402)	195,048	207,157	12,109
Special Education Aid	88,959	12,448	101,407	145,745	44,338
Total State Sources	<u>455,898</u>	<u>(55,946)</u>	<u>399,952</u>	<u>498,282</u>	<u>98,330</u>
Revenue from Other Sources:					
Interest income	4,000	-	4,000	5,701	1,701
Other Sources	4,000	-	4,000	2,626	(1,374)
TPAF Pension and post retirement medical (Non-Budgeted)	584,542	-	584,542	584,542	-
TPAF Social Security (Non-Budgeted)	172,202	-	172,202	172,202	-
Total Revenue from Other Sources	<u>764,744</u>	<u>-</u>	<u>764,744</u>	<u>765,071</u>	<u>327</u>
Total Revenues	<u>5,705,331</u>	<u>9,539</u>	<u>5,714,870</u>	<u>5,735,767</u>	<u>20,897</u>
EXPENDITURES:					
Current Expense:					
Instruction					
Salaries of Teachers	1,872,565	(32,512)	1,840,053	1,814,211	25,842
Other Salaries for Instruction	98,289	7,000	105,289	101,739	3,550
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	32,250	-	32,250	24,077	8,173
Other Purchased Services (400-500 series)	45,000	-	45,000	44,558	442
General Supplies	39,625	-	39,625	26,388	13,237
Textbooks	51,000	-	51,000	30,454	20,546
Miscellaneous	15,000	-	15,000	5,025	9,975
Total Instruction	<u>2,153,729</u>	<u>(25,512)</u>	<u>2,128,217</u>	<u>2,046,452</u>	<u>81,765</u>

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
 BUDGETARY COMPARISON SCHEDULE
 For the fiscal year ended June 30, 2020

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:					
Current Expense:					
Instruction					
Salaries of Teachers	1,872,565	(32,512)	1,840,053	1,814,211	25,842
Other Salaries for Instruction	98,289	7,000	105,289	101,739	3,550
Purchased Professional-Educational Services	-	-	-	-	-
Purchased Technical Services	32,250	-	32,250	24,077	8,173
Other Purchased Services (400-500 series)	45,000	-	45,000	44,558	442
General Supplies	39,625	-	39,625	26,388	13,237
Textbooks	51,000	-	51,000	30,454	20,546
Miscellaneous	15,000	-	15,000	5,025	9,975
Total Instruction	2,153,729	(25,512)	2,128,217	2,046,452	81,765
Undist. Expend. - Administrative Cost					
Salaries	355,709	17,000.00	372,709	357,409	15,300
Salaries of Secretarial and Clerical Assistants	72,440	8,000.00	80,440	73,320	7,120
Total Benefit Costs	973,639	(2,543)	971,096	740,650	230,446
Professional/Technical Service	40,000	-	40,000	38,778	1,222
Legal Fees	45,000	-	45,000	1,236	43,764
Other Purchased Services	32,000	-	32,000	25,802	6,198
Communications/Telephone	16,500	-	16,500	8,060	8,440
Supplies and Materials	9,000	-	9,000	35	8,965
Miscellaneous	25,000	-	25,000	15,510	9,490
Total Undist. Expend. - Administrative Cost	1,569,288	22,457	1,591,745	1,260,800	330,945
Undist. Expend. - Support Services					
Salaries	334,144	32,000	366,144	332,905	33,239
Other Purchased Services and Technical Service	105,000	-	105,000	63,627	41,373
Other Purchased Services (400-500 series)	60,000	450	60,450	35,313	25,137
Rental	359,972	-	359,972	359,972	-
Insurance-Fidelity, Liability, Property	71,660	-	71,660	68,980	2,680
Supplies and Materials	25,000	-	25,000	17,360	7,640
Energy	75,000	-	75,000	49,507	25,493
Trans other	9,000	-	9,000	4,536	4,464
Miscellaneous	6,000	-	6,000	228	5,772
Total Undist. Expend. - Support Services	1,045,776	32,450	1,078,226	932,428	145,798
TOTAL UNDISTRIBUTED EXPENDITURES	2,615,064	54,907	2,669,971	2,193,228	476,743
TOTAL GENERAL CURRENT EXPENSE	4,768,793	29,395	4,798,188	4,239,680	558,508
CAPITAL OUTLAY					
Instructional equipment	30,000	27,273	57,273	21,347	35,926
Non-instructional equipment	20,000	27,273	47,273	6,470	40,803
Purchase of land/improvement	75,000	(74,402)	598	59,937	(59,339)
Miscellaneous expenses	30,000	-	30,000	14,621	15,379
Total Capital Outlay	155,000	(19,856)	135,144	102,375	32,769
ON-BEHALF CONTRIBUTIONS					
TPAF Pension and post retirement medical (Non-Budgeted)	584,542	-	584,542	584,542	-
TPAF Social Security (Non-Budgeted)	172,202	-	172,202	172,202	-
TOTAL ON-BEHALF CONTRIBUTIONS	756,744	-	756,744	756,744	-
TOTAL EXPENDITURES	5,680,537	9,539	5,690,076	5,098,799	591,277
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	24,794	0	24,794	636,968	612,174
Fund Balance, July 1	(2,430,269)	2,408,868	(21,401)	2,281,206	(2,302,607)
Fund Balance, June 30	\$ (2,405,475)	\$ 2,408,868	\$ 3,393	\$ 2,918,174	\$ (1,690,433)

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BUDGETARY COMPARISON -SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	309,003	6,643	315,646	227,762	\$ (87,884)
Hurricane Impact Aid	-	-	-	-	-
Other- Robert foundation Grant	-	-	-	-	-
Total Revenues	309,003	6,643	315,646	227,762	(87,884)
EXPENDITURES:					
Instruction					
Salaries of Teachers	90,000	(5,000)	85,000	85,000	-
Other Salaries for Instruction	6,893	3,107	10,000	10,000	-
Personal Services - Employee Benefits	27,900	1,850	29,750	29,750	-
Purchased Professional and Technical Services	-	-	-	-	-
Purchased Professional - Educational Services	14,000	(1,000)	13,000	13,000	-
Miscellaneous	-	-	-	-	-
General Supplies	14,826	4,150	18,976	18,976	-
Textbooks	-	-	-	-	-
Other Objects	-	764	764	764	-
Total Instruction	153,619	3,871	157,490	157,490	-
Support Services					
Salaries of Other Professional Staff	-	-	-	-	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional Services	8,602	-	8,602	8,602	-
Text Books	-	-	-	-	-
Travel	-	-	-	-	-
Other Purchased Services (400-500 series)	1,500	-	1,500	1,500	-
Supplies & Materials	60,170	-	60,170	60,170	-
Other Objects	-	-	-	-	-
Supplies	-	-	-	-	-
Total Support Services	70,272	-	70,272	70,272	-
Facilities Acquisition and Construction Services:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Const. Services	-	-	-	-	-
Total Expenditures	223,891	3,871	227,762	227,762	-

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, 2020**

**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] \$ 5,735,767	[C-2] \$ 227,762
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] \$ 5,735,767	[B-2] \$ 227,762
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 5,098,799	[C-2] \$ 227,762
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] \$ 5,098,799	[B-2] \$ 227,762

**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 Seven Fiscal Years

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)	0.0044103794%	0.0049320537%	0.0047810152%	0.0047885732%	0.0033928023%	0.0043224919%	0.0038489431%
Charter School's proportionate share of the net pension liability (assets)	794,683	971,097	1,112,944	1,418,238	761,616	809,289	735,610
Charter School's covered employee payroll	\$ 333,664	\$ 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	238.17%	309.84%	321.33%	428.18%	233.22%	353.46%	264.19%
Plan fiduciary net position as a percentage of the total pension liability - loca	56.27%	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 Seven Fiscal Years

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 42,900	\$ 49,058	\$ 44,291	\$ 42,541	\$ 29,169	\$ 35,634	\$ 29,001
Contribution in relation to the contractually required contribution	(42,900)	(49,058)	(44,291)	(42,541)	(29,169)	(35,634)	(29,001)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 333,664	\$ 313,418	\$ 346,354	\$ 331,224	\$ 326,568	\$ 228,959	\$ 278,436
Contributions as a percentage of covered employee payroll	12.86%	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.

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

L-3

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

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Charter School's proportion of the net pension liability (assets)**	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
State's proportionate share of the net pension liability (assets) associated with the Charter School	\$ 10,897,652	\$ 10,796,687	\$ 11,024,363	\$ 5,922,608	\$ 9,316,796	\$ 7,039,607	\$ 2,574,933
Total	<u>\$ 10,897,652</u>	<u>\$ 10,796,687</u>	<u>\$ 11,024,363</u>	<u>\$ 5,922,608</u>	<u>\$ 9,316,796</u>	<u>\$ 7,039,607</u>	<u>\$ 2,574,933</u>
Charter School's covered employee payroll	\$ 2,205,163	\$ 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
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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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**M SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 75):**

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 Four Fiscal Years

	Fiscal Year Ending			
	2019	2018	2017	2016
Total OPEB Liability				
Service cost	\$ 246,261	\$ 286,205	\$ 344,237	**
Interest cost	136,317	159,518	134,565	**
Changes of assumptions	49,047	(381,523)	(596,704)	**
Difference between expectation and actual	(368,785)	(865,838)	-	
Member contributions	2,993	3,073	3,592	**
Gross benefit payments	(100,979)	(88,901)	(97,562)	**
Net change in total OPEB liability	(35,146)	(887,466)	(211,872)	**
Total OPEB liability - beginning	3,324,676	4,212,142	4,424,014	**
Total OPEB liability, ending	<u>\$ 3,289,530</u>	<u>\$ 3,324,676</u>	<u>\$ 4,212,142</u>	<u>\$ 4,424,014</u>
Covered employee payroll - PERS and TPAF	\$ 993,696	\$ 845,444	\$ 982,783	
Total OPEB liability as a percentage of covered employee payroll	331%	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%	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, 2020

1 Public Employees' Retirement System (PERS)

Benefit Changes

There were none

Changes of assumptions

The discount changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019

2 Teacher's Pension and Annuity Fund (TPAF)

There were none

Changes of assumptions

The discount changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019

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 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019

**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, 2020**

	Title I	Title II A & D	Title 4 Part A	IDEA Part B	NJ CARES Act	Total
REVENUES						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-
Federal Sources	86,272	8,602	10,000	57,718	65,170	227,762
	-	-	-	-	-	-
Total Revenues	86,272	8,602	10,000	57,718	65,170	227,762
EXPENDITURES:						
Instruction:						
Salaries of Teachers	50,000	-	-	35,000	-	85,000
Other Salaries for Instruction	-	-	-	-	10,000	10,000
Personal Services - Employee Benefits	17,500	-	-	12,250	-	29,750
Purchased Professional - Educational Services	9,500	-	3,500	-	-	13,000
Purchased Professional and Technical Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
General Supplies	9,272	-	-	9,704	-	18,976
Textbooks	-	-	-	-	-	-
Other Objects	-	-	-	764	-	764
Total instruction	86,272	-	3,500	57,718	10,000	157,490
Support services:						
Other Purchased Professional Services	-	-	1,500	-	-	1,500
Text Books	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	8,602	-	-	-	8,602
Supplies & Materials	-	-	5,000	-	55,170	60,170
Instructional Equipment	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total support services	-	8,602	6,500	-	55,170	70,272
Facilities acquisition and construction:						
Buildings	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-
Total facilities acquisition and construction	-	-	-	-	-	-
Total Expenditures	86,272	8,602	10,000	57,718	65,170	227,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2020

Exhibit G-1

	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,522	\$ 25,211	\$ 43,733
Government grants receivable-Fed	5,685	-	5,685
Government grants receivable-State	117	-	117
Interfund receivable General Fund	-	-	-
Other receivables	-	-	-
Inventories	-	-	-
Total current assets	<u>24,324</u>	<u>25,211</u>	<u>49,535</u>
Total assets	<u><u>24,324</u></u>	<u><u>25,211</u></u>	<u><u>49,535</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>24,324</u>	<u>25,211</u>	<u>49,535</u>
Total net assets	<u>\$ 24,324</u>	<u>\$ 25,211</u>	<u>\$ 49,535</u>
Total Liabilities and Net Position	<u><u>24,324</u></u>	<u><u>25,211</u></u>	<u><u>49,535</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, 2020

Operating revenues:	<u>Food Service</u>	<u>After Care Service</u>	<u>Total</u>
Charges for services:			
Daily sales - non-reimbursable programs	\$ 31,195	\$ -	\$ 31,195
After care fees		73,868	73,868
Miscellaneous revenue	340	523	863
Total operating revenues	<u>31,535</u>	<u>74,391</u>	<u>105,926</u>
Operating expenses:			
Cost of sales	-	-	-
Salaries	-	52,082	52,082
Employee benefits	-	-	-
Other purchased services	90,539	16,514	107,053
Travel	-	2,400	2,400
Supplies	1,244	13,864	15,108
Miscellaneous	107	2,097	2,204
Registration	-	863	863
Maintenance	2,828	8,219	11,047
Postage	-	3,181	3,181
Technology supplies	-	-	-
Total Operating Expenses	<u>94,718</u>	<u>99,220</u>	<u>193,938</u>
Operating loss	<u>(63,183)</u>	<u>(24,829)</u>	<u>(88,012)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	1,353	-	1,353
Federal sources:			
National school breakfast program	7,586	-	7,586
National school lunch program	47,486	-	47,486
Healthy Hunger Free Kids Act	1,760	-	1,760
Federal snack	14,075	-	14,075
Total nonoperating revenues	<u>72,260</u>	<u>-</u>	<u>72,260</u>
Loss before transfers	9,077	(24,829)	(15,752)
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	9,077	(24,829)	(15,752)
Total net position-beginning	<u>15,247</u>	<u>50,040</u>	<u>65,287</u>
Total net position-ending	<u>\$ 24,324</u>	<u>\$ 25,211</u>	<u>\$ 49,535</u>

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

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Food Services</u>	<u>Afrer Care Services</u>	<u>Total</u>
Cash flows from operating activities			
Operating loss	\$ (63,183)	\$ (24,829)	\$ (88,012)
			-
Adjustment to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	-	-	-
			-
Changes in assets and liabilities:			
Accounts receivable	(5,802)	-	(5,802)
Accounts payable	-	-	-
Due to/from general fund	-	-	-
Net cash used in operating activities	<u>(68,985)</u>	<u>(24,829)</u>	<u>(93,814)</u>
Cash flows from noncapital financing activities			
Cash received from state reimbursements	1,353	-	1,353
Cash received from federal reimbursements	70,907	-	70,907
Operating subsidies and transfers from other funds	-	-	-
Net cash provided by noncapital financing activities	<u>72,260</u>	<u>-</u>	<u>72,260</u>
Cash flows from investing activities			
			-
Net change in cash and cash equivalents	3,275	(24,829)	(21,554)
Cash and cash equivalents, beginning	<u>15,247</u>	<u>50,040</u>	<u>65,287</u>
Cash and cash equivalents, ending	<u>\$ 18,522</u>	<u>\$ 25,211</u>	<u>\$ 43,733</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, 2020 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, 2020**

Exhibit H-1

	<u>Unemployment Compensation Insurance</u>	<u>Payroll Agency</u>	<u>Net Payroll</u>	<u>Total Fund</u>
ASSETS				
Cash and cash equivalents	\$ 5,075	\$ -	\$ -	\$ 5,075
Other current assets				-
Interfund Receivable	-	-	1,750,330	1,750,330
Total assets	<u>5,075</u>	<u>-</u>	<u>1,750,330</u>	<u>1,755,405</u>
LIABILITIES				
Interfund Payable	\$ -	\$ -	\$ 1,750,330	\$ 1,750,330
Payroll deductions and withholdings	-	-	-	-
Other Payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,750,330</u>	<u>1,750,330</u>
NET POSITION				
Reserved for unemployment claims and other purposes	5,075	-	-	5,075
Unrestricted surplus	-	-	-	-
Total net position	<u>\$ 5,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,075</u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Board contributions	\$ -
Employee's Contributions	5,075
	<u>-</u>
Total Contributions	<u>5,075</u>
 DEDUCTIONS	
	-
Payment to NJ unemployment compensation fund	-
Claims	-
	<u>-</u>
Total deductions	<u>-</u>
Change in net assets	5,075
Net position-beginning of the year	<u>-</u>
Net position-end of the year	<u><u>\$ 5,075</u></u>

**ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Assets</u>	<u>Balance July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2020</u>
Cash	\$ -	\$ 1,075,352	1,075,352	\$ -
Interfund receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 1,075,352</u>	<u>\$ 1,075,352</u>	<u>\$ -</u>
<u>Liabilities</u>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	1,075,352	1,075,352	-
Other payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,075,352</u>	<u>\$ 1,075,352</u>	<u>\$ -</u>

**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, 2020, there was no capital project fund.

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, 2020, 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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 301,322	\$ 311,738	\$ 166,929	\$ 66,094	\$ 34,786	\$ 13,967	\$ 15,779	\$ 23,738	\$ 16,498	\$ -
Restricted										
Unrestricted	1,285,336	1,285,336	828,619	747,133	747,133	1,214,069	2,479,292	2,653,773	2,701,187	2,583,750
Total governmental activities net position	\$ 1,586,658	\$ 1,597,074	\$ 995,548	\$ 813,227	\$ 781,919	\$ 1,228,036	\$ 2,495,071	\$ 2,677,511	\$ 2,717,685	\$ 2,583,750
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	49,535	65,287	49,792	79,426	51,173	17,461	21,523	3,000	161	5,194
Total business-type activities net position	\$ 49,535	\$ 65,287	\$ 49,792	\$ 79,426	\$ 51,173	\$ 17,461	\$ 21,523	\$ 3,000	\$ 161	\$ 5,194
District-wide										
Invested in capital assets, net of related debt	\$ 301,322	\$ 311,738	\$ 166,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	1,912,754	1,350,623	878,411	892,653	833,092	1,245,497	2,516,594	2,680,511	2,717,846	2,588,944
Total district-wide net position	\$ 2,214,076	\$ 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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

NET POSITION BY COMPONENTS

UNAUDITED

LAST TEN YEARS

(accrual basis of accounting)

Fiscal Year Ending June 30,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Instruction	2,203,942	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
Administration	1,260,800	1,296,451	1,444,200	1,194,867	1,194,867	1,122,763	1,122,763	753,636	753,636	792,675
Support Services:	1,153,240	949,476	956,745	823,206	823,206	767,207	767,207	766,784	766,784	831,689
Capital Outlay	102,375	0	0	71,418	71,418	137,225	137,225	50,238	50,238	37,801
	<u>4,467,442</u>	<u>4,417,262</u>	<u>4,405,134</u>	<u>3,993,141</u>	<u>3,993,141</u>	<u>3,748,845</u>	<u>3,748,754</u>	<u>3,034,977</u>	<u>3,034,977</u>	<u>3,120,981</u>
Total governmental activities expenses										
Business-type activities:										
Food service	94,718	133,986	113,311	113,631	113,631	-	-	-	-	-
After Child Care	99,220	97,637	141,679	62,079	62,079	47,151	47,151	45,516	45,516	50,423
Total business-type activities expense	<u>193,938</u>	<u>231,623</u>	<u>254,990</u>	<u>175,710</u>	<u>175,710</u>	<u>-</u>	<u>47,151</u>	<u>45,516</u>	<u>45,516</u>	<u>50,423</u>
Total district expenses	<u>4,661,380</u>	<u>4,648,885</u>	<u>4,660,124</u>	<u>4,168,851</u>	<u>4,168,851</u>	<u>\$ 3,748,845</u>	<u>\$ 3,795,905</u>	<u>\$ 3,080,493</u>	<u>\$ 3,080,493</u>	<u>\$ 3,171,404</u>
Program Revenues										
Governmental activities:										
Revenue	5,735,767	5,482,238	5,169,681	0	3,798,909	\$ -	\$ -	\$ -	\$ -	\$ 66,784
Operating grants and contributions	227,762	167,831	315,646	154,104	154,104	148,201	148,201	158,614	161,824	171,602
Capital grants and contributions	0	0	0	0	0	-	-	-	-	-
Total governmental activities program revenues	<u>5,963,529</u>	<u>5,650,069</u>	<u>5,485,327</u>	<u>154,104</u>	<u>3,953,013</u>	<u>148,201</u>	<u>148,201</u>	<u>158,614</u>	<u>161,824</u>	<u>238,386</u>
Business-type activities:										
Charges for services										
Food service	31,195	47,986	41,921	23,058	31,250					
After care and other services	73,868	126,977	113,199	70,385	100,011	49,990	49,990	40,483	40,483	52,451
Operating grants and contributions	72,260	72,155	70,236	65,731	65,731	-	-	-	-	-
Capital grants and contributions/Other	863	0	0	0	0	-	-	-	-	-
Total business-type activities program revenues	<u>178,186</u>	<u>247,118</u>	<u>225,356</u>	<u>159,174</u>	<u>159,174</u>	<u>49,990</u>	<u>49,990</u>	<u>40,483</u>	<u>40,483</u>	<u>52,451</u>
Total district program revenues	<u>6,141,715</u>	<u>5,897,187</u>	<u>5,710,683</u>	<u>313,278</u>	<u>313,278</u>	<u>\$ 198,191</u>	<u>\$ 198,191</u>	<u>\$ 199,097</u>	<u>\$ 202,307</u>	<u>\$ 290,837</u>
Net (Expense)/Revenue										
Governmental activities	(4,362,021)	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)
Business-type activities	(15,752)	15,495	(29,634)	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028
Total district-wide net expense	<u>(4,377,773)</u>	<u>1,248,302</u>	<u>1,020,925</u>	<u>(3,855,573)</u>	<u>(3,855,573)</u>	<u>\$ (3,582,030)</u>	<u>\$ (3,582,030)</u>	<u>\$ (2,901,963)</u>	<u>\$ (2,878,186)</u>	<u>\$ (2,880,567)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	4,472,414	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
Grants and contributions(Federal/state aid)	498,282	527,136	761,664	534,914	534,914	391,754	391,754	293,193	372,774	169,689
Transfers	0	0	0	0	0	-	-	-	-	-
Miscellaneous income	8,327	0	0	290,393	290,393	126,161	126,161	88,506	58,675	44,408
Total governmental activities	<u>4,979,023</u>	<u>4,831,321</u>	<u>4,429,549</u>	<u>3,644,805</u>	<u>3,644,805</u>	<u>3,426,072</u>	<u>3,426,072</u>	<u>2,864,628</u>	<u>2,990,590</u>	<u>2,772,749</u>
Business-type activities:										
Investment earnings	0	0	0	0	0	-	-	-	-	-
Transfers	0	0	0	0	0	-	-	-	-	-
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Charter -wide										
Change in Net Position										
Governmental activities	617,002	1,646,866	1,074,974	(194,232)	(416,115)	\$ (174,481)	\$ (174,481)	\$ (40,174)	\$ 117,437	\$ (109,846)
Business-type activities	(15,752)	15,495	(29,634)	(16,536)	33,712	18,523	18,523	2,839	(5,033)	2,028
	<u>601,250</u>	<u>1,662,361</u>	<u>1,045,340</u>	<u>(210,768)</u>	<u>(382,403)</u>	<u>\$ (155,958)</u>	<u>\$ (155,958)</u>	<u>\$ (37,335)</u>	<u>\$ 112,404</u>	<u>\$ (107,818)</u>
Total Charter School										

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

FUND BALANCES-GOVERNMENTAL FUNDS

LAST TEN YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ending June 30,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Unreserved	2,918,174	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
Total general fund	\$2,918,174	\$ 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
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental fun	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total governmental funds	\$2,918,174	\$ 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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL

Exhibit J-4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN YEARS
(modified accrual basis of accounting)
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Local sources	4,472,414	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
Contribution										
Miscellaneous	8,327	9,362	9,480	9,480	290,393	357,860	406,170	263,940	290,158	229,926
State sources	498,282	639,840	1,210,892	1,210,892	534,914	440,477	391,754	293,193	372,774	169,689
Federal sources	227,762	167,831	159,003	159,003	154,104	154,020	148,201	158,614	161,824	171,602
Total revenue	5,206,785	5,121,218	4,545,328	4,545,328	3,798,909	3,654,863	3,854,282	3,198,676	3,383,897	3,134,728
Expenditures										
Instruction										
Regular Instruction	2,203,942	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
Special education instruction										
Other special instruction										
Vocational education										
Other instruction										
Nonpublic school programs										
Adult/continuing education										
Support Services:										
Tuition										
Student & inst. related services										
General administration										
School administrative services	520,150	510,530	1,165,256	1,165,256	548,187	1,197,631	554,599	450,850	753,636	779,949
Central services										
Admin. information technology										
Plant operations and maintenance										
Pupil transportation										
Other Support Services	1,002,700	949,476	619,845	619,845	1,104,208	491,229	1,047,216	856,300	766,784	712,987
Employee benefits	740,650	785,921	684,805	684,805	646,680	646,680	568,164	460,086	231,483	190,377
Capital outlay	102,375	204,175	68,714	68,714	29,481	71,418	137,225	41,360	50,238	37,801
Debt service:										
Principal										
Interest and other charges										
Total expenditures	4,569,817	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
Excess (Deficiency) of revenues over (under) expenditures	636,968	499,781	95,399	95,399	(433,297)	(509,605)	(174,481)	(47,414)	117,437	(116,271)
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	\$ 636,968	\$ 499,781	\$ 95,399	\$ 95,399	\$ (433,297)	\$ (509,605)	\$ (174,481)	\$ (47,414)	\$ 117,437	\$ (116,271)

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction										
Regular	20	18	16	12	12	12	12	12	12	12
Special education	2	2	2	1	1	1	1	1	1	1
Other special education										
Vocational										
Other instruction	2	2	2	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	2	1	1	1	1	1	1	1
Pupil transportation										
Other support services	4	4	4	1	1	1	1	1	1	1
Special Schools	2	2	2	2	2	2	2	2	2	2
Food Service										
Child Care										
Total	34	32	30	25	25	25	25	25	25	25

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 4-8				
2011	196	3,060,622	15,615	17.26%	- 2	2	6	4	196.0	188.2	1.51%	96.00%
2012	181	3,266,460	18,047	15.57%	- 2	2	6	4	185.6	178.2	-5.31%	96.01%
2013	178	3,087,476	17,345	-3.89%	- 2	2	6	4	185.6	178.2	0.00%	96.01%
2014	178	3,246,090	18,236	1.05%	- 2	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%
2020	324	5,326,561	16,440	-3.14%	2	2	2	8	317.5	311.2	3.85%	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

<u>Charter School Building</u>	<u>2020</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>
Square Feet	40,000	40,000	40,000	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Building Capacity for students	496	496	496	225	225	225	225	225	225	225
Enrollment:										
Kindergarten	37	38	34	32	29	29	29	29	30	33
Grade 1	40	32	37	38	33	33	33	27	33	34
Grade 2	36	37	38	35	32	32	32	29	32	35
Grade 3	36	35	33	38	27	27	27	28	28	30
Grade 4	36	29	37	37	32	32	32	23	33	36
Grade 5	31	39	34	36	25	25	25	30	25	28
Grade 6	40	36	37	26	-	-	-	21	-	-
Grade 7	31	38	24	-	-	-	-	-	-	-
Grade 8	37	28	-	-	-	-	-	-	-	-
Total students	324	312	274	242	210	178	178	187	181	196

**2020-21 SCHEDULE OF INSURANCE
FOR
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL**

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
Package NJSBAIG P831 07/01/20-07/01/21 \$13057	Covered Location	65 West Demarest Avenue, Englewood, NJ 07631
Property	\$500,000 \$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
Crime	\$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)
General Liability	\$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
Crisis Management	\$1,000,000	Each Occurrence
Breazley Breach Response Service	\$1,000,000	Each Occurrence
Automobile Liability	\$5,000,000	Hired and Non Owned
Student Accident/Service Fee Berkley Life and Health Insurance Company/Fortitude Insurance Group T5MP-760008 09/08/20-09/08/21 \$10,052.00	\$1,000,000 \$10,000	Accident Medical Excess Benefit (Gold Plan) AD&D
School Leaders E&O NJSBAIG E831 07/01/20-07/01/21 \$10,298.00	\$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
Workers' Compensation NJSBAIG W831 07/01/20-07/01/21 \$35,550 \$2,500,00 School Prof \$252,000 School Non-Prof w/ 0.8679 MOD)	\$2,000,000 \$2,000,000 \$2,000,000	Each Accident Each Employee Policy Limit
Supplemental Indemnity NJSBAIG 6477-57-74 07/01/20-07/01/21 \$1,193.00	Statutory	7-Day Waiting Period

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 2,698,888	\$ 2,161,567	\$ 1,630,794		\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	279,458	168,202	248,925	298,188	190,542	156,089	113,279
Capital assets, net	301,322	311,738	166,929	66,094	34,786	13,967	15,799
Total assets	<u>3,279,668</u>	<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	130,395	123,563	170,302	162,001	66,039	66,039	30,843
Long term liabilities	-	-	-	-	-	-	-
Total liabilities	<u>130,395</u>	<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>\$ 3,149,273</u>	<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	\$ 5,963,529	\$ 5,795,351	\$ 5,367,196	\$ 4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(5,326,561)	(5,295,570)	(5,217,488)	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	<u>\$ 636,968</u>	<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	\$ 129,291	\$ 59,366	\$ 37,406	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-
Final average daily enrollment	312	312	240	240	206	178	196
March 30th budgeted enrollment	340	340	250	250	211	190	200

	<u>2019</u>	<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	22.84	18.85	11.04	1.84	25.05	31.21	77.52	• 108.73
Unrestricted days cash	184.94	148.99	114.09	-	126.26	166.97	206.36	39.39
Enrollment variance	92%	92%	96%	96%	98%	94%	98%	0.96
Default	N/A	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**

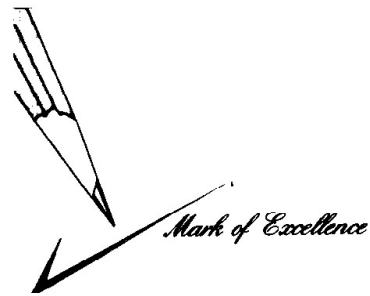
	2020	2019	2018	2017	2016	2015	2014
Cash	\$ 2,698,888	\$ 2,161,567	\$ 1,630,794	\$ 1,426,126	\$ 1,464,037	\$ 1,905,025	\$ 2,277,751
Current assets	279,458	168,202	248,925	298,188	190,542	156,089	113,279
Capital assets, net	301,322	311,738	166,929	66,094	34,786	13,967	15,799
Total assets	3,279,668	2,641,507	2,046,648	1,790,408	1,689,365	2,075,081	2,406,829
Current liabilities	130,395	123,563	170,302	162,001	67,088	66,039	30,843
Long term liabilities	0	0	0	0	-	-	-
Total liabilities	130,395	123,563	170,302	162,001	67,088	66,039	30,843
Net position	3,149,273	2,517,944	1,876,346	1,628,407	\$ 1,622,277	\$ 2,009,042	\$ 2,375,986
Total revenue	5,963,529	5,795,351	5,367,196	4,545,328	\$ 3,798,909	\$ 3,654,863	\$ 3,854,282
Total expenses	(5,326,561)	(5,295,570)	(5,217,488)	(4,449,929)	(4,232,278)	(4,164,468)	(4,028,763)
Change in net position	\$ 636,968	\$ 499,781	\$ 149,708	\$ 95,399	\$ (433,369)	\$ (509,605)	\$ (174,481)

Depreciation expense	\$ 129,291	\$ 59,366	\$ 37,406	\$ 37,406	\$ 22,488	\$ 1,810	\$ 7,960
Interest expense	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-
Final average daily enrollment	324	312	240	240	206	178	196
March 30th budgeted enrollment	311	300	250	250	211	190	200

	2020	2019	2018	2017	2016	2015	2014	Two Year Cumulative
SUSTAINABILITY INDICATORS:								
Total Marging	10.68%	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	N/A	206.36	206.36
Cash flow	\$ 2,698,888	\$ 530,773	\$ 204,668	\$ (37,911)	\$ (440,988)	\$ (372,726)		1.02
Debt ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Charter School Records

SINGLE AUDIT SECTION



ILORI CPA LLC
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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Englewood on the Palisades Charter School, Inc., in the County of Bergen, State of New Jersey(Charter School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Charter School's basic financial statements, and have issued our report thereon dated January 15, 2020.

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.

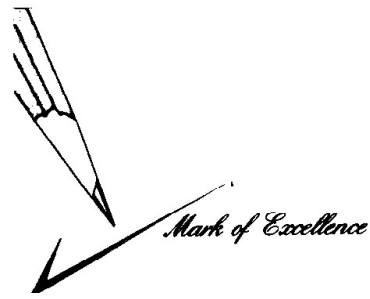
ILORI CPA LLC

KunleIlori

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

ILORI CPA LLC

January 15, 2020



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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, 2020. 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.*

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.

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.

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.

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

January 15, 2020

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
(BERGEN COUNTY)

EXHIBIT K-3
SCHEDULE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA No.	Federal Award Identification No.	Program Name	Program or Award Amount	Grant Period	Balance 06/30/2019	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	(Accts. Rec.) Def. Rev 6/30/2020	Due to Grantor 6/30/2020
U.S. Department of Education												
Passed-through State Dept. of Education:												
Title I-Grants to Local Educational Agencies	84.010A	S010A180030	Title I	\$ 86,272	7/1/19-6/30/2020	\$ -	\$ -	\$ 86,272	\$ 86,272	\$ -	\$ -	\$ -
Title II Part A Improving Teachers Quality State Grant	84.367A	S367A180029	Title IIA	8,602	7/1/19-6/30/2020	-	-	8,602	8,602	-	-	-
Title IV Part A	84.424	S424A180031	Title IVA	10,000	7/1/19-6/30/2020	-	-	10,000	10,000	-	-	-
IDEA - Individuals with Disabilities Education Act	84.027	H027A180100	IDEA	57,718	7/1/19-6/30/2020	-	-	57,718	57,718	-	-	-
Total U. S. Dept. of Education				<u>\$ 162,592</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,592</u>	<u>\$ 162,592</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	75,298	7/1/19-6/30/2020	-	-	70,628	76,313	-	\$ (5,685)	-
Total Enterprise Fund/Total U.S. Department of Agriculture				<u>75,298</u>		<u>-</u>	<u>-</u>	<u>70,628</u>	<u>76,313</u>	<u>-</u>	<u>(5,685)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 237,890</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,220</u>	<u>\$ 238,905</u>	<u>\$ -</u>	<u>\$ (5,685)</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, 2020

STATE GRANTOR/ PROGRAM TITLE	Grant or State Project No.	Program or Award Amount	Grant Period	(Accts. Rec.) Def. Rev June 30, 2019	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment or Prior Year's Balance	(Accts. Rec.) Def. Rev June 30, 2020	Due to Grantor June 30, 2020
State Department of Education											
General Fund:											
Equalization Aid	20-495-034-5120-078	\$ 4,472,414	07/1/19-6/30/20	\$ -	\$ -	\$ (4,518,749)	\$ 4,472,414		\$ -	-	(46,335)
Equalization Aid	19-495-034-5120-078	93,450	07/1/18-6/30/19	93,450	-	(93,450)	-		-	-	-
Security Aid	20-495-034-5120-084	145,380	07/1/19-6/30/20	-	-	(145,380)	145,380		-	-	-
Special Education	20-495-034-5120-089	145,745	07/1/19-6/30/20	-	-	(145,745)	145,745		-	-	-
State Adjustment Aid	20-495-034-5120-089	207,157	07/1/19-6/30/20	-	-	(207,157)	207,157		-	-	-
Social Security Tax Reimbursement	20-495-034-5095-003	172,202	07/1/19-6/30/20	-	-	(172,202)	172,202		-	-	-
Teacher's Pension and Post Retirement	20-495-034-5095-001	584,542	07/1/19-6/30/20	-	-	(584,542)	584,542		-	-	-
Total State Educational aid		5,820,890		93,450	-	(5,867,225)	5,727,440	-	-	-	(46,335)
State Department of Agriculture				5,727,440							
State School lunch program	20-100-010-3350-023	1,352	07/1/19-6/30/20	-	-	(1,235)	1,352		-	(117)	-
Total State Dept. of Agriculture		1,352		5,727,440	-	(1,235)	1,352	-	-	(117)	-
Total State Financial Assistance		5,822,242		5,820,890	-	(5,868,460)	5,728,792	0	0	(117)	(46,335)
Less expenditures not subject to state single audits							584,542				
Total State Financial Assistance Subject to Single Audit							\$ 5,144,250				

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

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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:

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS- CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,472,414	\$ 4,472,414
Special Revenue Fund	227,762	-	227,762
Enterprise Fund	70,907	1,353	72,260
Total	<u>\$ 298,669</u>	<u>\$ 4,473,767</u>	<u>\$ 4,772,436</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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I

Part I Summary of Auditors' Results

State Financial Assistance Section

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

Auditee qualifies as low-risk auditee? yes No

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

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported.

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

Identification of Major Programs:

<u>State Grant/Program Number(s)</u>	<u>Name of State Program or Cluster</u>
20-495-034-5120-078	Equalization Aid

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

None

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

There were no findings in prior year.