

Red Bank Charter School

of Monmouth County

Red Bank Charter School

Red Bank, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Red Bank Charter School
of Monmouth County

Red Bank, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

David P. Block
School Business Administrator

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INTRODUCTORY SECTION



Meredith Pennotti, Charter School Administrator
Ida West-Jones, Director of Curriculum &
Instruction
www.redbankcharterschool.org

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December 2, 2015

Board of Trustees
Red Bank Charter School
County of Monmouth, New Jersey

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Red Bank Charter School (the "Charter School") for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators 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 present fairly the financial position and results of operations of the various funds 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 (4) sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the organizational chart and a list of the Board of Trustee members. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial information, presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, including the Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the New Jersey OMB Circular 04-04 and/or 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Red Bank Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASS) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the Charter School are included in this report. The Charter School constitutes the reporting entity. The Charter School provides a full range of educational services appropriate to grade levels K through 8. These included regular, special education and an after-school program. Enrollment remained stable throughout 2014-15 with an average daily enrollment of 70 students.

2. MAJOR INITIATIVES: Following are the major initiatives successfully implemented at The Red Bank Charter School for the 2014-2015 school year:

- Successfully completed the third year of the Pre-K program for 2014-15 meeting and surpassing all requirements
- Handheld devices were purchased for instructional use to ensure all students grades 4 through 8 have access to technology everyday
- School Performance Report continues to rank the school as highly performing scoring 92% among Peer Schools and 76% among elementary schools in the state
- Social media and updated public relations materials were introduced as part of the communications upgrades for the school and larger community
- Student and parent engagement in school community activities and events continues to be at 90%+ indicating high degree of satisfaction with the school
- Instructional programs have been purchased to support the common core ELA, Social Studies and Science
- Continued cooperation with the RBCS Foundation

3. INTERNAL ACCOUNTING CONTROLS: Administration of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 administration.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that an adequate internal control structure is in place for compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School administration.

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. Annual appropriated budgets are required for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is presented in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. There were encumbrances in the general fund of \$- to be reappropriated at June 30, 2016.

5. ACCOUNTING SYSTEM AND REPORTS: The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASS). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes to the Basic Financial Statements".
6. DEBT ADMINISTRATION: At June 30, 2015 the Charter School had outstanding mortgage balances of \$2,615,254.
7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The Charter School has an investment policy that requires it to deposit public funds 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 a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Charter School 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, student accident insurance and fidelity bonds.
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMS Circular A-133 and State Treasury Circular Letter 04-04 and/or 15-08 OMB. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is 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. ACKNOWLEDGMENTS: We would like to express our appreciation to the Board of Trustees of the Red Bank Charter School for their concern in providing fiscal accountability of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully Submitted,



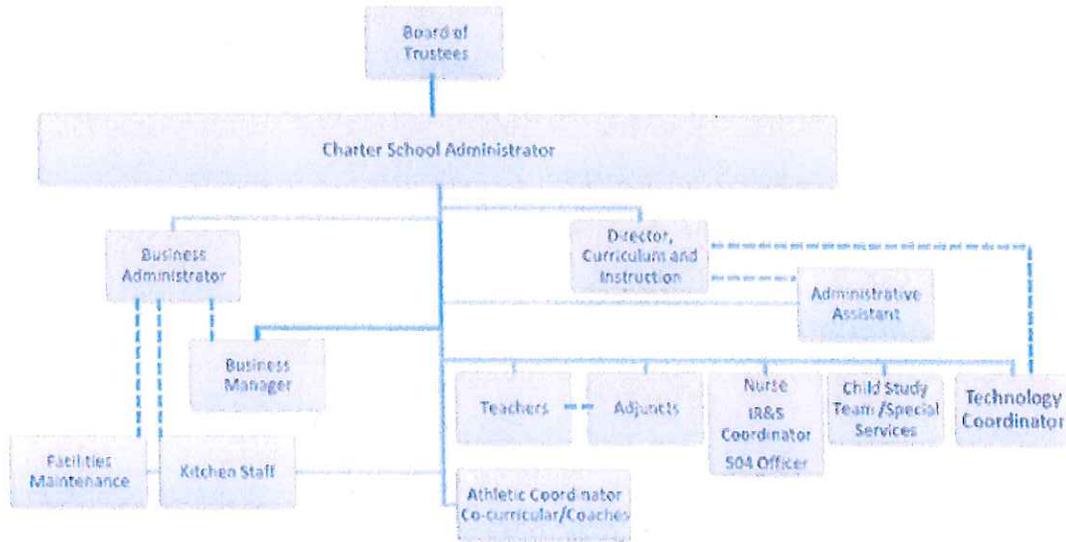
David Block
School Business Administrator
School Board Secretary



Meredith Pennotti
Chief School Administrator

6.2 c Organizational Chart

Red Bank Charter School Organization Chart



Red Bank Charter School
Red Bank, New Jersey

Roster of Officials
June 30, 2015

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Janice Havay, President	2016
Roger J. Foss, Vice President	2018
Patti Balderas	2015
Caryn Cohen	2017
Rona Kaplan	2016
Andrea Plaza	2015
Cristie Ritz-King	2017
Carol Anderson	2017
Eric Wagner	2017

Other Officials

Meredith S. Pennotti, Principal
Bima Baje, Board Secretary/Business Administrator
Theresa Shirley, Business Manager
Douglas J. Kovats, Esq., Board Attorney

Red Bank Charter School
Consultants and Advisors

Audit Firm

Kathryn Perry, CPA
Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Attorney

Kenny, Gross, & Kovats, LLP
130 Maple Avenue, Building 8
P.O. Box 8610
Red Bank, New Jersey 07701

Official Depositories

TD Bank
Front Street
Red Bank, New Jersey 07701

Bank America
Broad Street
Red Bank, New Jersey 07701

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Trustees
Red Bank Charter School:
County of Monmouth
Red Bank, New Jersey

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Bank Charter School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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.

Auditor's 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the 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 of 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 Charter School'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 Charter School'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 opinion.

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, each major fund, and the aggregate remaining fund information of Red Bank Charter School in the County of Monmouth, State of New Jersey as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 presented 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red Bank Charter School's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2015 on our consideration of the Red Bank Charter School in the County of Monmouth, State of New Jersey 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 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 Red Bank Charter School in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,



Jump, Perry and Company L.L.P.
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 2, 2015

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Red Bank Charter School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

The discussion and analysis of Red Bank Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

In total, net position totaled \$420,783, which represents a (71.47) percent decrease from 2014.

General revenues accounted for \$2,970,899 in revenue or 90.16 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$324,419 or 9.84 percent of total revenues of \$3,295,318.

Total assets decreased by \$(2,837,024) as cash and cash equivalents increased by \$60,392, receivables decreased by \$(40,561) and capital assets decreased by \$(2,923,244).

The Charter School had \$3,215,782 in expenses; only \$324,419 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants) of \$2,970,899 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,027,544 in revenues and \$2,957,002 in expenditures and transfers. The General Fund's balance increased \$70,542. The General Fund's balance is \$733,811.

Using this Comprehensive Annual Financial Report (CAFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Red Bank Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School, presenting both an aggregate view of the Charter School's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Red Bank Charter School, the General Fund is by far the most significant.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the Charter School to provide programs and activities viewing the Charter School as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2015." The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it reports whether the Charter School's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

Governmental Activities - All of the Charter School's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities and extracurricular activities.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statement

The analysis of the Charter School's major funds begins on page 24. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities. The reporting of this fund did not make a change with the conversion to GASB 34.

The Charter School as a Whole

The Statement of Net Position provides the financial perspective of the Charter School as a whole.

Table 1 provides a summary comparison of the Charter School's net position for 2014 and 2015.

Table 1

Net Position as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and Cash Equivalents	\$ 751,308	\$ 690,916
Receivables, Net	32,253	72,814
Interfund Receivable	61,889	-
Deposits	4,500	-
Capital Assets, Net	<u>640,631</u>	<u>3,563,875</u>
Total Assets	<u>1,490,581</u>	<u>4,327,605</u>
Deferred outflows of resources	<u>34,330</u>	<u>-</u>
Liabilities:		
Accounts Payable	19,240	25,109
Interfund Payable	61,974	-
Due to Other Governments	-	3,595
Unearned Revenue	79,627	77,379
Noncurrent Liabilities:		
Due Within One Year	146,855	120,474
Due Beyond One Year	<u>3,598,461</u>	<u>2,626,265</u>
Total Liabilities	<u>3,906,157</u>	<u>2,852,822</u>
Deferred inflows of resources	<u>65,062</u>	<u>-</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	847,766	832,136
Restricted for:		
Other Purposes	-	82,614
Unrestricted	<u>(426,983)</u>	<u>560,033</u>
Total Net Position	<u>\$ 420,783</u>	<u>\$ 1,474,783</u>

The Charter School's combined net position was \$420,783 on June 30, 2015. This is a change of (71.47)% from the previous year.

Table 2 provides a comparison analysis of Charter School-wide changes in net position from fiscal years 2014 and 2015.

Table 2

Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 10,793	\$ 14,267
Operating Grants and Contributions	313,626	387,690
Capital Grants and Contributions	-	-
General Revenues:		
Tuition charges	1,345,557	1,336,401
Grants and Entitlements	1,589,873	1,626,977
Other	<u>35,469</u>	<u>146,656</u>
Total Revenues	<u>3,295,318</u>	<u>3,511,991</u>
<u>Program Expenses</u>		
Instruction	1,711,049	1,522,941
Support Services:		
School Support Services	288,482	-
General Administration, Business Operations and Maintenance of Facilities	1,123,141	1,708,096
Pupil Transportation	520	-
Food Service	<u>92,590</u>	<u>87,247</u>
Total Expenses	<u>3,215,782</u>	<u>3,318,284</u>
Increase in Net Position	<u>\$ 79,536</u>	<u>\$ 193,707</u>

Government Activities

The tuition portion paid by the sending district is made up 45.81% of revenues for governmental activities for the fiscal year 2015. The Charter School's total revenues were \$2,937,430 for the year ended June 30, 2015. Federal, state and local grants accounted for another 54.19%.

The total cost of all programs and services was \$3,123,192. Instruction and instruction direct support comprises 64.02% of the Charter School's expenses.

Expenses for Fiscal Year 2015

Business-Type Activities

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services.

Food service expenses exceeded revenues by \$39,904.

Charges for services represent \$10,793 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$41,893.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the Charter School's sending districts and state government by each of these functions.

Table 3

Governmental Activities

	<u>2015</u>		<u>2014</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 1,711,049	\$ 1,711,049	\$ 1,522,941	\$ 1,180,858
Support Services:				
School support services	288,482	288,482	-	-
General Administration, Business Operation and Maintenance of Facilities	851,408	851,408	1,484,906	1,484,906
Non-budgeted expenditures	271,733	-	223,191	-
Pupil Transportation	<u>520</u>	<u>520</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 3,123,192</u>	<u>\$ 2,851,459</u>	<u>\$ 3,231,038</u>	<u>\$ 2,665,764</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the Charter School which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the Charter School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

The Charter School's Funds

Information about the Charter School's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,295,318 and expenditures of \$3,215,782. The net positive change in fund balance for the year was most significant in the General Fund, an increase of \$119,440.

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 year ended June 30, 2015, and the amount and percentage of increase and increases in relation to prior-year revenues.

<u>Revenue</u>	<u>2015 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,347,557	45.88 %	\$ 11,156	(42.99)%
State Sources	1,462,306	49.78	25,413	(97.94)
Federal Sources	<u>127,567</u>	<u>4.34</u>	<u>(62,517)</u>	<u>240.93</u>
Total	\$ <u>2,937,430</u>	<u>100.00 %</u>	\$ <u>(25,948)</u>	<u>100.00 %</u>

General Fund Budgeting Highlights

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

During the course of the fiscal year 2015, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

- Changes to enrollment
- Staffing changes based on student needs.
- Changes in appropriations to prevent budget overruns.

While the Charter School final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$70,542 surplus.

Capital Assets

At the end of the fiscal year 2015, the School Charter School had \$4,875,437 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 500,000	\$ 500,000
Site Improvements	4,178,058	4,178,058
Machinery and Equipment	<u>197,379</u>	<u>197,379</u>
Total	<u>\$ 4,875,437</u>	<u>\$ 4,875,437</u>

Overall capital assets decreased \$- from fiscal year 2014 to 2015.

For the Future

The Red Bank Charter School is in excellent financial position.

The Charter School has been diligent in its efforts to maintenance enrollment.

The Charter School Board of Trustees practices long-term financial planning. The Charter School is proud of its system for financial planning, budgeting, and internal financial controls.

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 show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator at Red Bank Charter School, 58 Oakland St, Red Bank, NJ 07701.

BASIC FINANCIAL STATEMENTS

RED BANK CHARTER SCHOOL
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 736,207	\$ 15,101	\$ 751,308
Receivables - state	19,092	37	19,129
Receivables - federal	-	2,231	2,231
Receivables - other governments	10,893	-	10,893
Interfund receivable	61,889	-	61,889
Deposits	4,500	-	4,500
Capital assets, depreciable, net	3,463,020	6,600	3,469,620
Total assets	<u>4,295,601</u>	<u>23,969</u>	<u>4,319,570</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	34,330	-	34,330
Total deferred outflows of resources	<u>34,330</u>	<u>-</u>	<u>34,330</u>
LIABILITIES			
Accounts payable	19,143	97	19,240
Interfund payable	-	61,974	61,974
Unearned revenue	79,627	-	79,627
Noncurrent liabilities:			
Due within one year	146,855	-	146,855
Due beyond one year	3,598,461	-	3,598,461
Total liabilities	<u>3,844,086</u>	<u>62,071</u>	<u>3,906,157</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	65,062	-	65,062
Total deferred outflows of resources	<u>65,062</u>	<u>-</u>	<u>65,062</u>
NET POSITION			
Net capital assets	847,766	6,600	854,366
Restricted for:			
Other purposes	-	-	-
Unrestricted	(426,983)	(44,702)	(471,685)
Total net position	<u>\$ 420,783</u>	<u>\$ (38,102)</u>	<u>\$ 382,681</u>

See accompanying notes to financial statements.

RED BANK CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 1,510,776	\$ -	\$ -	\$ -	\$ (1,510,776)	\$ -	\$ (1,510,776)
Special Education instruction	48,780				(48,780)		(48,780)
Other special instruction	151,493				(151,493)		(151,493)
Support services and undistributed costs:							
Instruction	-				-		-
Attendance and social work	-				-		-
Health services	237,101				(237,101)		(237,101)
Other support services	51,381				(51,381)		(51,381)
Improvement of instruction	-				-		-
Educational media services	-				-		-
Instruction staff training	-				-		-
General administrative services	129,487				(129,487)		(129,487)
School administrative services	68,921				(68,921)		(68,921)
School central services	163,107				(163,107)		(163,107)
School admin info technology	-				-		-
Allowed maintenance for school facilities	-				-		-
Other operation & maintenance of plant	260,720				(260,720)		(260,720)
Care & upkeep of grounds	-				-		-
Security	-				-		-
Student transportation services	520				(520)		(520)
Unallocated employee benefits	229,173				(229,173)		(229,173)
Non-budgeted expenditures	271,733		271,733		-		-
Interest expense	-				-		-
Total governmental activities	<u>3,123,192</u>	<u>-</u>	<u>271,733</u>	<u>-</u>	<u>(2,851,459)</u>	<u>-</u>	<u>(2,851,459)</u>
Business-type activities:							
Food Service	94,821	10,793	44,124	-	\$ -	(39,904)	\$ (39,904)
Total business-type activities	<u>94,821</u>	<u>10,793</u>	<u>44,124</u>	<u>-</u>	<u>-</u>	<u>(39,904)</u>	<u>(39,904)</u>
Total primary government	<u>\$ 3,218,013</u>	<u>\$ 10,793</u>	<u>\$ 315,857</u>	<u>\$ -</u>	<u>(2,851,459)</u>	<u>(39,904)</u>	<u>(2,891,363)</u>
General revenues:							
Tuition					1,345,557	-	1,345,557
Federal and state aid not restricted					1,589,873	-	1,589,873
Miscellaneous income					35,469	-	35,469
Total general revenues, special items, extraordinary items and transfers					<u>2,970,899</u>	<u>-</u>	<u>2,970,899</u>
Change in net position before transfers					119,440	(39,904)	79,536
Transfers					-	-	-
Change in net position after transfers					119,440	(39,904)	79,536
Net position—beginning					301,343	1,802	303,145
Net position—ending					<u>\$ 420,783</u>	<u>\$ (38,102)</u>	<u>\$ 382,681</u>

See accompanying notes to financial statements.

RED BANK CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 671,375	\$ 64,832	\$ 736,207
Deposits	4,500	-	4,500
Receivables from other governments	10,893	-	10,893
Receivables from other funds	61,889	-	61,889
Receivables from state	-	19,092	19,092
Receivables from federal	-	-	-
Total assets	748,657	83,924	832,581
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	14,846	4,297	19,143
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Other current liabilities	-	-	-
Payable to state government	-	-	-
Payable to other governments	-	-	-
Deferred revenue	-	79,627	79,627
Total liabilities	14,846	83,924	98,770
Fund Balances:			
Unassigned to:			
General fund	626,641	-	626,641
Capital Projects	107,170	-	107,170
Total fund balances	733,811	-	733,811
Total liabilities and fund balances	\$ 748,657	\$ 83,924	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,875,437 and the accumulated depreciation is \$1,318,987.			3,463,020
Deferred outflows related to the PERS pension plan			34,330
Deferred inflows related to the PERS pension plan			(65,062)
Long-term liabilities, including mortgage payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:			
Pension liability - PERS		(1,115,062)	
Compensated Absences Payable		(15,000)	
Mortgages Payable		(2,615,254)	(3,745,316)
Net position of governmental activities			\$ 420,783

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local tax levy	\$ 1,345,557	\$ -	\$ 1,345,557
Tuition charges	-	-	-
Interest on investments	-	-	-
Interest earned on capital reserve funds	-	-	-
Prior year refunds	-	-	-
Miscellaneous	27,768	7,701	35,469
Total - Local sources	1,373,325	7,701	1,381,026
State sources	1,589,449	185,763	1,775,212
Federal sources	-	86,394	86,394
Total revenues	2,962,774	279,858	3,242,632
EXPENDITURES			
Current:			
Current expense:			
Instruction	1,150,001	86,782	1,236,783
Special education instruction	48,780	-	48,780
Other special instruction	151,493	-	151,493
Support services and undistributed costs:			
Instruction	-	-	-
Attendance and social work	-	-	-
Health Services	50,033	187,068	237,101
Other support services	51,381	-	51,381
Improvement of instruction	-	-	-
Educational media services	-	-	-
Instruction staff training	-	-	-
General administrative services	129,487	-	129,487
School administrative services	68,921	-	68,921
School central services	163,107	-	163,107
School admin info technology	-	-	-
Required maintenance for school facilities	-	-	-
Other operation & maintenance of plant	260,720	-	260,720
Care & upkeep of grounds	-	-	-
Security	-	-	-
Student transportation services	520	-	520
Unallocated employee benefits	371,501	-	371,501
Non-budgeted expenditures	271,733	-	271,733
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital Outlay	174,555	6,008	180,563
Total expenditures	2,892,232	279,858	3,172,090
Excess (Deficiency) of revenues over expenditures	70,542	-	70,542
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	70,542	-	70,542
Fund balance—July 1	663,269	-	663,269
Fund balance—June 30	\$ 733,811	\$ -	\$ 733,811

RED BANK CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds (from B-2)	\$	70,542
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	\$ (93,430)
	Capital outlays	<u> -</u>
		(93,430)
<p>In the Statement of Activities payments made on Long Term Debt are uses of resources but are reductions of the liabilities on the Statement of Net Position.</p>		
		116,484
<p>In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey</p>		
		<u>25,844</u>
Change in net positions of governmental activities	\$	<u>119,440</u>

RED BANK CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,101	\$ 15,101
Investments	-	-
Receivables from state	37	37
Receivables from federal	2,231	2,231
Receivables from other government	-	-
Other receivables	-	-
Inventories	-	-
Total current assets	<u>17,369</u>	<u>17,369</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Furniture, machinery & equipment	8,250	8,250
Less accumulated depreciation	<u>(1,650)</u>	<u>(1,650)</u>
Total noncurrent assets	<u>6,600</u>	<u>6,600</u>
Total assets	<u>\$ 23,969</u>	<u>\$ 23,969</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 97	\$ 97
Interfund payable	61,974	61,974
Accrued salaries and benefits	-	-
Total current liabilities	<u>62,071</u>	<u>62,071</u>
NET POSITION		
Net capital assets	6,600	6,600
Restricted for:		
Other	-	-
Unrestricted	<u>(44,702)</u>	<u>(44,702)</u>
Total net position	<u>(38,102)</u>	<u>(38,102)</u>
Total liabilities and net position	<u>\$ 23,969</u>	<u>\$ 23,969</u>

See accompanying notes to financial statements.

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
School lunch	10,793	10,793
Total daily sales reimbursable programs	10,793	10,793
Total operating revenues	10,793	10,793
Operating expenses:		
Salaries	34,100	34,100
Other purchased services	57,665	57,665
Depreciation	825	825
Cost of sales	2,231	2,231
Total operating expenses	94,821	94,821
Operating income (loss)	(84,028)	(84,028)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	720	720
Federal sources:		
School breakfast program	10,040	10,040
National school lunch program	31,133	31,133
Food distribution program	-	-
Total nonoperating revenues (expenses)	44,124	44,124
Income (loss) before contributions & transfers	(39,904)	(39,904)
Transfers in (out)	-	-
Change in net position	(39,904)	(39,904)
Total net position—beginning	1,802	1,802
Total net position—ending	\$ (38,102)	\$ (38,102)

See accompanying notes to financial statements.

RED BANK CHARTER SCHOOL
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 10,793	\$ 10,793
Payments to employees & benefits	(34,100)	(34,100)
Payments to suppliers	(59,799)	(59,799)
Net cash used in operating activities	<u>(83,106)</u>	<u>(83,106)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		-
State sources	713	713
Federal sources	40,726	40,726
Board interfund loans	51,974	51,974
Net cash provided by non-capital financing activities	<u>93,413</u>	<u>93,413</u>
Net increase (decrease) in cash and cash equivalents	12,538	12,538
Balances—beginning of year	2,563	2,563
Balances—end of year	<u>\$ 15,101</u>	<u>\$ 15,101</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating loss	\$ (84,028)	\$ (84,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	825	825
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	97	97
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	<u>922</u>	<u>922</u>
Net cash used in operating activities	<u>\$ (83,106)</u>	<u>\$ (83,106)</u>

See accompanying notes to financial statements.

RED BANK CHARTER SCHOOL
Statement of Fiduciary Net Position
June 30, 2015

	Student Activity	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 20,349	\$ 34,681
Total assets	20,349	34,681
LIABILITIES		
Payroll deductions and withholdings	-	34,681
Payable to student groups	20,349	-
Total liabilities	20,349	34,681
NET POSITION		
Reserved for scholarships	-	-
Total net position	-	-
Total liabilities and net position	\$ 20,349	\$ 34,681

See accompanying notes to financial statements.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

1. Description of the School District and Reporting Entity

Red Bank Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution in Red Bank, New Jersey. The Board of Trustees (the "Board") consists of appointed officials and are responsible for the fiscal control of the Charter School. An Educational Director is appointed by the Board and is responsible for the administrative control of the Charter School.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities for the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. The Charter School serves students in grades Pre-K through eight. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

2. Summary of Significant Accounting Policies

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do no conflict without contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

The Charter School's basic financial statements consists of 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.

1. Government-Wide Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

A. Basis of Presentation (Cont'd)

1. Government-Wide Statements (Cont'd)

The statement of net position presents the financial condition of the governmental 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 activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

GASB Implemented in the current Fiscal Year: In June, 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

A. Basis of Presentation (Cont'd)

2. Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. **Summary of Significant Accounting Policies (Cont'd)**

B. **Fund Accounting (Cont'd)**

1. **Governmental Funds (Cont'd)**

General Fund - The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

As required by the New Jersey State 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 they resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that 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 of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

2. **Proprietary Funds**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Charter School:

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. **Summary of Significant Accounting Policies (Cont'd)**

B. **Fund Accounting (Cont'd)**

2. **Proprietary Fund Type (Cont'd)**

Enterprise Fund - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education 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 appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Charter School's Enterprise Fund is comprised of the Food Service Fund.

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 position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciated of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations.

3. **Fiduciary Funds**

Trust and Agency Funds - The 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.

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.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Charter School are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. 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 determined and "available" means collectible within 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 to revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

D. Basis of Accounting (Cont'd)

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive moneys under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2015, the Charter School had accounts receivable of \$10,893 that represented amounts that had not been repaid based upon the current year final enrollment count.

In its accounting and final reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

E. Budgets/Budgetary Control (Cont'd)

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$- of encumbrances at June 30, 2015.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

G. Cash, Cash Equivalents and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes 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 savings banks the deposits of 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 deposits 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.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an 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.

I. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-40 years
Furniture and Equipment	5-10 years
Vehicles	3-5 years

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$15,000 at year end.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

2. Summary of Significant Accounting Policies (Cont'd)

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

3. Deposits and Investments

Deposits

The Charter School's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2015, the book value of the Board's deposits was \$806,338 and bank balances of the Charter School's cash and deposits amounted to \$819,062. Of the bank balances \$271,952 was covered by the FDIC. The Charter School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	Bank Balance
Insured	\$ 271,952
Uninsured and Collateralized	<u>547,110</u>
	<u>\$ 819,062</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Charter School had no investments.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	Balance <u>June 30, 2015</u>
Not being depreciated			
Sites (Land)	\$ 500,000	\$ -	\$ 500,000
Being Depreciated:			
Building and Improvements	4,178,058	-	4,178,058
Machinery and Equipment	<u>197,379</u>	<u>-</u>	<u>197,379</u>
	4,875,437	-	4,875,437
Less: Accumulated Depreciation	<u>(1,318,987)</u>	<u>(93,430)</u>	<u>(1,412,417)</u>
Net Assets	<u>\$ 3,556,450</u>	<u>\$ (93,430)</u>	<u>\$ 3,463,020</u>

Depreciation expense for governmental activities held assets was \$93,430 for 2015.

Enterprise Activities:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	Balance <u>June 30, 2015</u>
Being Depreciated:			
Equipment	\$ <u>8,250</u>	\$ -	\$ <u>8,250</u>
	8,250	-	8,250
Less: Accumulated Depreciation	<u>(825)</u>	<u>(825)</u>	<u>(1,650)</u>
Net Assets	<u>\$ 7,425</u>	<u>\$ (825)</u>	<u>\$ 6,600</u>

Depreciation expense for enterprise activities held assets for 2015 was \$825.

5. Long-term Obligations

Long-term obligation activity for the year ended June 30, 2015, was as follows:

	Balance <u>June 30,</u> <u>2014</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30,</u> <u>2015</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences Payable	15,000	-	-	15,000	-
Mortgages Payable	2,731,738	-	116,484	2,615,254	123,540
PERS Payable	<u>-</u>	<u>1,115,062</u>	<u>-</u>	<u>1,115,062</u>	<u>23,315</u>
	<u>2,746,738</u>	<u>1,115,062</u>	<u>116,484</u>	<u>3,745,316</u>	<u>146,855</u>

A. Mortgages Payable

On January 15, 2014, the Charter School modified its two existing mortgage loans by issuing two new Commercial Real Estate Loans. The original loans were modified to reduce monthly payments and provide an infusion of cash to be used for capital expenditures.

The first modified loan was issued for \$1,760,562. The interest rate on this loan is 3.33% and equal monthly payments of \$12,587 per month ending on October 1, 2028.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

5. Long-term Obligations (Cont'd)

A. Mortgages Payable (Cont'd)

The second modified loan was issued for \$1,020,000. The interest rate on this loan is 3.75% and equal monthly payments of June 30, 2015 per month end on January 15, 2039. This loan may be prepaid in whole or in part upon thirty days written notice at any time with a prepayment penalty of 3% if prepaid on or before January 14, 2015 declining annually to no prepayment penalty if prepaid after January 14, 2019.

The principal and interest on these two mortgages are due as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 123,540	\$ 90,801	\$ 214,341
2017	128,139	86,210	214,349
2018	132,653	81,683	214,336
2019	137,326	77,013	214,339
2020	141,968	72,373	214,341
2021-2025	789,410	282,283	1,071,693
2026-2030	695,065	138,971	834,036
2031-2035	250,252	66,219	316,471
2036-2038	<u>216,901</u>	<u>15,834</u>	<u>232,735</u>
	<u>\$ 2,615,254</u>	<u>\$ 911,387</u>	<u>\$ 3,526,641</u>

6. Pension Plans

Description of Plans

Substantially all of the employees of the Charter School are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

For the year ended June 30, 2015, the District recognized pension expense of \$64,770 and revenue of \$64,770 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2015, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.0118021042% of the total plan. The information below was provided from the State of New Jersey June 30, 2014 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,575
Changes of assumptions	270,377	-
Net difference between projected and actual earnings on pension plan investments	-	204,104
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,835
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 270,377</u>	<u>\$ 216,514</u>

The District's proportionate share of the pension liability at June 30, 2014 as it relates to the District is \$6,307,841.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2015	\$ (15,424)
2016	(15,424)
2017	(15,424)
2018	(15,424)
2019	35,952
Thereafter	<u>89,879</u>
Total	<u>\$ 64,135</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

For the year ended June 30, 2015, the District recognized pension expense of \$23,315. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0058311306% of the total plan. The information below was provided from the State of New Jersey June 30, 2014 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	34,330	-
Net difference between projected and actual earnings on pension plan investments	-	65,062
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 34,330</u>	<u>\$ 65,062</u>

The District's proportionate share of the pension liability at June 30, 2014 as it relates to the District is \$1,091,747 and has been recorded on the district-wide financials. The current portion due in April 2016 for the June 30, 2015 liability is \$23,315 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2015 is \$1,115,062.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Public Employees' Retirement System (PERS) (Cont'd)

Year ended June 30:		
2015	\$	(9,955)
2016		(9,955)
2017		(9,955)
2018		(9,955)
2019		6,311
Thereafter		<u>2,777</u>
Total	\$	<u>(30,732)</u>

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00 %	0.80 %
Core Bonds	1.00 %	2.49 %
Intermediate-Term Bonds	11.20 %	2.26 %
Mortgages	2.50 %	2.17 %
High Yield Bonds	5.50 %	4.82 %
Inflation-Indexed Bonds	2.50 %	3.51 %
Broad US Equities	25.90 %	8.22 %
Developed Foreign Equities	12.70 %	8.12 %
Emerging Market Equities	6.50 %	9.91 %
Private Equity	8.25 %	13.02 %
Hedge Funds/Absolute Return	12.25 %	4.92 %
Real Estate (Property)	3.20 %	5.80 %
Commodities	2.50 %	5.35 %

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.39 %)	Current Discount Rate (5.39 %)	1% Increase (6.39 %)
District's proportionate share of the net pension liability	1,373,455	1,091,747	855,184

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 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 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or 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 members 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 members' accounts.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Three-Year Trend Information for PERS

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>
June 30, 2015	\$ 49,259	100 %
June 30, 2014	31,559	100 %
June 30, 2013	31,832	100 %

Three-Year Trend Information for TPAF
(Paid on-behalf of the Charter School)

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>
June 30, 2015	\$ 167,593	100 %
June 30, 2014	135,028	100 %
June 30, 2013	161,241	100 %

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution included funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$167,593 to the TPAF for pension and post-retirement medical benefits on behalf of the Charter School. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Charter School \$104,140 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with Governmental Accounting Standards.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

6. Pension Plans (Cont'd)

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Charter School's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Charter School's contributions to the DCRP for June 30, 2015 were \$-. There was no liability for unpaid contributions at June 30, 2015.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

7. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits. 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in the fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$104,140 million toward Chapter 126 benefits for \$1,760,562 eligible retired members in fiscal year 2014.

8. Economic Dependency

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

9. Deferred Compensation

The Charter School offers its employees a choice of a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are solely the property of the participants. Accordingly, the plan assets are not reported as part of these financial statements.

10. Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident 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 Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2015

11. Interfund/Internal Balances and Transfers

There were no interfund balance at June 30, 2015.

12. Fund Balance Appropriated

General Fund - Of the \$733,811 General Fund balance at June 30, 2015, there is a \$- assigned for encumbrances, \$- has been assigned and included as anticipated revenue for the year ending June 30, 2016; therefore, \$733,811 is unassigned. \$107,170 of the unassigned fund balance has been designated for capital projects, and \$626,641 is unassigned and undesignated.

13. Contingent Liabilities

The Charter School is a party defendant in some lawsuits, none of a kind unusual for a Charter School of its size and scope of operation. In the opinion of the Charter School's Attorney the potential claims against the Charter School not covered by insurance policies would not materially affect the financial condition of the Charter School.

The Charter School has been notified by the New Jersey Department of Labor that significant late charges are due and payable for Unemployment chargers dating back to 2003. The Charter School has paid the principal balance due by is challenging the interest and late charges, amounting to \$63,733.37. The outcome of this challenge is unknown at this time.

14. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 2, 2015. No such disclosures were required.

15. Prior Period Adjustment

The implementation of GASB 68 resulted in recording the Deferred Outflows, Deferred Inflows and Pension liability on the June 30, 2015 district-wide financials. The balances at June 30, 2014 have been recorded into the beginning net position for a change of \$1,171,638. This net recording into the net position created non-comparability in the MD&A and has been acknowledged and allowed by the GASB.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,346,736	(1,179)	\$ 1,345,557	\$ 1,345,557	\$ -
Miscellaneous	-	1,179	1,179	27,768	26,589
Total - local sources	<u>1,346,736</u>	<u>-</u>	<u>1,346,736</u>	<u>1,373,325</u>	<u>26,589</u>
State sources:					
Equalization aid (Local levies - state share)	223,325	(195)	223,130	223,130	-
Special Education Aid	46,529	-	46,529	46,529	-
Security aid	13,495	(5)	13,490	13,490	-
Adjustment aid	1,100,930	(1,593)	1,099,337	1,099,337	-
Non-public transportation	-	-	-	-	-
TPAF pension (on-behalf - non-budgeted)	-	-	-	167,593	167,593
TPAF social security (reimbursed - non-budgeted)	-	-	-	104,140	104,140
Total state sources	<u>1,384,279</u>	<u>(1,793)</u>	<u>1,382,486</u>	<u>1,654,219</u>	<u>271,733</u>
Withdrawal from capital reserve - for local share	-	24,025	24,025	-	(24,025)
Total revenues	<u>2,731,015</u>	<u>22,232</u>	<u>2,753,247</u>	<u>3,027,544</u>	<u>274,297</u>
EXPENDITURES:					
Current Expense:					
Regular programs - instruction					
Kindergarten - salaries of teachers	83,510	(25,128)	58,382	58,382	-
Grades 1-5 - salaries of teachers	591,282	(145,024)	446,258	446,258	-
Grades 6-8 - salaries of teachers	371,372	-	371,372	351,495	19,877
Other salaries for instruction	29,098	160,710	189,808	173,403	16,405
Purchased professional-educational services	18,000	(8,300)	9,700	3,585	6,115
Other purchased services	8,000	1,300	9,300	7,739	1,561
General supplies	60,000	(2,407)	57,593	53,834	3,759
Textbooks	33,500	14,255	47,755	45,353	2,402
Other objects	2,000	9,000	11,000	9,952	1,048
Total instruction	<u>1,196,762</u>	<u>4,406</u>	<u>1,201,168</u>	<u>1,150,001</u>	<u>51,167</u>
Special education - instruction - resource room/resource center					
Salaries of teachers	48,078	1,122	49,200	48,780	420
Total special education - instruction - resource room/resource center	<u>48,078</u>	<u>1,122</u>	<u>49,200</u>	<u>48,780</u>	<u>420</u>
School-sponsored cocurricular activities - instruction					
Salaries	17,500	7,250	24,750	24,750	-
Total school-sponsored cocurricular activities - instruction	<u>17,500</u>	<u>7,250</u>	<u>24,750</u>	<u>24,750</u>	<u>-</u>
Undistributed expenditures:					
Health services					
Salaries	50,985	-	50,985	49,500	1,485
Supplies and materials	2,000	-	2,000	533	1,467
Total health services	<u>52,985</u>	<u>-</u>	<u>52,985</u>	<u>50,033</u>	<u>2,952</u>
Child study teams					
Salaries of other professional staff	52,480	(4,715)	47,765	33,860	13,905
Purchased professional-educational services	10,000	7,521	17,521	17,521	-
Total child study teams	<u>62,480</u>	<u>2,806</u>	<u>65,286</u>	<u>51,381</u>	<u>13,905</u>
Improvement of instructional services					
Salaries of Supervisors of Instruction	125,124	5,000	130,124	126,743	3,381
Total improvement of instructional services	<u>125,124</u>	<u>5,000</u>	<u>130,124</u>	<u>126,743</u>	<u>3,381</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration					
Salaries	\$ 46,447	\$ 27,667	\$ 74,114	\$ 70,792	\$ 3,322
Legal fees	5,000	(2,400)	2,600	1,890	710
Audit fees	11,900	(900)	11,000	11,000	-
Communications/telephone	10,160	940	11,100	10,750	350
Other purchased services	14,000	8,693	22,693	22,693	-
General supplies	7,000	5,788	12,788	12,362	426
Total support services	<u>94,507</u>	<u>39,788</u>	<u>134,295</u>	<u>129,487</u>	<u>4,808</u>
Support services - school administration					
Salaries of principals/assistant principals	42,334	-	42,334	41,100	1,234
Salaries of secretarial and clerical assistants	18,225	167	18,392	18,392	-
Other objects	12,000	(1,667)	10,333	9,429	904
Total support services - school administration	<u>72,559</u>	<u>(1,500)</u>	<u>71,059</u>	<u>68,921</u>	<u>2,138</u>
Undistributed expenditures					
Central services					
Salaries	56,339	60	56,399	55,750	649
Purchased professional services	35,000	(22,306)	12,694	12,213	481
Purchased technical services	7,500	2,000	9,500	7,606	1,894
Interest on current loans	94,762	(2,762)	92,000	87,538	4,462
Total central services	<u>193,601</u>	<u>(23,008)</u>	<u>170,593</u>	<u>163,107</u>	<u>7,486</u>
Custodial Services					
Salaries	110,876	(588)	110,288	110,288	-
Cleaning, repair, and maintenance services	85,000	(12,872)	72,128	70,652	1,476
Insurance	30,000	(8,900)	21,100	20,625	475
General supplies	20,000	3,400	23,400	16,583	6,817
Energy (natural gas)	7,800	200	8,000	7,576	424
Energy (electricity)	37,200	800	38,000	30,417	7,583
Other objects	4,000	2,000	6,000	4,579	1,421
Total custodial services	<u>294,876</u>	<u>(15,960)</u>	<u>278,916</u>	<u>260,720</u>	<u>18,196</u>
Total operation and maintenance of plant services	<u>896,132</u>	<u>7,126</u>	<u>903,258</u>	<u>850,392</u>	<u>52,866</u>
Student transportation services					
Salaries - between home & school - regular	4,120	-	4,120	-	4,120
Contracted services (not home/school) - vendors	2,000	-	2,000	520	1,480
Total student transportation services	<u>6,120</u>	<u>-</u>	<u>6,120</u>	<u>520</u>	<u>5,600</u>
Unallocated Expenditures:					
Social Security Contributions	29,000	670	29,670	18,488	11,182
Other Retirement Contributions - PERS	35,000	14,600	49,600	49,259	341
Unemployment Compensation	30,000	22,483	52,483	48,866	3,617
Workmen's Compensation	23,500	400	23,900	22,929	971
Health Benefits	300,013	(2,962)	297,051	287,084	9,967
Tuition Reimbursement	10,000	-	10,000	9,558	442
Other Employee Benefits	1,638	(1,483)	155	87	68
Total unallocated benefits	<u>429,151</u>	<u>33,708</u>	<u>462,859</u>	<u>436,271</u>	<u>26,588</u>
On-behalf contributions:					
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	167,593	(167,593)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	104,140	(104,140)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,733</u>	<u>(271,733)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,331,403</u>	<u>40,834</u>	<u>1,372,237</u>	<u>1,558,916</u>	<u>(186,679)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>2,593,743</u>	<u>53,612</u>	<u>2,647,355</u>	<u>2,782,447</u>	<u>(135,092)</u>

RED BANK CHARTER SCHOOL
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Instructional equipment	\$ 30,500	\$ 500	\$ 31,000	\$ 2,918	\$ 28,082
Non-instructional equipment	2,500	(2,500)	-	-	-
Construction Services	-	52,525	52,525	52,060	465
Purchase of land/improvements	-	-	-	-	-
Mortgage Payments - Principal	119,578	2,562	122,140	119,577	2,563
Other Objects	-	-	-	-	-
Total budgeted capital outlay	<u>152,578</u>	<u>53,087</u>	<u>205,665</u>	<u>174,555</u>	<u>31,110</u>
Total general fund	<u>2,746,321</u>	<u>106,699</u>	<u>2,853,020</u>	<u>2,957,002</u>	<u>(103,982)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,306)</u>	<u>(84,467)</u>	<u>(99,773)</u>	<u>70,542</u>	<u>170,315</u>
Fund Balance, July 1	663,269	-	663,269	663,269	-
Fund Balance, June 30	<u>\$ 647,963</u>	<u>\$ (84,467)</u>	<u>\$ 563,496</u>	<u>\$ 733,811</u>	<u>\$ 170,315</u>
Recapitulation:					
Unassigned-Capital projects				107,170	
Unassigned				626,641	
Fund balance per governmental funds (GAAP)				<u>\$ 733,811</u>	

RED BANK CHARTER SCHOOL
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Private sources	\$ -	\$ -	\$ -	\$ 7,701	\$ 7,701
State sources	-	-	-	185,763	185,763
Federal sources	268,318	20,109	288,427	86,394	(202,033)
Total Revenues	<u>268,318</u>	<u>20,109</u>	<u>288,427</u>	<u>279,858</u>	<u>(8,569)</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	70,246	8,555	78,801	78,801	-
Purchased professional and technical services	5,000	559	5,559	4,552	1,007
General supplies	5,000	(854)	4,146	2,321	1,825
Tuition	-	-	-	-	-
Other objects	-	1,200	1,200	1,108	92
Total instruction	<u>80,246</u>	<u>9,460</u>	<u>89,706</u>	<u>86,782</u>	<u>2,924</u>
Support services:					
Personal services - salaries	137,507	10,649	148,156	146,503	1,653
Purchased professional and technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Employee benefits	27,340	-	27,340	27,340	-
Rentals	13,225	-	13,225	13,225	-
Travel	-	-	-	-	-
Supplies - materials	-	-	-	-	-
Total support services	<u>178,072</u>	<u>10,649</u>	<u>188,721</u>	<u>187,068</u>	<u>1,653</u>
Facilities acquisition and const. serv.:					
Instructional equipment	5,000	-	5,000	4,297	703
Non-Instructional equipment	5,000	-	5,000	1,711	3,289
Total facilities acquisition and const. serv.	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>6,008</u>	<u>3,992</u>
Total expenditures	<u>268,318</u>	<u>20,109</u>	<u>288,427</u>	<u>279,858</u>	<u>8,569</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RED BANK CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2015

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,027,544	[C-2]	\$ 279,858
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(64,770)		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 2,962,774	[B-2]	\$ 279,858
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 2,957,002	[C-2]	\$ 279,858
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(64,770)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 2,892,232	[B-2]	\$ 279,858

REQUIRED SUPPLEMENTARY INFORMATION - PART III

RED BANK CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-PERS
 For the Fiscal Year Ended June 30, 2015

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability	0.5831130600%
District's proportionate share of the net pension liability	\$ 1,091,747
District's covered-employee payroll	680,628
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.34%
Plan fiduciary net position as a percentage of the total pension liability	67.89%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

RED BANK CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the District Contributions-PERS
 For the Fiscal Year Ended June 30, 2015

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contributions	\$ 49,259
Contributions in relation to the contractually required contribution	<u>49,259</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 680,628
Contributions as a percentage of covered-employee payroll	7.24%

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

RED BANK CHARTER SCHOOL
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
 For the Fiscal Year Ended June 30, 2015

Last 10 Fiscal Years*

	2015
District's proportion of the net pension liability	0.1180210420%
District's proportionate share of the net pension liability	\$ 6,307,841
District's covered-employee payroll	1,180,568
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.72%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

The District has a special funding situation as is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Red Bank Charter School

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2015

Assumptions

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

Inflation Rate	3.01 %
Salary increases: 2012-2021	2.15 - 4.40 % based on age
Thereafter	3.15 - 5.40 % based on age
Investment rate of return	7.90 %

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

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

OTHER SUPPLEMENTARY INFORMATION

RED BANK CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	I.D.E.A Regular Program Part B 14/15	Title I 14/15	Title II -A 14/15	Summer Institute 14/15	Pre-School Education Aid 14/15	Total 2015
Revenues:						
Private sources	\$ -	\$ -	\$ -	\$ 7,701	\$ -	\$ 7,701
State sources	-	-	-	-	185,763	185,763
Federal sources	38,584	45,765	2,045	-	-	86,394
Total revenues	<u>38,584</u>	<u>45,765</u>	<u>2,045</u>	<u>7,701</u>	<u>185,763</u>	<u>279,858</u>
Expenditures:						
Instruction:						
Salaries	-	-	-	7,701	71,100	78,801
Purchased professional services	-	-	-	-	4,552	4,552
General supplies	-	-	-	-	2,321	2,321
Tuition	-	-	-	-	-	-
Other Objects	-	-	-	-	1,108	1,108
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,701</u>	<u>79,081</u>	<u>86,782</u>
Support services:						
Other support services - students - special:						
Salaries	38,584	36,322	2,045	-	69,552	146,503
Purchased prof. and tech. services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Employee benefits	-	9,443	-	-	17,897	27,340
Rentals	-	-	-	-	13,225	13,225
Travel	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Total other support services - students - special	<u>38,584</u>	<u>45,765</u>	<u>2,045</u>	<u>-</u>	<u>100,674</u>	<u>187,068</u>
Facilities acquisition and construction equipment:						
Instructional equipment	-	-	-	-	4,297	4,297
Non-instructional equipment	-	-	-	-	1,711	1,711
Total facilities acquisition and construction equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,008</u>	<u>6,008</u>
Total expenditures	<u>\$ 38,584</u>	<u>\$ 45,765</u>	<u>\$ 2,045</u>	<u>\$ 7,701</u>	<u>\$ 185,763</u>	<u>\$ 279,858</u>

RED BANK CHARTER SCHOOL
 Special Revenue Fund
 Schedule of Preschool Education Aid Expenditures
 Preschool - All Programs
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 71,100	\$ 71,100	\$ -
Other Salaries for Instruction	5,559	4,552	1,007
Purchased Professional & Technical Services	-	-	-
Other Purchased Services (400-500 series)	-	-	-
Tuition to Other LEAs Within the State - Regular	-	-	-
General Supplies	4,146	2,321	1,825
Other Objects	1,200	1,108	92
Total instruction	<u>82,005</u>	<u>79,081</u>	<u>2,924</u>
Support services:			
Salaries of Program Directors	14,093	14,093	-
Salaries of Supervisors of Instruction	7,648	7,648	-
Salaries of Other Professional Staff	20,556	20,556	-
Salaries of Secr. And Clerical Assistants	10,815	10,815	-
Other Salaries	10,815	10,815	-
Salaries of Master Teachers	5,625	5,625	-
Personal Services - Employee Benefits	17,897	17,897	-
Rentals	13,225	13,225	-
Total support services	<u>100,674</u>	<u>100,674</u>	<u>-</u>
Facilities acquisition and cont. serv:			
Instructional equipment	5,000	4,297	703
Non-instructional Equipment	5,000	1,711	3,289
Total Facilities acquisition and cont. serv.	<u>10,000</u>	<u>6,008</u>	<u>3,992</u>
Total Expenditures	<u>\$ 192,679</u>	<u>\$ 185,763</u>	<u>\$ 6,916</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2014-15 PreK/ECPA Aid Allocation	\$ 185,763
Add: Actual PreK/ECPA Aid Carryover June 30, 2014	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2014-15 Budget	<u>185,763</u>
Less: 2014-15 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>192,679</u>
Available & Unbudgeted Funds as of June 30, 2016	(6,916)
Add: June 30, 2015 Unexpended PreK Aid	-
2015- Actual Carryover - PreK Aid	<u>\$ (6,916)</u>
2014-15 PreK Aid Carryover Budgeted in 2016-FY	<u>\$ -</u>

RED BANK CHARTER SCHOOL
Enterprise Funds
Combining Statement of Net Position
June 30, 2015

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
Assets:		
Current assets:		
Cash and cash equivalents	\$ 15,101	\$ 15,101
Accounts receivable:		
State	37	37
Federal	2,231	2,231
Total current assets	<u>17,369</u>	<u>17,369</u>
Fixed assets:		
Equipment	8,250	8,250
Accumulated depreciation	(1,650)	(1,650)
Total fixed assets	<u>6,600</u>	<u>6,600</u>
Total assets	<u>\$ 23,969</u>	<u>\$ 23,969</u>
Liabilities and Fund Equity:		
Liabilities:		
Accounts payable	97	97
Interfund payable	61,974	61,974
Total liabilities	<u>62,071</u>	<u>62,071</u>
Net position:		
Net capital assets	6,600	6,600
Restricted for other purposes	-	-
Unrestricted net position	(44,702)	(44,702)
Total fund equity	<u>(38,102)</u>	<u>(38,102)</u>
Total liabilities and fund equity	<u>\$ 23,969</u>	<u>\$ 23,969</u>

RED BANK CHARTER SCHOOL
Enterprise Funds
Combined Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales-reimbursable programs:		
School breakfast program	\$ -	\$ -
School lunch program	10,793	10,793
Total-daily sales-reimbursable programs	10,793	10,793
Total operating revenues	10,793	10,793
Operating expenses:		
Salaries	34,100	34,100
Employee benefits	-	-
Purchased property	-	-
Other purchased services	57,665	57,665
Supplies and materials	-	-
Depreciation	825	825
Cost of sales	2,231	2,231
Total operating expenses	94,821	94,821
Operating income (loss)	(84,028)	(84,028)
Nonoperating revenues:		
State sources:		
State school lunch program	720	720
Federal sources:		
National school lunch program	31,133	31,133
National school breakfast program	10,040	10,040
Food distribution program	2,231	2,231
Total nonoperating revenues	44,124	44,124
Change in net position before transfers	(39,904)	(39,904)
Transfers in (out)	-	-
Change in net position	(39,904)	(39,904)
Total unrestricted net position beginning	1,802	1,802
Total unrestricted net position ending	\$ (38,102)	\$ (38,102)

RED BANK CHARTER SCHOOL
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2015

	Business-type Activities -	
	Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 10,793	\$ 10,793
Payments to employees & benefits	(34,100)	(34,100)
Payments to suppliers	(59,799)	(59,799)
Net cash used in operating activities	<u>(83,106)</u>	<u>(83,106)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	713	713
Federal sources	40,726	40,726
Board interfund loans	51,974	51,974
Net cash provided by non-capital financing activities	<u>93,413</u>	<u>93,413</u>
Net increase (decrease) in cash and cash equivalents	12,538	12,538
Balances—beginning of year	2,563	2,563
Balances—end of year	<u>\$ 15,101</u>	<u>\$ 15,101</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating loss	\$ (84,028)	\$ (84,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	825	825
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	97	97
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	<u>922</u>	<u>922</u>
Net cash used in operating activities	<u>\$ (83,106)</u>	<u>\$ (83,106)</u>

RED BANK CHARTER SCHOOL
Combining Statement of Fiduciary Net Position
June 30, 2015

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 20,349	\$ 34,681	\$ 55,030
Investments	-	-	-
Intrafund receivable	-	-	-
Total assets	<u>20,349</u>	<u>34,681</u>	<u>55,030</u>
LIABILITIES			
Payroll deductions and withholdings	-	34,681	34,681
Payable to student groups	20,349	-	20,349
Interfund payable	-	-	-
Intrafund payable	-	-	-
Total liabilities	<u>20,349</u>	<u>34,681</u>	<u>55,030</u>
Net Position			
Reserved for scholarships	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 20,349</u>	<u>\$ 34,681</u>	<u>\$ 55,030</u>

RED BANK CHARTER SCHOOL
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Student Activities Funds	<u>\$ 4,655</u>	<u>\$ 30,208</u>	<u>\$ 14,514</u>	<u>\$ 20,349</u>

RED BANK CHARTER SCHOOL
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	\$ 17,339	\$ 699,284	\$ 681,942	\$ 34,681
Total assets	<u>17,339</u>	<u>699,284</u>	<u>681,942</u>	<u>34,681</u>
LIABILITIES:				
Payroll deductions and withholdings	<u>17,339</u>	<u>699,284</u>	<u>681,942</u>	<u>34,681</u>
Total liabilities	<u>\$ 17,339</u>	<u>\$ 699,284</u>	<u>\$ 681,942</u>	<u>\$ 34,681</u>

STATISTICAL SECTION

**RED BANK CHARTER SCHOOL
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	73-78
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	N/A
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	N/A
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	N/A
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	79-82
<p>Performance Framework</p>	83

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

RED BANK CHARTER SCHOOL
Net Assets/Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net capital assets	\$ 794,247	\$ 904,722	\$ 1,128,377	\$ 1,065,932	\$ 1,018,407	\$ 968,388	\$ 988,510	\$ 947,328	\$ 824,711	\$ 847,766
Restricted	-	-	-	-	-	-	-	-	82,614	-
Unrestricted	221,213	92,980	30,735	(16,107)	27,690	152,493	258,684	304,574	565,656	(426,983)
Total governmental activities net assets/position	<u>1,015,460</u>	<u>997,702</u>	<u>1,159,112</u>	<u>1,049,825</u>	<u>1,046,097</u>	<u>1,120,881</u>	<u>1,247,194</u>	<u>1,251,902</u>	<u>1,472,981</u>	<u>420,783</u>
Business-type activities										
Net capital assets	-	-	-	-	-	-	-	-	-	6,600
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,192	552	3,482	8,215	12,630	18,669	28,371	29,173	1,802	(44,702)
Total business-type activities net assets/position	<u>3,192</u>	<u>552</u>	<u>3,482</u>	<u>8,215</u>	<u>12,630</u>	<u>18,669</u>	<u>28,371</u>	<u>29,173</u>	<u>1,802</u>	<u>(38,102)</u>
District-wide										
Net capital assets	794,247	904,722	1,128,377	1,065,932	1,018,407	968,388	988,510	947,328	824,711	854,366
Restricted	-	-	-	-	-	-	-	-	82,614	-
Unrestricted	224,405	93,532	34,217	(7,892)	40,320	171,162	287,055	333,747	567,458	(471,685)
Total district net assets/position	<u>\$ 1,018,652</u>	<u>\$ 998,254</u>	<u>\$ 1,162,594</u>	<u>\$ 1,058,040</u>	<u>\$ 1,058,727</u>	<u>\$ 1,139,550</u>	<u>\$ 1,275,565</u>	<u>\$ 1,281,075</u>	<u>\$ 1,474,783</u>	<u>\$ 382,681</u>

RED BANK CHARTER SCHOOL
Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,153,454	\$ 1,618,455	\$ 1,621,418	\$ 1,722,801	\$ 1,659,139	\$ 1,637,523	\$ 1,734,111	\$ 1,894,183	\$ 1,522,941	\$ 1,510,776
Special Education instruction										48,780
Other special instruction										151,493
Support Services:										
Instruction										-
Attendance and social work										-
Health services										237,101
Other support services										51,381
Improvement of instruction										-
Educational media services										-
Instruction staff training										-
General administrative services										129,487
School administrative services										68,921
School central services										163,107
School admin info technology										-
Allowed maintenance for school facilities										-
Other operation & Maintenance of plant										260,720
Care & upkeep of grounds										-
Security										-
Student transportation services										520
Unallocated employee benefits										229,173
Non-budgeted expenditures										271,733
Interest expense										-
School Support services	468,977	620,024	592,284	494,714	519,319	482,793	576,120	593,092	1,195,668	
Pupil transportation	-	-	-	-	-	-	-	-	-	-
General administration	721,634	560,840	624,951	569,667	560,782	584,741	569,050	625,646	512,429	
Non-budgeted expenditures										-
Total governmental activities expenses	<u>2,344,065</u>	<u>2,799,319</u>	<u>2,838,653</u>	<u>2,787,182</u>	<u>2,739,240</u>	<u>2,705,057</u>	<u>2,879,281</u>	<u>3,112,921</u>	<u>3,231,038</u>	<u>3,123,192</u>
Business-type activities:										
Food service	37,058	37,833	40,341	40,890	45,664	46,210	51,800	65,958	87,247	94,821
Total business-type activities expense	<u>37,058</u>	<u>37,833</u>	<u>40,341</u>	<u>40,890</u>	<u>45,664</u>	<u>46,210</u>	<u>51,800</u>	<u>65,958</u>	<u>87,247</u>	<u>94,821</u>
Total district expenses	<u>2,381,123</u>	<u>2,837,152</u>	<u>2,878,994</u>	<u>2,828,072</u>	<u>2,784,904</u>	<u>2,751,267</u>	<u>2,931,081</u>	<u>3,178,879</u>	<u>3,318,285</u>	<u>3,218,013</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	173,642	211,554	137,955	102,242	128,111	144,251	104,520	106,907	342,083	271,733
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>173,642</u>	<u>211,554</u>	<u>137,955</u>	<u>102,242</u>	<u>128,111</u>	<u>144,251</u>	<u>104,520</u>	<u>106,907</u>	<u>342,083</u>	<u>271,733</u>
Business-type activities:										
Charges for services										
Food service	11,139	10,947	14,033	15,601	13,239	13,415	16,571	17,105	14,267	10,793
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	24,766	24,246	29,238	30,022	36,840	38,834	44,931	49,655	45,608	44,124
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>35,905</u>	<u>35,193</u>	<u>43,271</u>	<u>45,623</u>	<u>50,079</u>	<u>52,249</u>	<u>61,502</u>	<u>66,760</u>	<u>59,875</u>	<u>54,917</u>
Total district program revenues	<u>209,547</u>	<u>246,747</u>	<u>181,226</u>	<u>147,865</u>	<u>178,190</u>	<u>196,500</u>	<u>166,022</u>	<u>173,667</u>	<u>401,958</u>	<u>326,650</u>

RED BANK CHARTER SCHOOL
Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	(2,170,423)	(2,587,765)	(2,700,698)	(2,684,940)	(2,611,129)	(2,560,806)	(2,774,761)	(3,006,014)	(2,888,955)	(3,123,192)
Business-type activities	(1,153)	(2,640)	2,930	4,733	4,415	6,039	9,702	802	(27,372)	(94,821)
Total district-wide net expense	<u>(2,171,576)</u>	<u>(2,590,405)</u>	<u>(2,697,768)</u>	<u>(2,680,207)</u>	<u>(2,606,714)</u>	<u>(2,554,767)</u>	<u>(2,765,059)</u>	<u>(3,005,212)</u>	<u>(2,916,327)</u>	<u>(3,218,013)</u>
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	1,199,555	1,288,310	1,355,756	1,442,956	1,419,080	1,400,343	1,396,289	1,337,629	1,336,401	1,345,557
Tuition charges	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,021,005	1,266,685	1,479,585	1,096,175	1,178,053	1,204,502	1,471,523	1,638,681	1,626,977	1,589,873
Federal and State Aid Restricted	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	23,220	15,012	26,767	36,522	10,268	30,745	33,263	34,412	146,656	35,469
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>2,243,780</u>	<u>2,570,007</u>	<u>2,862,108</u>	<u>2,575,653</u>	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>2,243,780</u>	<u>2,570,007</u>	<u>2,862,108</u>	<u>2,575,653</u>	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>
Change in Net Assets/Position										
Governmental activities	73,357	(17,758)	161,410	(109,287)	(3,728)	74,784	126,314	4,708	221,079	119,440
Business-type activities	(1,153)	(2,640)	2,930	4,733	4,415	6,039	9,702	802	(27,372)	(39,904)
Total district	<u>\$ 72,204</u>	<u>\$ (20,398)</u>	<u>\$ 164,340</u>	<u>\$ (104,554)</u>	<u>\$ 687</u>	<u>\$ 80,823</u>	<u>\$ 136,016</u>	<u>\$ 5,510</u>	<u>\$ 193,707</u>	<u>\$ 79,536</u>

RED BANK CHARTER SCHOOL
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Unreserved	\$ 212,596	\$ 105,616	\$ 7,745	\$ 20,893	\$ 53,690	\$ 167,493	\$ 245,484	\$ 202,467	\$ 580,655	\$ 626,641
Assigned	-	-	-	-	-	-	28,200	117,107	82,614	-
Total general fund	<u>212,596</u>	<u>105,616</u>	<u>7,745</u>	<u>20,893</u>	<u>53,690</u>	<u>167,493</u>	<u>273,684</u>	<u>319,574</u>	<u>663,269</u>	<u>626,641</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RED BANK CHARTER SCHOOL
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues											
Tuition charges	\$ 1,195,607	\$ 1,199,555	\$ 1,288,310	\$ 1,355,756	\$ 1,442,956	\$ 1,419,080	\$ 1,400,343	\$ 1,396,289	\$ 1,337,629	\$ 1,336,401	\$ 1,345,557
Interest earnings	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	56,587	23219	16,641	26,767	36,522	10,268	25,795	33,263	34,412	146,654	35,469
Local sources	47,110	8381	58,356	27,119	6,385	60,375	37,361	19,182	18,743	8,446	-
State sources	957,365	1037471	1,236,491	1,226,629	1,180,557	1,178,053	1,204,502	1,471,523	1,638,681	1,816,138	1,775,212
Federal sources	128,867	140261	128,198	102,577	95,857	67,736	111,840	85,338	88,164	144,476	86,394
Total revenue	2,385,536	2,408,887	2,727,996	2,738,848	2,762,277	2,735,512	2,779,841	3,005,595	3,117,629	3,452,115	3,242,632
Expenditures											
Instruction											
Regular Instruction	1,104,918	962,396	1,299,073	1,263,111	1,353,432	1,275,553	1,257,771	1,321,201	1,408,620	1,358,323	1,236,783
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-	48,780
Adult/continuing education	-	-	-	-	-	-	-	-	-	-	151,493
Support Services:											
Instruction	-	-	-	-	-	-	-	-	-	-	-
Attendance and social work	-	-	-	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-	-	-	237,101
Other support services	-	-	-	-	-	-	-	-	-	-	51,381
Improvement of instruction	-	-	-	-	-	-	-	-	-	-	-
Educational media services	-	-	-	-	-	-	-	-	-	-	-
Instruction staff training	-	-	-	-	-	-	-	-	-	-	-
General administrative services	-	-	-	-	-	-	-	-	-	-	129,487
School administrative services	-	-	-	-	-	-	-	-	-	-	68,921
School central services	-	-	-	-	-	-	-	-	-	-	163,107
School admin info technology	-	-	-	-	-	-	-	-	-	-	-
Required maintenance for school facilities	-	-	-	-	-	-	-	-	-	-	-
Other operation & maintenance of plant	-	-	-	-	-	-	-	-	-	-	260,720
Care & upkeep of grounds	-	-	-	-	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	-	-	-	520
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	-	371,501
Non-budgeted expenditures	-	-	-	-	-	-	-	-	-	-	271,733
General administrative services	727,239	839,376	737,442	853,965	790,278	770,041	766,265	769,983	854,014	811,078	-
Capital outlay	74,881	92,755	160,788	100,217	84,259	98,702	95,973	168,434	109,168	124,555	180,563
Total expenditures	1,907,038	1,894,527	2,197,303	2,217,293	2,227,969	2,144,296	2,120,009	2,259,618	2,371,802	2,293,956	3,172,090
Excess (Deficiency) of revenues over (under) expenditures	478,498	514,360	530,693	521,555	534,308	591,216	659,832	745,977	45,890	343,695	70,542
Other Financing sources (uses)											
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-							
Net change in fund balances	\$ 478,498	\$ 514,360	\$ 530,693	\$ 521,555	\$ 534,308	\$ 591,216	\$ 659,832	\$ 745,977	\$ 45,890	\$ 343,695	\$ 70,542
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

RED BANK CHARTER SCHOOL
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Donations	Mortgage Modification Proceeds	Refund of Prior Year Expenditures	Use of Facilities	Study Buddies	E-Rate	Miscellaneous	Annual Totals
2006	10,681	-	-	8,900	-	-	-	3,638	23,219
2007	9,952	-	-	7,158	-	-	-	10,532	27,642
2008	3,663	-	-	10,689	-	3,300	-	9,115	26,767
2009	766	3,724	-	15,499	500	5,923	-	10,110	36,522
2010	478	1,502	-	1,256	500	5,494	-	1,038	10,268
2011	479	1,645	-	8,910	2,755	8,910	-	8,046	30,745
2012	386	3,041	-	6,434	6,351	10,248	-	6,803	33,263
2013	-	2,190	-	9,859	9,546	7,671	-	5,146	34,412
2014	-	1,941	107,170	1,637	12,162	10,908	3,594	9,242	146,654
2015	-	1,028	-	1,595	5,378	4,727	3,226	11,814	27,768

Source: District records

RED BANK CHARTER SCHOOL
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Regular	15.0	16.0	16.0	16.0	16.0	16.0	15.0	16.0	16.0	16.0
Special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other special education										
Vocational										
Other instruction	10.0	9.0	9.0	9.0	6.0	7.0	5.0	6.0	6.0	6.0
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil transportation										
Other support services										
Special Schools										
Food Service	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Care										
Total	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	<u>36.0</u>	<u>37.0</u>	<u>34.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>

Source: District Personnel Records

RED BANK CHARTER SCHOOL
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	160.0	2,257,888	14,112	1.36%	21.0	18	15.5	152.9	147.0	-2.67%	96.14%
2007	158.0	2,586,155	16,368	15.99%	21.0	18	15.5	156.7	151.0	2.49%	96.36%
2008	162.0	2,736,502	16,892	3.20%	21.0	18	15.5	158.9	152.0	1.40%	95.66%
2009	172.0	2,664,870	15,493	-8.28%	21.0	18	15.5	172.0	166.0	8.24%	96.51%
2010	173.0	2,604,013	15,052	-2.85%	21.0	18	15.5	173.0	171.0	58.00%	98.84%
2011	176.0	2,570,065	14,603	-2.99%	20.0	18	15.5	172.5	169.0	-30.00%	98.00%
2012	175.0	2,730,970	15,606	6.87%	20.0	18	15.5	175.0	170.0	1.46%	97.14%
2013	177.0	2,962,571	16,738	14.62%	21.0	18	15.5	173.5	170.0	57.00%	98.00%
2014	197.0	2,760,674	14,014	-10.20%	22.0	19	15.5	193.1	189.0	10.32%	98.00%
2015	193.0	2,685,269	13,913	-0.007	16.0	-	-	0.0	0.0	-100.00%	0.00%

Sources: District records

Note: Enrollment based on annual October district count ASSA 10/15/14 count for FYB 2015.

- a Operating expenditures equal total expenditures less debt service, on behalf and capital outlay per schedule c -1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). From Gvancardo

RED BANK CHARTER SCHOOL
School Building Information
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
<u>Elementary and Middle School (Combined)</u>										
The Red Bank Charter School										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Capacity (students)	162	162	162	180	180	180	180	180	200	200
Enrollment	156	156	156	173	173	173	175	177	193	193

Number of Schools at June 30, 2015

 Elementary and Middle School combined = 1

Source: Charter School Records

RED BANK CHARTER SCHOOL
Insurance Schedule
June 30, 2015

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Board Association Insurance Group		
<u>Property</u>		
Building and Contents	\$ 5,802,844	\$ 1,000
Valuable Papers and Records	10,000,000	1,000
Extra Expense	50,000,000	1,000
Increased Cost of Construction/Building Ord.	-	1,000
Crime/Empl Dishonesty		500
<u>Comprehensive General Liability</u>		
General Liability	16,000,000	N/A
School Leaders Errors & Omissions Coverage	16,000,000	5,000
<u>Electronic Data Processing</u>		
Blanket Equipment, Data & Media	110,000	1,000
Computer Virus	250,000	
<u>Workers Compensation</u>		
Professional/Non-professional	2,000,000	Statutory
<u>Automobile Coverage</u>		
Liability Limit	16,000,000	
<u>Student Accident</u>		
Medical Expense Benefit	5,000,000	Maximum
<u>Commercial Excess Liability</u>		
Aggregate Limit of Liability	5,000,000	10,000
<u>Equipment Breakdown Coverage</u>		
Boiler and Machinery	100,000,000	1,000
<u>Public Official Bonds</u>		
Theresa Shirley, Business Manager	145,000	N/A
Public Employee Dishonesty	50,000	N/A

RED BANK CHARTER SCHOOL
Fiscal Performance/Fiscal Ratios
Last Six Years

	2010 Audit	2011 Audit	2012 Audit	2013 Audit	2014 Audit	2015 Audit
Cash	118,883	145,477	355,087	366,944	690,917	751,308
Current Assets	41,477	97,749	384,637	410,523	763,730	2,231
Total Assets	4,199,155	4,140,979	4,207,329	4,099,924	4,327,606	4,319,570
Current Liabilities	94,040	57,064	82,582	70,026	106,083	79,627
Total Liabilities	3,140,428	2,944,365	2,931,764	2,818,849	2,852,823	79,627
Net Position	1,058,727	1,139,550	1,275,565	1,281,075	1,474,783	382,681
Total Revenue	2,785,591	2,832,090	3,067,097	3,184,389	3,452,117	3,025,816
Total Expenses	2,784,904	2,751,267	2,931,081	3,178,879	3,231,037	2,852,850
Change in Net Assets	687	80,823	136,016	5,510	221,079	172,966
Depreciation Expense	146,227	145,992	148,311	150,351	151,537	93,430
Interest Expense	154,867	152,659	148,498	143,324	123,998	-
Principal Payments	88,815	102,023	95,183	100,358	90,401	116,484
Interest Payments	-	-	-	-	-	-
Final Average Daily Enrollmen	173	176	176	177	194	-
March 30th Budgeted Enrollmen	N/A	N/A	N/A	N/A	N/A	N/A

RATIO ANALYSIS						
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<u>Near Term Indicators</u>						
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1a	Current Ratio	0.44	1071	4.66	5.86	7.20	9.46
1b	Unrestricted Days Cash	325.71	398.57	972.84	1005.33	1,892.92	96.12
1c	Enrollment Variance	N/A	1.73	0	0	9.6	0
1d	Default	No	No	NO	NO	NO	0

<u>Sustainability Indicators</u>						
----------------------------------	--	--	--	--	--	--

2a	Total Margin	0.02%	3%	4%	0%	6%	6%
2b	Debt to Asset	0.75	0.71	0.7	0.69	0.66	0.02
2c	Cash Flow	N/A	26,594	209,610	366,944	335,830	384,364
2d	Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A	0

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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**

Honorable President and
Members of the Board of Trustees
Red Bank Charter School
County of Monmouth
Red Bank, 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements 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 Red Bank Charter School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Red Bank Charter School basic financial statements, and have issued our report thereon dated December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Red Bank Charter School in the County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Red Bank Charter School in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Red Bank Charter School internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2014-01].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Red Bank Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and which are described in the accompanying schedule of findings and questioned costs as items [2014-01].

Red Bank Charter School's Response to the Finding

Red Bank Charter School's response to the finding can be found on the Schedule of Findings and Questioned Costs. Red Bank Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Jump, Perry and Company, L.L.P.
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 2, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY
OMB CIRCULAR 04-04 AND/OR 15-08**

Honorable President and
Members of the Board of Trustees
Red Bank Charter School
County of Monmouth
Red Bank, New Jersey

Report on Compliance for Each Major State Program

We have audited Red Bank Charter School's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 and/or 15-08 that could have a direct and material effect on each of Red Bank Charter School's major state programs for the year ended June 30, 2015. Red Bank Charter School's major 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Red Bank Charter School's major 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 and the New Jersey OMB Circular 04-04 and/or 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about Red Bank 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 Red Bank Charter School's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Red Bank Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Red Bank 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 Red Bank Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the New Jersey OMB 04-04 and/or 15-08, 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 Red Bank 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 and 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 and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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.

Purpose of this Report

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 OMB Circular A-133 and New Jersey State OMB Circular 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Jump, Perry and Company L.L.P.
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

December 2, 2015

RED BANK CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2014	Adjustments	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2015	Accounts Receivable at June 30, 2015	Due to Grantor at June 30, 2015
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A 14/15	84.010A	9/1/14-8/31/15	\$ 45,765	\$ -	\$ -	\$ 45,765	\$ (45,765)	\$ -	\$ -	\$ -
Title II, Part A 11/12	84.367A	-	931	931	(931)	-	-	-	-	-
Title II, Part A 14/15	84.367A	9/1/14-8/31/15	2,045	-	-	2,045	(2,045)	-	-	-
I.D.E.A. Part B Basic Regular 13/14	84.027	7/1/13-8/31/14	37,044	(37,044)	-	37,044	-	-	-	-
I.D.E.A. Part B Basic Regular 14/15	84.027	9/1/14-8/31/15	38,584	-	-	38,584	(38,584)	-	-	-
I.D.E.A. Part B Preschool 13/14	84.173	7/1/13-6/30/14	304	(304)	-	304	-	-	-	-
I.D.E.A. Part B Preschool 14/15	84.173	7/1/14-6/30/15	-	-	-	-	-	-	-	-
Total Special Revenue Fund				<u>(36,417)</u>	<u>(931)</u>	<u>123,742</u>	<u>(86,394)</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Service Enterprise Fund:										
School Breakfast Program 14/15	10.553	7/1/14-6/30/15	10,040	-	-	7,809	(10,040)	-	(2,231)	-
School Breakfast Program 13/14	10.553	7/1/13-6/30/14	9,176	(424)	-	424	-	-	-	-
National School Lunch Program 14/15	10.555	7/1/14-6/30/15	31,133	-	-	-	(31,133)	-	-	-
National School Lunch Program 13/14	10.555	7/1/13-6/30/14	31,397	(1,360)	-	1,360	-	-	-	-
Food Donation Program - Commodities	10.555	7/1/15-6/30/15	2,231	-	-	2,231	(2,231)	-	-	-
Total Enterprise (Food Service) Fund				<u>(1,784)</u>	<u>-</u>	<u>11,824</u>	<u>(43,404)</u>	<u>-</u>	<u>(2,231)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (38,201)</u>	<u>\$ (931)</u>	<u>\$ 135,566</u>	<u>\$ (129,798)</u>	<u>\$ -</u>	<u>\$ (2,231)</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

RED BANK CHARTER SCHOOL
 Schedule of Expenditures of State Financial Assistance
 for the Fiscal Year ended June 30, 2015

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2015	(Accounts Receivable) at June 30, 2015	Due to Grantor at June 30, 2015
New Jersey Department of Education									
General Fund:									
Special Education Aid 14/15	15-495-034-5120-089	7/1/14-6/30/15	\$ 46,529	\$ -	\$ 46,529	\$ (46,529)	\$ -	\$ -	\$ -
Special Education Aid 13/14	14-495-034-5120-089	7/1/13-6/30/14	60,130	(2,631)	2,631	-	-	-	-
Security Aid 14/15	15-495-034-5120-084	7/1/14-6/30/15	13,490	-	13,490	(13,490)	-	-	-
Security Aid 13/14	14-495-034-5120-084	7/1/13-6/30/14	13,218	(612)	612	-	-	-	-
Adjustment Aid 14/15	15-495-034-5120-085	7/1/14-6/30/15	1,099,337	-	1,099,337	(1,099,337)	-	-	-
Adjustment Aid 13/14	14-495-034-5120-085	7/1/13-6/30/14	1,101,783	(296)	296	-	-	-	-
Equalization Aid 12/15	15-495-034-5120-078	7/1/14-6/30/15	238,370	-	223,130	(223,130)	-	-	-
Equalization Aid 13/14	14-495-034-5120-078	7/1/13-6/30/14	228,655	(11,020)	11,020	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution 14/15	15-495-034-5095-002	7/1/14-6/30/15	104,140	-	104,140	(104,140)	-	-	-
Total General Fund				<u>(14,559)</u>	<u>1,501,185</u>	<u>(1,486,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Revenue Fund:									
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	190,920	-	185,763	(185,763)	-	-	-
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	190,920	(19,092)	19,092	-	-	-	-
Total Special Revenue Fund				<u>(19,092)</u>	<u>204,855</u>	<u>(185,763)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:									
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	720	-	683	(720)	-	(37)	-
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	715	(30)	30	-	-	-	-
Total Enterprise Fund				<u>(30)</u>	<u>713</u>	<u>(720)</u>	<u>-</u>	<u>(37)</u>	<u>-</u>
Total Expenditures of State Awards				<u>\$ (33,681)</u>	<u>\$ 1,706,753</u>	<u>\$ (1,673,109)</u>	<u>\$ -</u>	<u>\$ (37)</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance

June 30, 2015

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Red Bank Charter School. The Charter School is defined in Note 1(A) to the Charter School's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2015

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(64,770) for the general fund and \$(19,092) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>TPAF</u>	<u>Total</u>
General Fund	\$ -	\$ 1,589,449	\$ (167,593)	\$ 1,421,856
Special Revenue Fund	86,394	185,763	-	272,157
Food Service Fund	<u>43,404</u>	<u>720</u>	<u>-</u>	<u>44,124</u>
Total awards and financial assistance	<u>\$ 129,798</u>	<u>\$ 1,775,932</u>	<u>\$ (167,593)</u>	<u>\$ 1,738,137</u>

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.

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2015.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 04-04 and/or 15-08.

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2015

Section I – Summary of Auditor’s Results
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

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

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes _____no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____yes _____no

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2015

Section III – State Award Findings and Questioned Costs

Current year findings and questioned costs

None

Prior year findings and questioned costs

None