

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT (REVISED)**

FISCAL YEAR ENDED JUNE 30, 2017

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

***Riverbank Charter School of Excellence
Board of Trustees
Roebling, New Jersey***

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Prepared By

***Riverbank Charter School of Excellence
Finance Department***

And

Barre & Company LLC, CPA's

STATE BOARD OF EDUCATION

ARCELIO APONTE.....Middlesex
President

ANDREW J. MULVIHILL.....Sussex
Vice President

RONALD K. BUTCHER.....Gloucester

JACK FORNARO.....Warren

EDITHE FULTON.....Ocean

ERNEST P. LEPORE.....Hudson

**Kimberley Harrington, Commissioner of Education
Secretary, State Board of Education**

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Transmittal Letter	2
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION	10
Independent Auditor's Report	11
REQUIRED SUPPLEMENTARY INFORMATION – PART I	15
Management's Discussion and Analysis	16
BASIC FINANCIAL STATEMENTS.....	23
SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS.....	24
A-1 Statement of Net Position.....	25
A-2 Statement of Activities.....	26
SECTION B – FUND FINANCIAL STATEMENTS	27
GOVERNMENTAL FUNDS	28
B-1 Balance Sheet.....	29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	30
B-3 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
PROPRIETARY FUNDS	32
B-4 Statement of Fund Net Position	33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	34
B-6 Statement of Cash Flows	35
FIDUCIARY FUNDS	36
B-7 Statement of Fiduciary Net Position	37
NOTES TO THE FINANCIAL STATEMENTS	38
REQUIRED SUPPLEMENTARY INFORMATION – PART II	73
SECTION C – BUDGETARY COMPARISON SCHEDULE.....	74
C-1 Budgetary Comparison Schedule – General Fund.....	75
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	77

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
TABLE OF CONTENTS**

	Page
FINANCIAL SECTION (CONTINUED)	
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	78
C-3 Budget-to-GAAP Reconciliation	79
REQUIRED SUPPLEMENTARY INFORMATION – PART III	80
SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)	81
L-1 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - PERS	82
L-2 Schedules of Charter School Contributions - PERS.....	83
L-3 Schedules of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	84
L-4 Schedules of Charter School Contributions - TPAF	N/A
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III	85
OTHER SUPPLEMENTARY INFORMATION	88
SECTION E – SPECIAL REVENUE FUND	89
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	90
SECTION G – PROPRIETARY FUNDS	91
SECTION H – FIDUCIARY FUNDS	92
H-1 Combining Statement of Fiduciary Net Position	93
H-4 Schedule of Receipts and Disbursements.....	94
STATISTICAL SECTION (UNAUDITED).....	95
INTRODUCTION TO THE STATISTICAL SECTION.....	96
FINANCIAL TRENDS	97
J-1 Net Assets/Position by Component.....	98
J-2 Changes in Net Assets/Position	99
J-3 Fund Balances – Governmental Funds.....	100
J-4 Changes in Fund Balances – Governmental Funds.....	101
OPERATING INFORMATION.....	102
J-16 Full-Time Equivalent Charter School Employees by Function/Program	103
J-17 Operating Statistics	104
J-20 Insurance Schedule.....	105
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios.....	106

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
TABLE OF CONTENTS**

	Page
SINGLE AUDIT SECTION	107
K-1 – 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	108
K-5 Notes to Schedules of Expenditures of Awards and Financial Assistance	111
K-6 Schedule of Findings and Questioned Costs	114
K-7 Summary Schedule of Findings and Questioned Costs	116
K-8 Summary Schedule of Prior Year Audit Findings	118

INTRODUCTORY SECTION

***Riverbank Charter School of Excellence
1300 Hornberger Avenue
Roebling, New Jersey 08554***

November 10, 2017

Honorable President and
Members of the Board of Trustees
Riverbank Charter School of Excellence
Roebling, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Riverbank Charter School of Excellence (Charter School) for the fiscal year ended June 30, 2017. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. 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 (Board).

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 Charter School. This report will provide the taxpayers of the Riverbank Charter School of Excellence with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected six-member Board of Trustees (the "Board") serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Lead Person is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Business Administrator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES: Riverbank Charter School of Excellence is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the school are included in this report. Riverbank Charter School of Excellence and Board of Trustees, constitutes the Charter School's reporting entity.

The focus of education at Riverbank Charter School of Excellence has always been what is best for the success of the children. With this in mind, the school provides a full range of educational services appropriate to meeting the needs of all students in grades Kindergarten through Grade 3 during the 2016-2017 school year. Such instructional services include regular education, special education and basic skills program.

Riverbank Charter School of Excellence ended the 2016-2017 school year with an enrollment of 144 students. The following details the student enrollment of the Charter School over the last year:

REPORTING ENTITY AND ITS SERVICES (CONTINUED):

	<u>Average Daily Enrollment</u>	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Average Daily Enrollment</u>
2016-2017	142	142.00
2015-2016	142	142.00
2014-2015	143	143.00
2013-2014	142	142.00
2012-2013	135	135.00

2. **ECONOMIC CONDITION AND OUTLOOK:** In September of 2008, *Riverbank Charter School of Excellence* was “chartered” by the Commissioner of Education for the State of New Jersey to operate an independent public school. *Riverbank Charter School of Excellence* is accountable to its students, parents, community, and the New Jersey Department of Education to fulfill its mission and deliver an exceptional academic program that leads to achievement for all of our students.

Riverbank Charter School of Excellence serves as a positive school culture functioning to sharpen the focus of staff and students, building commitment and sense of community, fostering motivation to achieve valued ends, and encouraging productivity and learning. Our school’s mission is to provide students with opportunities to develop their intellectual, emotional and social potential through the implementation of a dynamic curriculum that fosters learning through a cooperative effort involving home, school, and community. By all three working together, students can attain their maximum potential critical thinkers, lifelong learners, and responsible, contributing citizens in a rapidly changing pluralistic society. With this is the belief that children learn best when the significant adults in their lives – parents, teachers and community members – work together to encourage and support their development. As such, we believe that parental involvement in a child’s education is paramount.

Since the school’s inception, students have continually demonstrated their knowledge by scoring proficient or advanced proficient on all standardized tests.

We are privileged that our parents send their children to *Riverbank Charter School of Excellence*. More than 98% of our parents are pleased with the progress their children are making. Our school families appreciate the effort, time, improvements, and consistency each year. We are highly recommended through word of mouth, and our presence in the township has grown more favorable each year.

Riverbank Charter School of Excellence is fiscally solvent and continues to maintain a surplus while expanding educational programs, extra-curricular activities, providing various professional development training for staff, as well as improvements to the school building. It is our goal to be continuously growing, improving, and achieving higher goals each year. We are confident that *Riverbank Charter School of Excellence* will soon be recognized as a Blue Ribbon School in the State of New Jersey.

3. **MAJOR INITIATIVES:** The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control 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). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- a) the cost of a control should not exceed the benefits likely to be derived; and
- b) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management.

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.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

6. **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 Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the

7. Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government 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.

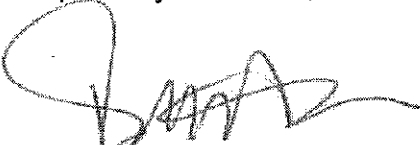
8. **RISK MANAGEMENT**: The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

9. **OTHER INFORMATION**:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirement set forth in State statutes, the annual audit was designed to meet the requirement of the Uniform Guidance and the New Jersey Circular Letter of 15-08 OMB, Single Audit for Recipients of Federal Grants, State Grants, and State Aid". The auditor's report on the basic financial statements and specified required supplemental information is included in the Financial Section of this report. The auditor's report related specifically to the single audit is included in the Single Audit Section of this report.

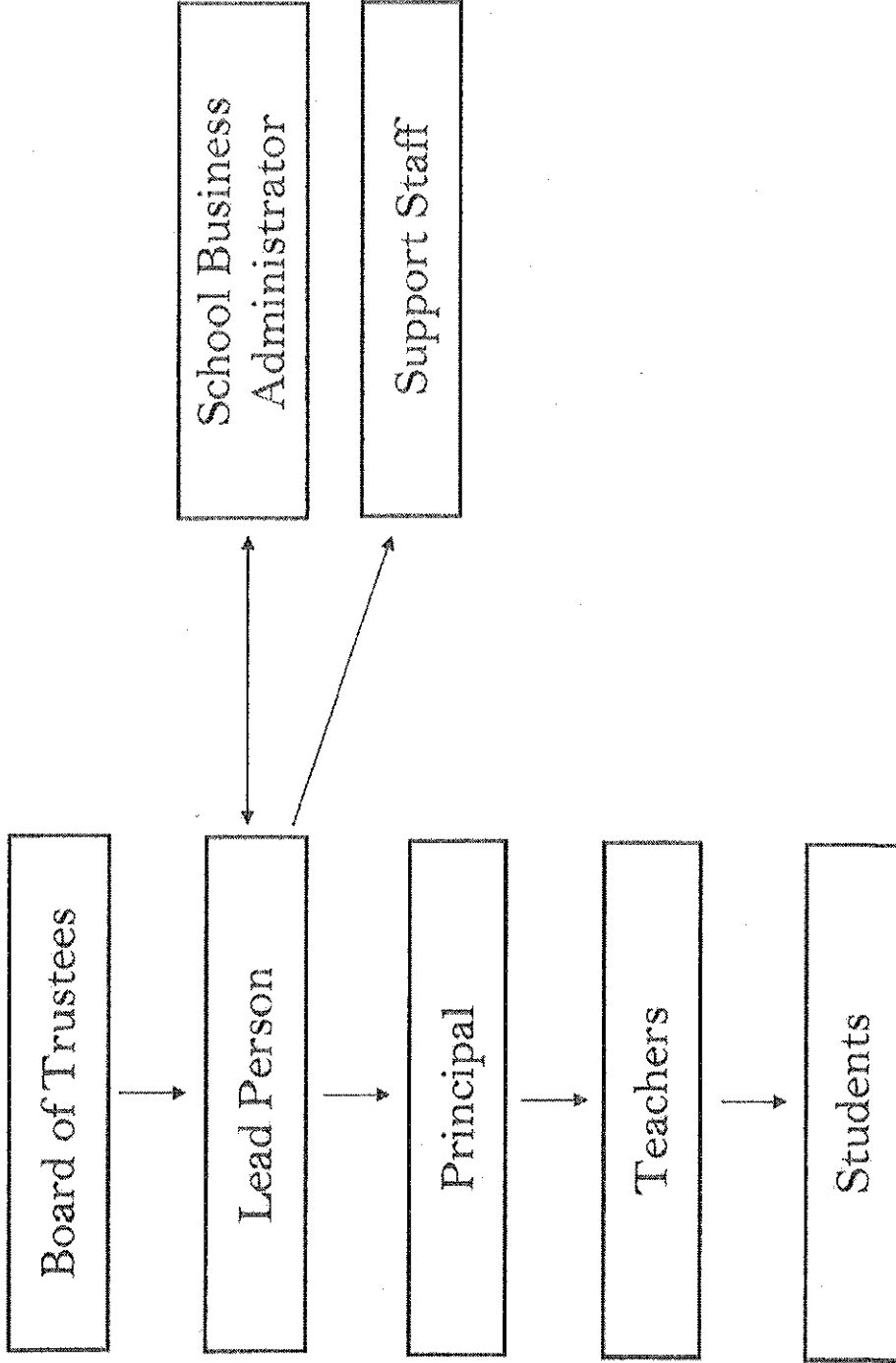
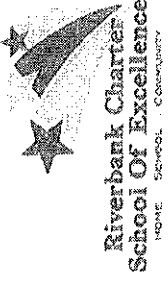
10. **ACKNOWLEDGEMENTS**: We would like to express our appreciation to the members of the Riverbank Charter School of Excellence Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



Deborah Pontoriero
Business Administrator

Riverbank Charter School of Excellence
Organizational Chart



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

MEMBERS OF THE BOARD OF TRUSTEES

Stuart Carroll	Board President
Michael Sullivan	Trustee
Jenean Swain	Trustee
Kathleen Magoon	Trustee
Susan McCool	Trustee
Jon Marbach	Trustee

SCHOOL OFFICIALS

Beth Kelley	School Leader
Deborah Pontoriero	SBA
Charles Murray (Ex-Officio)	Teacher Representative

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company LLC
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Johnson Law Firm
77 Midland Ave
Suite 1
Montclair, New Jersey 07042
(up to April 2016)

Official Depository

Sun National Bank
411 Route 33
Hamilton New Jersey 08619

FINANCIAL SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Riverbank Charter School of Excellence
County of Burlington
Roebling, New Jersey

Report on 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 the Riverbank Charter School of Excellence (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Riverbank Charter School of Excellence, in the County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in the 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 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey Circular 15-08 OMB State Aid/Grant Compliance Supplement* respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use 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 and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance 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 it.

Other Reporting Required by Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 10, 2017 on our consideration of the Riverbank Charter School of Excellence's internal control over financial reporting and 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 controls 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 and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.


Barre & Company LLC
Union, New Jersey


Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company LLC, CPA's

November 10, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of Riverbank Charter School of Excellence's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2017. 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 basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ❖ General revenues accounted for \$1,764,672 or 98% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$33,766 or 2% of total revenues of \$1,798,438.
- ❖ The Charter School had \$1,946,595 in expenses; only \$33,766 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$1,764,672 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,752,533 in revenues and \$1,659,150 in expenditures. The General Fund's fund balance increased \$93,383. This increase was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental 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 Riverbank Charter School of Excellence, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2017?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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, administration, support services, and capital outlay.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Statement of Net Position and the Statement of Activities (Continued)

- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses 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 Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's 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 those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) 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; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 38 of this report.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position.

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

The Charter School's combined Net Position (Deficit) were \$(34,068) on June 30, 2017 and \$(90,897) on June 30, 2016.

Governmental Activities

The Charter School's total revenues were \$1,786,100 for the year ended June 30, 2017, this includes \$58,127 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$1,921,372 for 2017. Instruction comprises 47% of Charter School expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

Capital Outlay represents instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

Business-Type Activities

Revenues for the Charter School's business-type activities (Food service program) were comprised of charges for services and federal and state reimbursements.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

Business-Type Activities (Continued)

- ❖ Food service revenue exceeded expenses by \$(12,885) and expenses exceeded revenue \$(806) and 2016 respectively.
- ❖ Charges for services represent \$0 and \$11,535 of revenue for 2017 and 2016 respectively. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$12,338 and \$14,553 for 2017 and 2016 respectively.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund, presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,786,100 and expenditures were \$1,692,717 for 2017. The net change in fund balance was most significant in the general fund with an increase of \$93,383 in 2017.

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, 2017.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2016</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 904,872	50.66%	\$ 4,034	0.45%
State Sources	847,661	47.46%	104,838	14.11%
Federal Sources	33,567	1.88%	(1,865)	-5.26%
Total	\$ 1,786,100	100.00%	\$ 107,007	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2017.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2016</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 723,810	42.76%	\$ (50,149)	-6.48%
Administration	784,076	46.32%	(113,345)	-12.63%
Support Services	184,831	10.92%	(3,213)	-1.71%
Total	<u>\$ 1,692,717</u>	<u>100.00%</u>	<u>\$ (166,707)</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.

- ✦ Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets (Net of Depreciation)

At the end of the fiscal year 2017, the Charter School had \$0 invested in machinery and equipment.

For the Future

The Riverbank Charter School of Excellence is in stable financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE
ROEBLING, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(CONTINUED)**

For the Future (Continued)

In conclusion, Riverbank Charter School of Excellence has committed itself to financial stability for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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, contact Deborah Pontoriero, Business Administrator, at Riverbank Charter School of Excellence, 1300 Hornberger Avenue, Roebling, New Jersey 08554.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 91,894	\$ 4,225	\$ 96,119
Interfund Receivables	54,630	8,344	62,974
Receivables	38,682	382	39,064
Security Deposit	22,110	-	22,110
Total Assets	207,316	12,951	220,267
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	203,663	-	203,663
Total Deferred Outflows of Resources	203,663	-	203,663
LIABILITIES:			
Interfund Payable	684	-	684
Accounts Payable	1,293	-	1,293
Other Current Liabilities	9,695	-	9,695
Noncurrent Liabilities:			
Net Pension Liability	199,562	-	199,562
Total Liabilities	211,234	-	211,234
DEFERRED INFLOWS OF RESOURCES:			
Pensions	232,756	-	232,756
Total Deferred Inflows of Resources	232,756	-	232,756
NET POSITION:			
Unassigned	(33,011)	(1,057)	(34,068)
Total Net Position	\$ (33,011)	\$ (1,057)	\$ (34,068)

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Statement of Activities
 For The Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position			
			Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES:									
Instruction	\$ 723,810	\$ 175,799	\$ -	\$ 21,428	-	\$ (878,181)	\$ -	\$ (878,181)	
Administration	554,176	77,770	-	-	-	(631,946)	-	(631,946)	
Support Services	184,831	-	-	-	-	(184,831)	-	(184,831)	
Total Governmental Activities	1,462,817	\$ 253,569	-	21,428	-	(1,694,958)	-	(1,694,958)	
BUSINESS-TYPE ACTIVITIES:									
Food Service	25,223		14,008	12,338			1,123	1,123	
Total Business-Type Activities	25,223		14,008	12,338	-	-	1,123	1,123	
Total Primary Government	\$ 1,488,040		\$ 14,008	\$ 33,766	\$ -	\$ (1,694,958)	\$ 1,123	\$ (1,693,835)	
GENERAL REVENUES									
General Purposes						\$ 869,872	\$ -	\$ 869,872	
Federal and State Aid Not Restricted						859,800	-	859,800	
Miscellaneous Income						35,000	-	35,000	
Total General Revenues						1,764,672	-	1,764,672	
Change in Net Position						69,714	1,123	70,837	
Net Position - Beginning of Year						(102,725)	11,828	(90,897)	
Net Position - Ending						\$ (33,011)	\$ 12,951	\$ (20,060)	

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

SECTION B – FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 91,210	\$ 684	\$ 91,894
Interfund Receivables	54,630		54,630
Receivables From Other Governments	38,682		38,682
Other Assets	22,110	-	22,110
Total Current Assets	<u>206,632</u>	<u>684</u>	<u>207,316</u>
Total Assets	<u>\$ 206,632</u>	<u>\$ 684</u>	<u>\$ 207,316</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 684	\$ 684
Payable to District	9,695		9,695
Payable to Student Groups			
Accounts Payable	1,293		1,293
Total Current Liabilities	<u>10,988</u>	<u>684</u>	<u>11,672</u>
Total Liabilities	<u>10,988</u>	<u>684</u>	<u>11,672</u>
Fund Balances:			
Unassigned:			
General Fund	195,644	-	195,644
Total Fund Balances	<u>195,644</u>	<u>-</u>	<u>195,644</u>
Total Liabilities and Fund Balances	<u>\$ 206,632</u>	<u>\$ 684</u>	

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

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

Net pension liability of \$199,562 ,plus deferred inflows of resources of \$232,756 less deferred outflows of resources of \$203,663 related to pensions are not reported in the governmental funds

(228,655)

Net Position of Governmental Activities

\$ (33,011)

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 869,872	\$ -	\$ 869,872
Miscellaneous	35,000		35,000
Total Local Sources	904,872	-	904,872
State Sources	847,661		847,661
Federal Sources	-	33,567	33,567
Total Revenues	1,752,533	33,567	1,786,100
EXPENDITURES:			
Instruction	713,581	10,229	723,810
Administration	784,076	-	784,076
Support Services	161,493	23,338	184,831
Total Expenditures	1,659,150	33,567	1,692,717
NET CHANGE IN FUND BALANCES	93,383	-	93,383
FUND BALANCES, JULY 1	102,261	-	102,261
FUND BALANCES, JUNE 30	\$ 195,644	\$ -	\$ 195,644

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 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, 2017

Total net change in fund balances - governmental fund (from B-2)	<u>\$ 93,383</u>
Amounts reported for governmental activities in the statement of activities (A-2)	-
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized	<u>(228,655)</u>
Change in net position of governmental activities	<u>\$ (135,272)</u>

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

PROPRIETARY FUNDS

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Proprietary Fund
Statement of Net Position
June 30, 2017

	<u>Business-Type Activities</u>	
	<u>Food Service</u>	
ASSETS:		
Cash and Cash Equivalents	\$	4,225
Intergovernmental Accounts Receivables:		
Due From Other Funds		8,344
Receivables From Other Government-Federal		369
Receivables From Other Government-State		<u>13</u>
Total Assets	\$	<u><u>12,951</u></u>
LIABILITIES AND NET POSITION:		
NET POSITION:		
Unassigned		<u>(1,057)</u>
Total Net Position		<u>(1,057)</u>
Total Liabilities and Net Position	\$	<u><u>(1,057)</u></u>

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2017

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales-Reimbursable Program	\$ 14,008
Daily Sales- Non- Reimbursable Program	-
	14,008
Total Operating Revenues	14,008
OPERATING EXPENSES:	
Cost of Sales- Reimbursable Programs	25,189
Cost of Sales- Non-Reimbursable Programs	-
Miscellaneous Expenses	34
	34
Total Operating Expenses	25,223
OPERATING LOSS	(11,215)
NONOPERATING REVENUES:	
State Source:	
State Lunch Program	422
Federal Source:	
Federal Lunch Program	11,916
	11,916
Total Nonoperating Revenues	12,338
CHANGE IN NET POSITION	1,123
TOTAL NET POSITION, JULY 1	11,828
TOTAL NET POSITION, JUNE 30	\$ 12,951

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Proprietary Funds
 Statement of Cash Flows
 For The Fiscal Year Ended June 30, 2017

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	14,008
Cash Payments to Suppliers and Employees	(24,941)
Net Cash Used In Operating Activities	(10,933)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from Federal and State Reimbursements	12,338
Net Cash Provided by Noncapital Financing Activities	12,338
Net Increase in Cash and Cash Equivalents	1,405
Cash and Cash Equivalents, July 1	2,820
Cash and Cash Equivalents, June 30	\$ 4,225
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	\$ (11,215)
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Accounts Receivable	282
Net Cash Used In Operating Activities	\$ (10,933)

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

FIDUCIARY FUNDS

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Fiduciary Fund

Statement of Fiduciary Net Position

June 30, 2017

	<u>Agency Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 62,290</u>
Total Assets	<u><u>\$ 62,290</u></u>
LIABILITIES:	
Liabilities:	
Interfund Payable	<u>\$ 62,290</u>
Total Liabilities	<u><u>\$ 62,290</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Riverbank Charter School of Excellence have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

A. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of 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 School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees exercises operating control.

B. Basis of Presentation

The Charter School's basic financial statements consist of Charter School-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Charter School-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 overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

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. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, Charter School 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 and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not Applicable.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Charter School reports the following proprietary funds:

Enterprise (Food Service) Fund: This enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and include the Payroll Agency Fund, Net Payroll Account and Student Activities.

C. Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The Charter School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus (Continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds 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. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis 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.

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

	2017	2016
Total Revenues & Expenditures (Budgetary Basis)	\$ 33,567	\$ 35,432
Adjustments:		
Less Encumbrances at June 30, 2017	-	-
Plus Encumbrances at June 30, 2016	-	-
Total Revenues and Expenditures (GAAP Basis)	\$ 33,567	\$ 35,432

E. Encumbrances Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenues 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. 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.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The Charter School employees do not accumulate sick leave, therefore, no liability is reflected in the basic financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are 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. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances in accordance with N.J.S.A. 18:7.

Revenues — Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Impact of Recently Issued and Adopted Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statements replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued and Adopted Accounting Principles (Continued)

Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended June 30, 2017. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will be effective for the year ended June 15, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement will be effective for the year ended December 15, 2019. Management has not yet evaluated the impact of this statement on the Charter School's financial statements.

Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the year ended December 15, 2018. Management does not expect this Statement to impact the Charter School's financial statements.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the Charter School.

As of June 30, 2017, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 91,210</u>	<u>\$ 684</u>	<u>\$ 4,225</u>	<u>\$62,290</u>	<u>\$ 158,409</u>

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$158,409 and the bank balance was \$177,694. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2017, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2017, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 3: RECEIVABLES

Receivables at June 30, 2017, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Statements	Statements
State Aid	\$ -	\$ 13
Federal Aid	-	369
Other	38,682	38,682
Gross Receivables	38,682	39,064
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	\$ 38,682	\$ 39,064

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 54,630	\$ -
Special Revenue Fund		684
Proprietary Fund	8,344	
Fiduciary Fund		62,290
Total	\$ 62,974	\$ 62,974

NOTE 5: CAPITAL ASSETS

In January 11, 2001, the New Jersey State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500.

For the fiscal year ended June 30, 2017, there were no assets that exceeded the threshold amounts.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 6: RENTAL LEASE

The school leased space at the premises located at 1238-1300 Hornberger Avenue, Roebling, NJ under a lease agreement for five years commencing July 1, 2009 and ending June 30, 2014. This lease was renewed on July 1, 2014 for another five (5) year term. The lease requires annual rental payments of \$132,660 for the five year term. In addition, the school is responsible for all utilities and certain building maintenance items as set forth in the lease. Rent Expense amounted to \$132,660 for the year ended June 30, 2017.

NOTE 7: PENSION PLANS

Substantially all the Board's employees participate in one of the two contributory, defined benefit public employee systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees; Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

Tier	Descriptions
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

**Allocation Methodology and Reconciliation to Financial Statements
(Continued)**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2015 through June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Contributions (Continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment amounts certified for payments due not be included in their

unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$5,986 for fiscal year 2017.

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

At June 30, 2017, the Charter School reported a liability of \$199,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 which was rolled forward to June 30, 2015. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.00067381%, which was a decrease of -0.00142824% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2016, the Charter School recognized pension expense of \$18,072. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Pension Liabilities Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 41,339	\$ -
Difference Between Expected and Actual Experience	3,711	-
Changes in Proportion	163,090	232,756
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	7,609	

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Amounts reported as deferred outflows of resources and deferred inflows resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 11,856
2018	11,856
2019	13,735
2020	11,539
2021	3,673
	\$ 52,659

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation Rate	3.08%
Salary Increases:	
2012-2021	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combines Healthy male and Female Mortality Tables (set back 3 years for males and set forward 1 year for females).

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.66% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	0.87%
Core Bonds	1.50%	1.74%
Intermediate-Term Bonds	8.00%	1.79%
Mortgage	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Discount Rate (Continued)

contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through 2034 and the municipal bond rate was applied to projected benefit payments after the date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2016			
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Charter School's proportionate share of the Net Pension Liability	\$ 244,540	\$ 199,562	\$ 162,429

Fiscal Year Ended June 30, 2015			
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the Net Pension Liability	\$ 586,475	\$ 471,868	\$ 375,783

Pension Plan Fiduciary Net Position

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefit Provided

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

Tier	Descriptions
1	M Members who were enrolled prior to July 1, 2007
2	M Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	M Members who were eligible to enroll on or after November 2, 2008, 2010 and prior to May 22, 2010
4	M Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	M Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reach age 62 and to Tier 5 members upon 65. Early retirement benefits are available to Tiers 1 and 2 members before

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Benefit Provided (Continued)

reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age of which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contributions policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Special Funding Situation (Continued)

State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the Charter School. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contribution was less than the actuarial determined amount.

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2015, the State of New Jersey contributed \$9,823 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$58,289.

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

As June 30, 2016, the State's proportionate share of the net pension liability associated with the Charter School was \$5,757,625. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2016.

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, Charter School's proportion was 0.0073190%, which was an increase of 0.0007055% from its proportion measured as of June 30, 2015.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	5,757,625
	5,757,625
Total	\$ 5,757,625

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$58,289 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 15,702,750,875	\$ -
Difference Between Expected and Actual Experience	277,221,464	
Changes in Proportion and differences between employer contributions and proportionate share of contributions	1,434,728,663	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 17,414,701,002	\$ 134,532,594

The \$17,414,701,002 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$134,532,594 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	17,280,168,408

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

Long Term Expected Rate of Return

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

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Long Term Expected Rate of Return (Continued)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 contributions rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after the date in determining the total pension liability.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to the Financial Statements
June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

For the Fiscal Year Ended June 30, 2016			
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Charter School's proportionate share of the Net Pension Liability	\$ 6,907,539	\$ 5,757,591	\$ 4,866,714

For the Fiscal Year Ended June 30, 2015			
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Charter School's proportionate share of the Net Pension Liability	\$ 4,997,155	\$ 4,203,399	\$ 3,521,994

Pension Plan Fiduciary Net Position – TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2017. There were no employee contributions to DCRP for the fiscal year ended June 30, 2017.

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016 there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The school contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2017

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website.

NOTE 9: 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; injuries to employees; 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.

NOTE 10: FUND BALANCE

General Fund

The General Fund surplus in the financial statements at June 30, 2017, was \$195,644, and is unreserved and undesignated.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 10, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 257,347	\$ -	\$ 257,347	\$ 869,872	\$ 612,525
Total Local Sources	257,347	-	257,347	869,872	612,525
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	1,198,216	-	1,198,216	534,972	(663,244)
Special Education	34,285	-	34,285	21,428	(12,857)
Security Aid	6,357	-	6,357	6,293	(64)
Non-Public Student Aid				47,109	47,109
Total Categorical Aid	1,238,858	-	1,238,858	609,802	(629,056)
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	58,127	58,127
On Behalf Pension Aid (Non-Budgeted)				97,704	97,704
On Behalf Post Retirement Medical Aid (Non-Budgeted)				81,410	
On Behalf Long-Term Disability Insurance Aid (Non-Budgeted)				618	
Miscellaneous Revenue				35,000	35,000
Total Revenues From Other Sources	-	-	-	272,859	190,831
Total Revenues	1,496,205	-	1,496,205	1,752,533	174,300
EXPENDITURES:					
Instruction:					
Salaries of Teachers	550,000	112,998	662,998	662,998	-
Other Salaries for Instruction	6,500	(6,500)	-	-	-
Purchased Prof/Tech Services	13,300	(7,269)	6,031	6,031	-
Other Purchased Services	28,500	(2,988)	25,512	25,512	-
General Supplies	20,000	(2,265)	17,735	19,040	(1,305)
Textbooks	6,500	(6,500)	-	-	-
Miscellaneous	18,000	(18,000)	-	-	-
Total Instruction	642,800	69,476	712,276	713,581	(1,305)
Administration:					
Salaries - General Administration	260,000	(56,972)	203,028	203,028	-
Salaries of Secretarial/Clerical Assistants	45,000	49,493	94,493	94,493	-
Total Benefits Cost	213,750	24,739	238,489	201,620	36,869
Purchases Prof/Tech Services	17,500	(8,602)	8,898	8,898	-
Other Purchased Services	37,500	(1,902)	35,598	32,715	2,883
Communications/Telephone	2,200	2,437	4,637	4,637	-
Supplies and Materials	12,500	(11,952)	548	548	-
Miscellaneous Expenses	6,000		6,000	278	5,722
Total Administration	594,450	(2,759)	591,691	546,217	45,474

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 150,506	\$ (7,000)	\$ 143,506	\$ 132,660	\$ 10,846
Insurance for Property, Liability and Fidelity	11,500		11,500	11,212	288
Supplies and Materials	8,000		8,000	1,737	6,263
Energy Costs (Heat and Electricity)	21,000		21,000	15,884	5,116
Miscellaneous Expenses	6,000	(6,000)	-		-
Total Support Services	199,006	(13,141)	185,865	161,493	24,372
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	58,127	(58,127)
On Behalf Pension Contributions (Non-Budgeted)				97,704	(97,704)
On Behalf Post-Retirement Medical Contributions (Non-Budgeted)				81,410	
On Behalf Long-Term Disability Insurance Contributions (Non-Budgeted)				618	
Total Expenditures	1,436,256	53,576	1,489,832	1,659,150	(87,290)
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,949	(53,576)	6,373	93,383	87,010
FUND BALANCE, JULY 1	102,261	-	102,261	102,261	-
FUND BALANCE, JUNE 30	\$ 162,210	\$ (53,576)	\$ 108,634	\$ 195,644	\$ 87,010
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 162,210	\$ (53,576)	108,634	\$ 195,644	\$ 87,010
Budgeted Fund Balance	\$ 162,210	\$ (53,576)	108,634	\$ 195,644	\$ 87,010
Total	\$ 162,210	\$ (53,576)	\$ 108,634	\$ 195,644	\$ 87,010

See Management's Discussion and Analysis section of this report for an explanation of significant budget variances, original and final.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 33,567	\$ -	\$ 33,567	\$ 33,567	\$ -
Total Revenues	33,567	-	33,567	33,567	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	9,500	-	9,500	9,500	-
General Supplies	729	-	729	729	-
Total Instruction	10,229	-	10,229	10,229	-
Support Services:					
Personal Services - Employee Benefits	2,470	-	2,470	2,470	-
Purchased Prof/Ed Services	20,868	-	20,868	20,868	-
Total Support Services	23,338	-	23,338	23,338	-
Total Expenditures	33,567	-	33,567	33,567	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Budgetary Comparison Schedule

Budget-To-GAAP Reconciliation

Note to RSI

For the Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 1,752,533	[C-2] \$ 33,567
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<hr/>	<hr/>
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>1,752,533</u>	[B-2] \$ <u>33,567</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,659,150	[C-2] \$ 33,567
 Differences - Budget to GAAP:		
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 accounting purposes.	<hr/>	<hr/>
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>1,659,150</u>	[B-2] \$ <u>33,567</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULE L - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
PENSIONS (GASB 68)**

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Charter School's proportion of the net pension liability	0.00055808%	0.00186527%	0.21020510%	0.000673806%
Charter School's proportionate share of the net pension liability	\$ 106,660	\$ 349,229	\$ 471,868	\$ 199,562
Charter School's covered employees payroll	\$ 333,924	\$ 304,858	\$ 47,050	\$ 90,221
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	32%	115%	1003%	221%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	45.37%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Contractually required contribution	\$ 4,205	\$ 15,377	\$ 18,072	\$ 5,986
Contributions in relation to the contractually required contribution	(4,205)	(15,377)	(18,072)	(5,986)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 333,924	\$ 304,858	\$ 47,050	\$ 90,221
Contributions as a percentage of covered employee payroll	1.26%	5.04%	38.41%	6.63%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER'S PENSION AND ANNUITY FUND
 LAST FOUR FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.0059533%	0.66135000%	0.00731900%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 2,295,341	\$ 3,181,852	\$ 4,180,014	\$ 5,757,625
Charter School's covered employees payroll	\$ 496,674	\$ 672,394	\$ 796,246	\$ 806,243
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	462.14%	473.21%	524.97%	714.13%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER'S PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2017

A. Benefit Changes

There were none.

B. Changes in Assumptions

The discount rate changed from 5.39% as of June 30, 2015 to 3.22% as of June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Title I	Title II Part A	IDEA Basic	Total
Revenues:				
Federal Sources	\$ 12,699	\$ 153	\$ 20,715	\$ 33,567
Total Revenues	<u>\$ 12,699</u>	<u>\$ 153</u>	<u>\$ 20,715</u>	<u>\$ 33,567</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 9,500	\$ -	\$ -	\$ 9,500
General Supplies	729	-	-	729
Total Instruction	<u>10,229</u>	<u>-</u>	<u>-</u>	<u>10,229</u>
Support Services:				
Personal Services/Employee Benefits	2,470	-	-	2,470
Purchased Prof/Ed Services	-	153	20,715	20,868
Total Support Services	<u>2,470</u>	<u>153</u>	<u>20,715</u>	<u>23,338</u>
Total Expenditures	<u>12,699</u>	<u>153</u>	<u>20,715</u>	<u>33,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Charter School's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food service in all Charter School.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND
B-6.**

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT**

Fiduciary Funds are used to account for funds received by the Charter School for a specific purpose.

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

Payroll Fund – this agency fund is used to account for payroll transactions of the charter school.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

	Agency Fund		Total Agency Fund
	Payroll Agency	Payroll Account	
ASSETS:			
Cash and Cash Equivalents	\$ 39,397	\$ 22,893	\$ 62,290
Total Assets	<u>\$ 39,397</u>	<u>\$ 22,893</u>	<u>\$ 62,290</u>
LIABILITIES:			
Liabilities:			
Interfund Payable	\$ 39,397	\$ 22,893	\$ 62,290
Total Liabilities	<u>\$ 39,397</u>	<u>\$ 22,893</u>	<u>\$ 62,290</u>

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Fiduciary Funds

Payroll Agency Funds

Schedule of Receipts and Disbursements

June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 21,802	\$ 342,027	\$ 324,432	\$ 39,397
Total Assets	<u>\$ 21,802</u>	<u>\$ 342,027</u>	<u>\$ 324,432</u>	<u>\$ 39,397</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 21,802	\$ 342,027	\$ 324,432	\$ 39,397
Totals	<u>\$ 21,802</u>	<u>\$ 342,027</u>	<u>\$ 324,432</u>	<u>\$ 39,397</u>

**STATISTICAL SECTION
(UNAUDITED)**

Riverbank Charter School of Excellence has been in operation for eight (8) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for eight (8) years are available and have been presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the Charter School provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2010; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Net Assets/Position by Component
 Last Eight Fiscal Years
(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities								
Unrestricted	\$ (33,011)	(102,725)	134,561	\$ 289,501	\$ 330,428	\$ 245,713	\$ 137,575	\$ (5,826)
Total Governmental Activities Net Assets/Position	<u>\$ (33,011)</u>	<u>\$ (102,725)</u>	<u>\$ 134,561</u>	<u>\$ 289,501</u>	<u>\$ 330,428</u>	<u>\$ 245,713</u>	<u>\$ 137,575</u>	<u>\$ (5,826)</u>
Business-Type Activities								
Unrestricted	\$ (1,057)	\$ 11,828	\$ 11,022	\$ 10,849	\$ 12,528	\$ 12,888	\$ 10,764	\$ 4,577
Total Business-Type Activities Net Assets/Position	<u>\$ (1,057)</u>	<u>\$ 11,828</u>	<u>\$ 11,022</u>	<u>\$ 10,849</u>	<u>\$ 12,528</u>	<u>\$ 12,888</u>	<u>\$ 10,764</u>	<u>\$ 4,577</u>
Charter School-wide								
Unrestricted	\$ (34,068)	\$ (90,897)	\$ 145,583	\$ 300,350	\$ 342,956	\$ 258,601	\$ 148,339	\$ (1,249)
Total Charter School-wide Net Assets/Position	<u>\$ (34,068)</u>	<u>\$ (90,897)</u>	<u>\$ 145,583</u>	<u>\$ 300,350</u>	<u>\$ 342,956</u>	<u>\$ 258,601</u>	<u>\$ 148,339</u>	<u>\$ (1,249)</u>

Source: Charter School's Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Changes in Net Assets/Position
Last Eight Fiscal Years
(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010
Expenses								
Governmental Activities:								
Instruction	\$ 899,609	1,005,887	962,267	771,055	896,360	787,187	534,834.00	441,435.00
Administration	631,946	722,448	586,719	762,587	441,608	448,514	335,023	390,701
Support Services	184,831	188,044	243,721	159,198	147,945	147,469	133,592	184,085
Capital Outlay	-	-	10,895	-	-	-	73,868	36,426
Total Governmental Activities Expenses	1,716,386	1,916,379	1,803,592	1,692,841	1,485,911	1,383,170	1,077,117	1,022,657
Business-Type Activities:								
Food Service	25,223	25,282	23,560	23,245	24,821	22,707	16,409	10,017
Total Business-Type Activities Expenses	25,223	25,282	23,560	23,245	24,821	22,707	16,409	10,017
Total Charter School Expenses	\$ 1,741,609	\$ 1,941,661	\$ 1,828,952	\$ 1,716,086	\$ 1,510,732	\$ 1,385,877	\$ 1,093,526	\$ 1,032,674
Program Revenues								
Governmental Activities:								
Operating Grants and Contributions	\$ 21,428	\$ 23,838	\$ 27,513	\$ 24,417	\$ 15,488	\$ 7,160	\$ 3,812	\$ 2,165
Total Governmental Activities Expenses	21,428	23,838	27,513	24,417	15,488	7,160	3,812	2,165
Business-Type Activities:								
Charges for Services	-	11,535	10,784	10,264	14,136	15,128	16,448	10,114
Operating Grants and Contributions	12,338	14,553	12,939	11,902	10,325	9,703	6,148	4,480
Total Business-Type Activities Expenses	12,338	26,088	23,723	21,566	24,461	24,831	22,596	14,594
Total Charter School Program Revenue	\$ 33,766	\$ 49,728	\$ 51,246	\$ 45,983	\$ 39,929	\$ 31,991	\$ 29,208	\$ 16,759
Net (Expense)/Revenue								
Governmental Activities	\$ (1,684,958)	\$ (1,892,741)	\$ (1,777,879)	\$ (1,668,424)	\$ (1,470,443)	\$ (1,356,010)	\$ (1,073,505)	\$ (1,020,492)
Business-Type Activities	(12,885)	806	173	(1,679)	(360)	2,124	6,187	4,577
Total Charter School Net Expense	\$ (1,707,843)	\$ (1,891,835)	\$ (1,777,706)	\$ (1,670,103)	\$ (1,470,803)	\$ (1,353,886)	\$ (1,067,318)	\$ (1,015,915)
General Revenues and Other Changes in Net Assets/Position								
Governmental Activities:								
General Purposes	\$ 869,872	\$ 900,838	\$ 950,807	\$ 926,518	\$ 518,892	\$ 862,793	\$ 713,437	\$ 434,816
Federal and State Aid Not Restricted	859,800	754,617	807,677	700,980	1,035,466	599,077	503,469	579,750
Miscellaneous Income	35,000	-	12,488	-	-	2,278	-	-
Total Governmental Activities	1,764,672	1,655,455	1,770,972	1,627,498	1,555,158	1,464,148	1,216,906	1,014,666
Total Charter School Wide	\$ 1,764,672	\$ 1,655,455	\$ 1,770,970	\$ 1,627,498	\$ 1,555,158	\$ 1,464,148	\$ 1,216,908	\$ 1,014,666
Change in Net Assets/Position								
Governmental Activities	\$ 89,714	\$ (237,286)	\$ (6,909)	\$ (40,926)	\$ 84,715	\$ 108,138	\$ 143,401	\$ (5,826)
Business-Type Activities	(12,885)	806	173	(1,679)	(360)	2,124	6,187	4,577
Total Charter School	\$ 56,829	\$ (236,480)	\$ (6,736)	\$ (42,605)	\$ 84,355	\$ 110,262	\$ 149,588	\$ (1,249)

Source: Charter Schools Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Fund Balances - Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010
General Fund								
Unreserved	\$ 195,644	102,261	282,592	289,501	330,428	245,713	137,575	(5,826)
Total General Fund	<u>\$ 195,644</u>	<u>\$ 102,261</u>	<u>\$ 282,592</u>	<u>\$ 289,501</u>	<u>\$ 330,428</u>	<u>\$ 245,713</u>	<u>\$ 137,575</u>	<u>\$ (5,826)</u>

Source: Charter School's Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Changes in Fund Balances - Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:								
Local Sources:	\$ 804,872	\$ 900,838	\$ 983,293	\$ 926,518	\$ 519,892	\$ 863,078	\$ 713,437	\$ 434,916
Revenue from Community Services Activities	-	-	-	-	-	1,983	-	-
State Sources	847,861	742,823	803,826	694,528	1,037,460	569,589	488,420	553,833
Federal Sources	33,567	35,432	31,384	30,871	13,474	38,848	18,861	27,982
Total Revenues	1,786,100	1,679,093	1,798,483	1,651,915	1,570,626	1,471,298	1,220,518	1,016,831
Expenditures:								
Instruction	723,810	773,959	815,559	814,694	713,829	627,123	439,842	380,718
Administration	784,076	897,421	723,318	909,258	615,427	578,159	421,785	335,633
Support Services	184,831	188,044	255,822	168,891	156,655	157,888	141,822	269,880
Capital Outlay	-	-	10,895	-	-	-	73,868	36,428
Total Expenditures	1,692,717	1,859,424	1,805,392	1,692,841	1,485,911	1,363,170	1,077,117	1,022,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,383	(180,331)	(6,909)	(40,926)	84,715	108,128	143,401	(5,826)
Net Change in Fund Balance	\$ 93,383	\$ (180,331)	\$ (6,909)	\$ (40,926)	\$ 84,715	\$ 108,128	\$ 143,401	\$ (5,826)

Source: Charter School's Records

OPERATING INFORMATION

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Full-Time Equivalent Charter School Employees by Function
 Last Eight Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	14	15	13	12	11	12	9	n/a
Administrative	2	2	3	3	2	2	2	n/a
Support Services	2	2	3	3	2	2	2	n/a
Food Service	4	4	1	1	1	-	0	n/a
Total	22	23	20	19	16	16	13	-

Source: Charter School's Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Operating Statistics
Last Eight Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2017	144	\$ 1,659,150	\$ 11,522	-9.04%	14	10.3:1	142	141	0.00%	99.30%
2016	144	1,823,992	\$ 12,667	7.14%	15	9.3:1	142	136	0.00%	95.77%
2015	144	1,702,369	\$ 11,822	1.72%	15	9.6:1	142	144	-0.70%	101.41%
2014	143	1,661,970	\$ 11,622	12.08%	13	11:1	143	138	0.70%	96.50%
2013	142	1,472,437	\$ 10,369	5.69%	12	9:1	142	138	4.93%	97.18%
2012	135	1,324,529	\$ 9,811	17.59%	11	10:1	135	131.6	12.59%	97.48%
2011	118	984,588	\$ 8,344	-17.85%	12	10:1	118	112.4	38.98%	95.25%
2010	72	731,340	\$ 10,158	N/A	9	8:1	72	72	N/A	100.00%

Source: Charter School's Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Insurance Schedule

June 30, 2010

(Unaudited)

COMMERCIAL PACKAGE	Coverage	Deductible
Commercial General Liability - Great American		
Each Occurrence	\$ 1,000,000	
General Aggregate	2,000,000	
Products-completed operations aggregate limit	2,000,000	
Personal and advertising injury	1,000,000	
Damage to premises rented	100,000	
Premises medical payments	5,000	
Commercial Property - Great American		
Building (RC) 90% co-ins	\$ 3,000,000	\$ 1,000
Business Personal Property	75,000	1,000
Equipment Breakdown Limit	3,075,000	
Business Automobile Coverage - Great American		
Non-owned and Hired Car Limit	\$ 1,000,000	
Umbrella Liability - Great American		
Limit of Liability Each occurrence	\$ 4,000,000	
General Aggregate	4,000,000	
Products/Completed Ops Agg	4,000,000	
Self-Insured Retention	10,000	
Workman's Compensation - The Hartford		
Bodily Injury by Accident	\$ 1,000,000	
Bodily Injury by Disease (policy limit)	1,000,000	
Bodily Injury by Disease (each employee)	1,000,000	
D&O Including Employment Related Practices & Educators		
Wrongful Acts (Great American)		
D&O Limit	\$ 1,000,000	
Employment Related Practices Limit	1,000,000	
Retention Limit		\$ 2,500
Student Accident Insurance (Bollinger)		
Full Excess Coverage - Maximum Benefit	\$ 1,000,000	

Source: Charter School's Records

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
 Charter School Performance Framework Financial Indicators
 Fiscal Ratios
 Last Three Fiscal Years

	2015	2016	2017	Source
	Audit	Audit	Audit	
Cash	\$ 171,384	\$ 59,586	\$ 96,119	Audit: Exhibit A-1
Current Assets (includes CASH)	319,768	114,773	220,267	Audit: Exhibit A-1
Total Assets	541,787	389,242	220,267	Audit: Exhibit A-1
Current Liabilities	26,154	684	11,672	Audit: Exhibit A-1
Total Liabilities	46,975	8,271	211,234	Audit: Exhibit A-1
Net Assets	145,583	(90,897)	(34,088)	Audit: Exhibit A-1
Total Revenue	1,822,216	1,705,181	1,798,438	Audit: Exhibit A-2
Total Expenses	1,885,700	1,941,661	1,946,595	Audit: Exhibit A-2
Change in Net Assets	(63,484)	(236,480)	(148,157)	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	142.00	142.00	142.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	144	144	144	Charter School Budget

Changes:

Near Term Indicators	RATIOS ANALYSIS...			Source:	Target
	2013	2014	2015		
1a. Current Ratio	12.23	167.80	18.87	Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	33.17	11.20	18.02	Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	99%	99%	99%	Average Daily Enrollment/Budgeted Enrollment	>95%
1d. * Default	N/A	N/A	N/A	Audit	not in default
Sustainability Indicators					
2a. Total Margin	-3%	-14%	-8%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.09	0.02	0.96	Total Liabilities/Total Assets	<.9
2c. ** Cash Flow	41,104	(111,798)	36,533	Net change in cash flow from prior years (Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A		> 1.10

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? N/A
 ** 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash; 2015 = 2015 Cash - 2014 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX - (908) 686-6055

K-1
Page 1

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

The Honorable President and
Members of the Board of Trustees
Riverbank Charter School of Excellence
County of Burlington
Roebling, New Jersey

We have audited, in accordance with the 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 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, each major fund, and the aggregate remaining fund information of Riverbank Charter School of Excellence (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated November 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School'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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's 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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Accordingly, this communication is not suitable for any other purpose.



BARRE & COMPANY LLC
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 10, 2017

BARRE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 303

Union, New Jersey 07083

(908) 686-3484

FAX - (908) 686-6055

K-2
Page 1

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED NEW JERSEY CIRCULAR 15-08 OMB

Honorable President and
Members of the Board of Trustees
Riverbank Charter School of Excellence
County of Burlington
Roebling, New Jersey

Report on Compliance for Each Major State Program

We have audited the Riverbank Charter School of Excellence's compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017. The Riverbank Charter School of Excellence's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Charter School's 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 the Charter School's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Circular 15-08 OMB require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Riverbank Charter School of Excellence, in the County of Burlington, State of New Jersey, 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, 2017.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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.

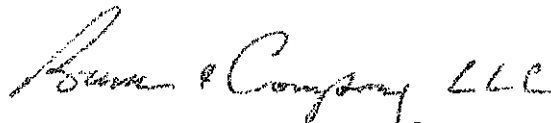
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey Circular 15-08 OMB

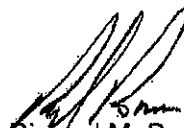
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverbank Charter School of Excellence, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements. We issued our report thereon dated November 10, 2017, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Circular 15-08 OMB are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures and schedule of relation to the basic financial statements as a whole.

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 that the testing based on the requirements of New Jersey Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.



Barre & Company LLC, CPA's
Union, New Jersey



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

November 10, 2017

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grant/Program Title	Grant/Project Number	Program or Award Amount	Balance at June 30, 2016		Balance at June 30, 2017		MEMO
			Defined Revenue (Accounts Receivable)	Due to Grantor	Unearned Revenue/ Inland Payable	Due to Grantor	
State Department of Education							
General Fund:							
Adm-Public Cluster							
Adm-Public Cluster - Charter School Ad							
Special Education Ad							
Security Ad							
State Ad-Public Cluster Total							
Nonpublic Ad							
Other State Ad							
Other State Ad							
On-Behalf TPAF Long-Term Disability Insurance Contribution							
On-Behalf TPAF Post-Retirement Medical Contributions							
On-Behalf TPAF Pension Contributions							
Reimbursement TPAF - Social Security							
Reimbursement TPAF - Social Security							
Total General Fund							
State Department of Agriculture							
Enterprise Fund:							
National School Lunch Program (State Share)							
National School Lunch Program (State Share)							
Total Enterprise Fund							
Total State Financial Assistance							
State Financial Assistance Not to Subject to Major Program Determination:							
On-Behalf TPAF Long-Term Disability Insurance Contit							
On-Behalf TPAF Post-Retirement Medical Contributions							
On-Behalf TPAF Pension Contributions							
Total On-Behalf TPAF Payments							
Total State Financial Assistance Subject to Major Program Determination							

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

Riverbank Charter School of Excellence
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, Riverbank Charter School of Excellence. The Board of Trustees is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance 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 basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey OMB Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid"*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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 revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments 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. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. 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>Total</u>
General Fund	\$ -	\$ 847,661	\$ 847,661
Special Revenue Fund	33,567	-	33,567
Food Service Fund	11,916	422	12,338
Total Awards & Financial Assistance	<u>\$ 45,483</u>	<u>\$ 848,083</u>	<u>\$ 893,566</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Riverbank Charter School of Excellence has no loan balances outstanding at June 30, 2017.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 6. OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The Charter School does not have a schoolwide program.

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unmodified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

N/A

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance for major programs Unmodified

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
	<u>STATE AID-PUBLIC CLUSTER:</u>
<u>17-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>17-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>17-495-034-5120-084</u>	<u>SECURITY AID</u>

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Summary Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Part II – Schedule of Financial Statement Findings

The section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

Riverbank Charter School of Excellence
Schedule of Findings And Questioned Costs
For the Fiscal Year Ended June 30, 2017

***Part III – Schedule of Federal and State Award
Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S Uniform Guidance and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

No Current Year Findings

RIVERBANK CHARTER SCHOOL OF EXCELLENCE
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2017

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

Findings

There were no prior year findings reported