

Red Bank Charter School

of Monmouth County

Red Bank Charter School

Red Bank, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Red Bank Charter School  
of Monmouth County

Red Bank, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

David P. Block  
School Business Administrator

# OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## INTRODUCTORY SECTION



Meredith Pennotti, Charter School Administrator  
Ida West-Jones, Director of Curriculum &  
Instruction  
[www.redbankcharterschool.org](http://www.redbankcharterschool.org)

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58 Oakland St. ■ Red Bank, New Jersey 07701  
(732).450.2092 ■ (732).936.1923

December 1, 2017

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

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Red Bank Charter School (the "Charter School") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the organizational chart and a list of the Board of Trustee members. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial information, presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and 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 NJOMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:**The Red Bank Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASS) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the Charter School are included in this report. The Charter School constitutes the reporting entity. The Charter School provides a full range of educational services appropriate to grade levels K through 8. These included regular, special education and an after-school program. Enrollment remained stable throughout 2016-17 with an average daily enrollment of 195 students.
2. **MAJOR INITIATIVES:** Following are the major initiatives successfully implemented at The Red Bank Charter School for the 2016-2017 school year:
  - Successfully completed the third year of the Pre-K program for 2016-17 meeting and surpassing all requirements



- Handheld devices were purchased for instructional use to ensure all students grades 4 through 8 have access to technology everyday
- Social media and updated public relations materials were introduced as part of the communications upgrades for the school and larger community
- Student and parent engagement in school community activities and events continues to be at 90%+ indicating high degree of satisfaction with the school
- Capital improvements included resolving a long standing drainage issue that now allows access to the play area consistently and installation of a perimeter fence to increase safety
- Instructional programs have been purchased to support the common core ELA, Social Studies and Science
- Re-established the RBCS Foundation
- Successful five-year renewal from the New Jersey Department of Education

3. **INTERNAL ACCOUNTING CONTROLS:** Administration of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by administration.

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

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are required for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is presented in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. There were encumbrances in the general fund of \$258 to be reappropriated at June 30, 2017.

5. **ACCOUNTING SYSTEM AND REPORTS:** The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASS). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes to the Basic Financial Statements".

6. **DEBT ADMINISTRATION:** At June 30, 2017 the Charter School had outstanding mortgage balances of \$2,363,575.

7. **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The Charter School has an investment

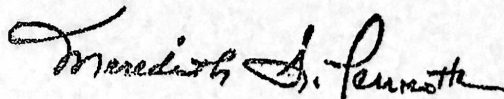
policy that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/ collision, hazard and theft insurance on property and contents, student accident insurance and fidelity bonds.
  
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report in the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
  
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the Board of Trustees of the Red Bank Charter School for their concern in providing fiscal accountability of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

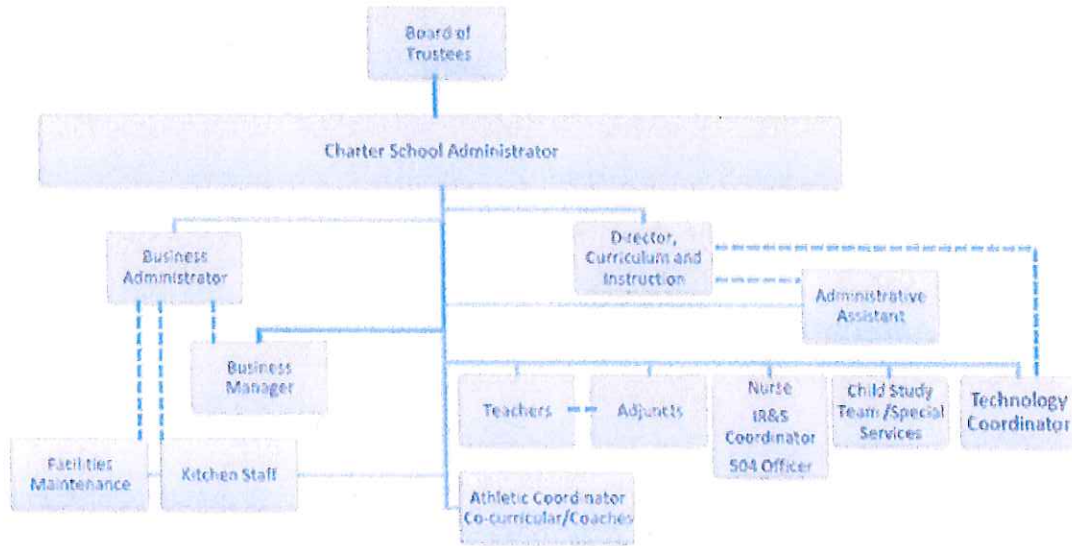


David Block  
School Business Administrator /  
School Board Secretary



Meredith S. Pennotti  
Charter School Administrator

# Red Bank Charter School Organization Chart



Red Bank Charter School  
Red Bank, New Jersey

Roster of Officials  
June 30, 2017

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Roger J. Foss, President	2018
Mike Stasi	2019
Patti Balderas	2017
Ana-Maria Pittella	2019
Rona Kaplan	2019
Eric Wagner	2017
Cristie Ritz-King	2017
Carol Anderson	2017
Maureen Dorment	2019

Other Officials

Meredith S. Pennotti, Principal

David Block, Board Secretary/Business Administrator

Theresa Shirley, Business Manager

Thomas O. Johnston , Esq., Board Attorney

Red Bank Charter School  
Consultants and Advisors

Audit Firm

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

Attorney

Lohnston Law Firm, LLC  
75 Midland Avenue, Suite 1  
Montclair, New Jersey 07042

Official Depositories

TD Bank  
Front Street  
Red Bank, New Jersey 07701

Bank America  
Broad Street  
Red Bank, New Jersey 07701

## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

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

### Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Bank Charter School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 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*

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Bank Charter School in the County of Monmouth, State of New Jersey as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red Bank Charter School's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.




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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2017 on our consideration of the Red Bank Charter School in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Bank Charter School in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

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



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

November 8, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Red Bank Charter School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
Unaudited

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

**Financial Highlights**

Key financial highlights for June 30, 2017 are as follows:

In total, net position totaled \$1,111,954, which represents a 15.69 percent increase from June 30, 2016.

General revenues accounted for \$3,218,827 in revenue or 92.07 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$277,116 or 7.93 percent of total revenues of \$3,495,943.

Total assets decreased by \$35,976 as current assets decreased by \$56,926 and capital assets increased by \$20,950.

The Charter School had \$3,345,123 in expenses; only \$277,116 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,218,827 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,089,638 in revenues and \$3,115,542 in expenditures and transfers. The General Fund's balance decreased \$(25,904) over June 30, 2016. The General Fund's balance is \$818,123.

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

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

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

## **Reporting the School Board as a Whole**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the Charter School to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2017?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

## **Reporting the Charter School's Most Significant Funds**

### **Fund Financial Statement**

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

### **Governmental Funds**

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

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The School Board as a Whole

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

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2017 and 2016.

Table 1

Net Position as of June 30, 2017 and June 30, 2016

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 855,852	\$ 42,100	\$ 897,952	\$ 923,654	\$ 31,224	\$ 954,878
Capital assets, net	3,439,744	4,242	3,443,986	3,417,615	5,421	3,423,036
<b>Total assets</b>	<b>4,295,596</b>	<b>46,342</b>	<b>4,341,938</b>	<b>4,341,269</b>	<b>36,645</b>	<b>4,377,914</b>
Deferred outflow of resources	589,650	-	589,650	312,573	-	312,573
<b>Liabilities:</b>						
Current liabilities	-	61,071	61,071	79,627	15,000	94,627
Net pension liability	-	-	-	-	-	-
Long-term liabilities outstanding	3,350,648	-	3,350,648	3,107,870	-	3,107,870
<b>Total liabilities</b>	<b>3,350,648</b>	<b>61,071</b>	<b>3,411,719</b>	<b>3,187,497</b>	<b>15,000</b>	<b>3,202,497</b>
Deferred inflow of resources	407,915	-	407,915	526,856	-	526,856
<b>Net position:</b>						
Net investment in capital assets	1,013,898	4,242	1,018,140	925,901	5,421	931,322
Restricted	402,578	-	402,578	24,896	-	24,896
Unrestricted	(289,793)	(18,971)	(308,764)	(11,308)	16,224	4,916
<b>Total Net Position</b>	<b>\$ 1,126,683</b>	<b>\$ (14,729)</b>	<b>\$ 1,111,954</b>	<b>\$ 939,489</b>	<b>\$ 21,645</b>	<b>\$ 961,134</b>

The Charter School's combined net position were \$1,111,954 on June 30, 2017. This is a change of 15.69% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2017 and 2016.

Table 2

Changes in Net Position

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ 10,688	\$ 10,688	\$ -	\$ 13,605	\$ 13,605
Operating and capital grants and contributions	223,253	43,175	266,428	236,969	44,300	281,269
General revenues:						
Tuition	1,324,230	-	1,324,230	1,377,958	-	1,377,958
Federal and state aid Not restricted to specific purposes	1,807,590	-	1,807,590	1,501,784	-	1,501,784
Investment earnings	-	-	-	-	-	-
Miscellaneous	87,007	-	87,007	96,207	-	96,207
<b>Total revenues</b>	<b>3,442,080</b>	<b>53,863</b>	<b>3,495,943</b>	<b>3,212,918</b>	<b>57,905</b>	<b>3,270,823</b>
<b>Expenses</b>						
Instructional services	1,612,579	-	1,612,579	1,616,592	-	1,616,592
Support services	1,556,107	90,237	1,646,344	892,948	92,193	985,141
Interest on long-term liabilities	86,200	-	86,200	90,637	-	90,637
<b>Total expenses</b>	<b>3,254,886</b>	<b>90,237</b>	<b>3,345,123</b>	<b>2,600,177</b>	<b>92,193</b>	<b>2,692,370</b>
Change in net position	187,194	(36,374)	150,820	612,741	(34,288)	578,453
Transfer	-	-	-	(94,035)	94,035	-
Net position - beginning	<u>939,489</u>	<u>21,645</u>	<u>961,134</u>	<u>420,783</u>	<u>(38,102)</u>	<u>382,681</u>
Net position (deficit) - ending	<u>\$ 1,126,683</u>	<u>\$ (14,729)</u>	<u>\$ 1,111,954</u>	<u>\$ 939,489</u>	<u>\$ 21,645</u>	<u>\$ 961,134</u>

**Government Activities**

The tuition portion paid by the sending district is made up 38.47% of revenues for governmental activities for the fiscal year 2017. The Charter School's total revenues were \$3,442,080 for the year ended June 30, 2017. Federal, state and local grants accounted for another 61.53%.

The total cost of all programs and services was \$3,254,886. Instruction and instruction direct support comprises 81.25% of the Charter School's expenses.

## Expenses for Fiscal Year June 30, 2017

### Business-Type Activities

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

Total Enterprise Fund expenses exceeded revenues by \$36,374.

Charges for services represent \$10,688 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$43,175.

### Governmental Activities

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

Table 3

#### Governmental Activities

	2017		2016	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 1,612,579	\$ 1,612,579	\$ 1,616,592	\$ 1,616,592
Support Services:				
Pupils and Instructional Staff	1,031,983	1,031,983	258,370	258,370
General Administration, School Administration, Business Operation and Maintenance of Facilities	524,124	300,871	870,537	633,568
Pupil Transportation	-	-	1,010	1,010
Interest and Fiscal Charges	86,200	86,200	90,637	90,637
Total Expenses	\$ 3,254,886	\$ 3,031,633	\$ 2,837,146	\$ 2,600,177

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

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

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

Interest expense relates to the mortgage the Charter school has on their building.

### The Charter School's Funds

Information about the Charter School's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,442,080 and expenditures of \$3,254,886. The net positive change in fund balance for the year was most significant in the General Fund, with an increase of \$187,194.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017.

<u>Revenue</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,411,237	41.00 %	\$ (62,928)	(4.46)%
State Sources	1,920,233	55.79	297,514	15.49
Federal Sources	<u>110,610</u>	<u>3.21</u>	<u>(5,424)</u>	<u>(4.90)</u>
Total	<u>\$ 3,442,080</u>	<u>100.00 %</u>	<u>\$ 229,162</u>	<u>6.66 %</u>



The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 1,446,944	41.73 %	\$ 3,966	0.27 %
Undistributed Expenditures	1,674,848	48.29	127,439	7.61
Capital Outlay	131,853	3.80	90,781	68.85
Debt Service:				
Principal	128,139	3.69	4,599	3.59
Interest	<u>86,200</u>	<u>2.49</u>	<u>(4,437)</u>	<u>(5.15)</u>
<b>Total</b>	<b>\$ <u>3,467,984</u></b>	<b><u>100.00</u> %</b>	<b>\$ <u>222,348</u></b>	<b><u>6.41</u> %</b>

### General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

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

While the Charter School final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$187,194 surplus.

## Capital Assets and Debt Administration

*Capital Assets.* At the end of the fiscal year June 30, 2017, the School Board had \$3,381,715 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 531,853	\$ 500,000	\$ -	\$ -	\$ 531,853	\$ 500,000
Construction in Progress	-	-	-	-	-	-
Building and Improvements	2,719,171	2,783,892	-	-	2,719,171	2,783,892
Machinery and Equipment	126,449	133,723	4,242	5,421	130,691	139,144
<b>Total</b>	<b>\$ 3,377,473</b>	<b>\$ 3,417,615</b>	<b>\$ 4,242</b>	<b>\$ 5,421</b>	<b>\$ 3,381,715</b>	<b>\$ 3,423,036</b>

During the current fiscal year, \$31,853 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

*Debt Administration.* The District's long-term liabilities are as follows for the governmental activities at June 30, 2017 and June 30, 2016.

	June 30, 2017	June 30, 2016
Mortgages Payable (net)	\$ 2,363,575	\$ 2,491,714
Pension Liability-PERS	970,573	599,656
Compensated Absences payable	16,500	16,500
<b>Total long-term liabilities</b>	<b>\$ 3,350,648</b>	<b>\$ 3,107,870</b>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

## Economic Factors and Next Year's Budget

For the 2016-2017 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 59.00% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 41.00% of total revenue is from local tuition.

The \$(289,793) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2016-2017 budget was adopted in March 2016 based in part on the state education aid the Charter School anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates a slight increase in enrollment for the 2017-2018 fiscal year. If the Charter School were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

### **Contacting the School School Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Charter School's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Red Bank Charter School, 58 Oakland Street, Red Bank, NJ, 07701.

## BASIC FINANCIAL STATEMENTS

**RED BANK CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 681,306	\$ 39,393	\$ 720,699
Receivables - state	5,715	38	5,753
Receivables - federal	64,331	2,669	67,000
Receivables - other governments	-	-	-
Interfund receivable	62,271	-	62,271
Deposits	104,500	-	104,500
Capital assets, depreciable, net	3,377,473	4,242	3,381,715
Total assets	<u>4,295,596</u>	<u>46,342</u>	<u>4,341,938</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	589,650	-	589,650
Total deferred outflows of resources	<u>589,650</u>	<u>-</u>	<u>589,650</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Interfund payable	-	61,071	61,071
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due within one year	132,653	-	132,653
Due beyond one year	3,217,995	-	3,217,995
Total liabilities	<u>3,350,648</u>	<u>61,071</u>	<u>3,411,719</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - PERS	407,915	-	407,915
Total deferred outflows of resources	<u>407,915</u>	<u>-</u>	<u>407,915</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,013,898	4,242	1,018,140
Restricted for:			
Capital projects	400,000	-	400,000
Other purposes	2,578	-	2,578
Unrestricted	(289,793)	(18,971)	(308,764)
Total net position	<u>\$ 1,126,683</u>	<u>\$ (14,729)</u>	<u>\$ 1,111,954</u>

**RED BANK CHARTER SCHOOL**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 1,446,944	\$ -	\$ -	\$ -	\$ (1,446,944)	\$ -	\$ (1,446,944)
Special Education instruction	-	-	-	-	-	-	-
Other special instruction	165,635	-	-	-	(165,635)	-	(165,635)
Support services and undistributed costs:							
Instruction	-	-	-	-	-	-	-
Attendance and social work	-	-	-	-	-	-	-
Health services	216,048	-	-	-	(216,048)	-	(216,048)
Other support services	70,468	-	-	-	(70,468)	-	(70,468)
Improvement of instruction	-	-	-	-	-	-	-
Educational media services	-	-	-	-	-	-	-
Instruction staff training	-	-	-	-	-	-	-
General administrative services	254,843	-	-	-	(254,843)	-	(254,843)
School administrative services	176,946	-	-	-	(176,946)	-	(176,946)
School central services	44,305	-	-	-	(44,305)	-	(44,305)
School admin info technology	-	-	-	-	-	-	-
Allowed maintenance for school facilities	-	-	-	-	-	-	-
Other operation & maintenance of plant	265,721	-	-	-	(265,721)	-	(265,721)
Care & upkeep of grounds	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-
Student transportation services	3,652	-	-	-	(3,652)	-	(3,652)
Unallocated employee benefits	300,871	-	-	-	(300,871)	-	(300,871)
Non-budgeted expenditures	223,253	-	223,253	-	-	-	-
Interest expense	86,200	-	-	-	(86,200)	-	(86,200)
Total governmental activities	<u>3,254,886</u>	<u>-</u>	<u>223,253</u>	<u>-</u>	<u>(3,031,633)</u>	<u>-</u>	<u>(3,031,633)</u>
<b>Business-type activities:</b>							
Food Service	90,237	10,688	43,175	-	-	(36,374)	(36,374)
Total business-type activities	<u>90,237</u>	<u>10,688</u>	<u>43,175</u>	<u>-</u>	<u>-</u>	<u>(36,374)</u>	<u>(36,374)</u>
Total primary government	<u>\$ 3,345,123</u>	<u>\$ 10,688</u>	<u>\$ 266,428</u>	<u>\$ -</u>	<u>(3,031,633)</u>	<u>(36,374)</u>	<u>(3,068,007)</u>

<b>General revenues:</b>				
Tuition		1,324,230	-	1,324,230
Federal and state aid not restricted		1,807,590	-	1,807,590
Miscellaneous income		87,007	-	87,007
Total general revenues		<u>3,218,827</u>	<u>-</u>	<u>3,218,827</u>
<b>Change in net position before transfers</b>		187,194	(36,374)	150,820
<b>Transfers</b>		-	-	-
<b>Change in net position after transfers</b>		187,194	(36,374)	150,820
<b>Net position—beginning</b>		939,489	21,645	961,134
<b>Net position—ending</b>		<u>\$ 1,126,683</u>	<u>\$ (14,729)</u>	<u>\$ 1,111,954</u>

**RED BANK CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 745,637	\$ (64,331)	\$ 681,306
Deposits	4,500	-	4,500
Receivables from other governments	-	-	-
Receivables from other funds	62,271	-	62,271
Receivables from state	5,715	-	5,715
Receivables from federal	-	64,331	64,331
Total assets	818,123	-	818,123
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Other current liabilities	-	-	-
Payable to state government	-	-	-
Payable to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Restricted for:			
Unexpended additional spending proposal			
Capital reserve account	-	-	-
Maintenance reserve account	-	-	-
Emergency reserve account	-	-	-
Excess surplus - current year	-	-	-
Excess surplus -- designated for			
Subsequent year's expenditures	-	-	-
Debt service fund	-	-	-
Capital projects fund	-	-	-
Other purposes	-	-	-
Committed to:			
Other purposes	2,578	-	2,578
Assigned to:			
Debt service fund	-	-	-
Designated by the BOE for subsequent year's expenditures			
Capital projects fund	400,000	-	400,000
Other purposes	-	-	-
Unassigned to:			
General fund	815,545	-	815,545
Capital Projects	-	-	-
Total fund balances	1,218,123	-	1,218,123
Total liabilities and fund balances	\$ 1,218,123	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,956,933 and the accumulated depreciation is \$1,579,460.		3,377,473
Deposit on building purchase		100,000
Deferred outflows related to the PERS pension plan		589,650
Deferred inflows related to the PERS pension plan		(407,915)
Long-term liabilities, including mortgage payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Pension liability - PERS	(970,573)	
Compensated Absences Payable	(16,500)	
Mortgages Payable	(2,363,575)	(3,350,648)
Net position of governmental activities		\$ 1,526,683

**RED BANK CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 1,324,230	\$ -	\$ 1,324,230
Tuition charges	-	-	-
Interest on investments	-	-	-
Interest earned on capital reserve funds	-	-	-
Prior year refunds	-	-	-
Miscellaneous	87,007	-	87,007
Total - Local sources	1,411,237	-	1,411,237
State sources	1,678,401	241,832	1,920,233
Federal sources	-	110,610	110,610
Total revenues	3,089,638	352,442	3,442,080
<b>EXPENDITURES</b>			
Current:			
Current expense:			
Instruction	1,248,683	198,261	1,446,944
Special education instruction	-	-	-
Other special instruction	165,635	-	165,635
Undistributed - current:			
Instruction	-	-	-
Attendance and social work	-	-	-
Health Services	61,867	154,181	216,048
Other support services	70,468	-	70,468
Improvement of instruction	-	-	-
Educational media services	-	-	-
Instruction staff training	-	-	-
General administrative services	254,843	-	254,843
School administrative services	176,946	-	176,946
School central services	44,305	-	44,305
School admin info technology	-	-	-
Required maintenance for school facilities	-	-	-
Other operation & maintenance of plant	193,726	-	193,726
Care & upkeep of grounds	-	-	-
Security	-	-	-
Student transportation services	3,652	-	3,652
Unallocated employee benefits	325,972	-	325,972
Non-budgeted expenditures	223,253	-	223,253
Debt Service:			
Principal	128,139	-	128,139
Interest and other charges	86,200	-	86,200
Capital Outlay	131,853	-	131,853
Total expenditures	3,115,542	352,442	3,467,984
Excess (Deficiency) of revenues over expenditures	(25,904)	-	(25,904)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(25,904)	-	(25,904)
Fund balance—July 1	844,027	-	844,027
Fund balance—June 30	\$ 818,123	\$ -	\$ 818,123



**RED BANK CHARTER SCHOOL  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2017**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (25,904)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (71,995)	
	Capital outlays	<u>31,853</u>	(40,142)

In the Statement of Activities payments made on Long Term Debt are uses of resources but are reductions of the assets on the Statement of Net Position. 128,139

In the Statement of Activities deposits made on building purchases are uses of resources but are increases of the liabilities on the Statement of Net Position. 100,000

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. -

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey 25,101

**Change in net positions of governmental activities** **\$ 187,194**

**RED BANK CHARTER SCHOOL**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	
	<u>Food Service</u>	<u>Totals</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 39,393	\$ 39,393
Receivables from state	38	38
Receivables from federal	2,669	2,669
Total current assets	<u>42,100</u>	<u>42,100</u>
Noncurrent assets:		
Furniture, machinery & equipment	8,250	8,250
Less accumulated depreciation	<u>(4,008)</u>	<u>(4,008)</u>
Total noncurrent assets	4,242	4,242
Total assets	<u><u>\$ 46,342</u></u>	<u><u>\$ 46,342</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ -	\$ -
Interfund payable	61,071	61,071
Total current liabilities	<u>61,071</u>	<u>61,071</u>
<b>NET POSITION</b>		
Net capital assets	4,242	4,242
Restricted for:		
Other	-	-
Unrestricted	<u>(18,971)</u>	<u>(18,971)</u>
Total net position	<u>(14,729)</u>	<u>(14,729)</u>
Total liabilities and net position	<u><u>\$ 46,342</u></u>	<u><u>\$ 46,342</u></u>

**RED BANK CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ 10,432	\$ 10,432
School lunch	256	256
Total daily sales reimbursable programs	<u>10,688</u>	<u>10,688</u>
Total operating revenues	<u>10,688</u>	<u>10,688</u>
Operating expenses:		
Salaries	28,232	28,232
Supplies and materials	9,604	9,604
Depreciation	1,179	1,179
Cost of sales - reimbursable programs	51,222	51,222
Cost of sales - non-reimbursable programs	-	-
Total operating expenses	<u>90,237</u>	<u>90,237</u>
Operating income (loss)	<u>(79,549)</u>	<u>(79,549)</u>
Nonoperating revenues (expenses):		
State sources:		
Vending machine grant		-
State school lunch program	673	673
Federal sources:		
School breakfast program	9,037	9,037
National school lunch program	33,465	33,465
Food distribution program	-	-
Total nonoperating revenues (expenses)	<u>43,175</u>	<u>43,175</u>
Income (loss) before contributions & transfers	<u>(36,374)</u>	<u>(36,374)</u>
Transfers in (out)	-	-
Change in net position	<u>(36,374)</u>	<u>(36,374)</u>
Total net position—beginning	21,645	21,645
Total net position—ending	<u>\$ (14,729)</u>	<u>\$ (14,729)</u>

**RED BANK CHARTER SCHOOL**  
**Food Services Enterprise Fund**  
**Combining Statement of Cash Flows**  
**for the Fiscal Year ended June 30, 2017**

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other funds	\$ 10,688	\$ 10,688
Payments to employees & benefits	(28,232)	(28,232)
Payments to suppliers	(60,826)	(60,826)
Net cash used in operating activities	(78,370)	(78,370)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	676	676
Federal sources	42,310	42,310
Board interfund loans	46,071	46,071
Net cash provided by non-capital financing activities	89,057	89,057
Net increase (decrease) in cash and cash equivalents	10,687	10,687
Balances—beginning of year	28,706	28,706
Balances—end of year	\$ 39,393	\$ 39,393
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:		
Operating loss	\$ (79,549)	\$ (79,549)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	1,179	1,179
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	1,179	1,179
Net cash used in operating activities	\$ (78,370)	\$ (78,370)

**RED BANK CHARTER SCHOOL**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 21,174
Total assets	<u>21,174</u>
<b>LIABILITIES</b>	
Payroll deductions and withholdings	13,839
Interfund payable	1,200
Payable to student groups	6,135
Total liabilities	<u>21,174</u>
<b>NET POSITION</b>	
Reserved for scholarships	-
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 21,174</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

**1. Description of the School District and Reporting Entity**

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

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

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

**2. Summary of Significant Accounting Policies**

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

**A. Basis of Presentation**

The Charter School's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**1. Government-Wide Statements**

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**A. Basis of Presentation (Cont'd)**

**1. Government-Wide Statements (Cont'd)**

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

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75).

Red Bank Charter School  
Notes to Financial Statements  
For the Year Ended June 30, 2017

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

**A. Basis of Presentation (Cont'd)**

**2. Fund Financial Statements**

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

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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



Red Bank Charter School  
Notes to Financial Statements  
For the Year Ended June 30, 2017

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

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

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

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

As required by the New Jersey State Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as 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, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

2. **Proprietary Funds**

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

Red Bank Charter School  
Notes to Financial Statements  
For the Year Ended June 30, 2017

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

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

2. **Proprietary Funds (Cont'd)**

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that were financed and operated in a manner similar to private business enterprises - where the intent of the Charter School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing education basis be financed or recovered primarily through user charges; or, where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

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

3. **Fiduciary Funds**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Agency Funds** - Agency Funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental funds types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**D. Basis of Accounting (Cont'd)**

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2017, the Charter School had accounts receivable of \$- that represented amounts that had not been repaid based upon the current year final enrollment count.

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

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

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**E. Budgets/Budgetary Control (Cont'd)**

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

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

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

**F. Encumbrances**

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

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$2,578 of encumbrances at June 30, 2017.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**G. Cash, Cash Equivalents and Investments**

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

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**H. Inventories and Prepaid Expenses**

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

**I. Short-Term Interfund Receivables/Payables**

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$16,500 at year end.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

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

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Net Position**

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

**N. Unearned/Deferred Revenue**

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

**O. Fund Equity**

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

**P. Use of Estimates**

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



Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

3. Deposits and Investments

Deposits

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

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2017, the book value of the Board's deposits was \$741,873 and bank balances of the Charter School's cash and deposits amounted to \$791,770. Of the bank balances \$250,000 was covered by the FDIC. The Charter School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Uninsured and Collateralized	<u>541,770</u>
	<u>\$ 791,770</u>

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

Investments

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

As of June 30, 2017, the Charter School had no investments.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	Balance <u>June 30, 2017</u>
Not being depreciated			
Sites (Land)	\$ 500,000	\$ -	\$ 500,000
Construction in process	-	31,853	31,853
Being Depreciated:			
Building and Improvements	4,206,862	-	4,206,862
Machinery and Equipment	<u>218,218</u>	<u>-</u>	<u>218,218</u>
	4,925,080	31,853	4,956,933
Less: Accumulated Depreciation	<u>(1,507,465)</u>	<u>(71,995)</u>	<u>(1,579,460)</u>
Net Assets	<u>\$ 3,417,615</u>	<u>\$ (40,142)</u>	<u>\$ 3,377,473</u>

Depreciation expense for governmental activities held assets was \$71,995 for 2017.

Enterprise Activities:

	Balance <u>June 30, 2015</u>	<u>Additions</u>	Balance <u>June 30, 2016</u>
Equipment	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 8,250</u>
	8,250	-	8,250
Less: Accumulated Depreciation	<u>(2,829)</u>	<u>(1,179)</u>	<u>(4,008)</u>
Net Assets	<u>\$ 5,421</u>	<u>\$ (1,179)</u>	<u>\$ 4,242</u>

Depreciation expense for enterprise activities held assets for 2017 was \$1,179.

**5. Long-term Obligations**

Long-term obligation activity for the year ended June 30, 2017, was as follows:

	Balance <u>June 30, 2016</u>	<u>Issued/ Retired</u>	Balance <u>June 30, 2017</u>	<u>Due Within One Year</u>
Compensated Absences Payable	16,500	-	16,500	-
Mortgages Payable	2,491,714	(128,139)	2,363,575	132,653
PERS Payable	<u>599,646</u>	<u>370,917</u>	<u>970,563</u>	<u>-</u>
	<u>3,107,860</u>	<u>242,778</u>	<u>3,350,638</u>	<u>132,653</u>

**A. Mortgages Payable**

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

5. Long-term Obligations (Cont'd)

A. Mortgages Payable (Cont'd)

The first modified loan was issued for 20,045. The interest rate on this loan is 3.33% and equal monthly payments of \$12,587 per month ending on October 1, 2028.

The second modified loan was issued for \$1,020,000. The interest rate on this loan is 3.75% and equal monthly payments of June 30, 2017 per month end on January 15, 2039. This loan may be prepaid in whole or in part upon thirty days written notice at any time with a prepayment penalty of 3% if prepaid on or before January 14, 2015 declining annually to no prepayment penalty if prepaid after January 14, 2019.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	132,653	81,683	214,336
2019	137,326	77,013	214,339
2020	141,968	72,373	214,341
2021	147,166	67,173	214,339
2022	152,351	61,987	214,338
2023-2027	846,040	225,653	1,071,693
2028-2032	433,335	98,611	531,946
2033-2037	259,916	56,557	316,473
2038-2039	102,722	3,421	106,143
	<u>\$ 2,353,477</u>	<u>\$ 744,471</u>	<u>\$ 3,097,948</u>

6. Pension Plans

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

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

Red Bank Charter School  
Notes to Financial Statements  
For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

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

For the year ended June 30, 2017, the District recognized pension expense of \$141,658 and revenue of \$141,658 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2017, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.1391169420% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 383,893	\$ 186,299
Changes of assumptions	21,744,973	-
Net difference between projected and actual earnings on pension plan investments	1,986,794	-
Changes in proportion and differences between District contributions and proportionate share of contributions	146,339	85,018
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 24,261,999</u>	<u>\$ 271,317</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$10,943,824.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

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

Year ended June 30:		
2017	\$	3,531,533
2018		3,531,533
2019		4,137,122
2020		3,869,124
2021		3,268,340
Thereafter		5,701,989
Total	\$	<u>24,039,641</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease ( 2.22 %)	Current Discount Rate ( 3.22 %)	1% Increase ( 4.22 %)
District's proportionate share of the net pension liability	131,296,032	109,942,599	92,504,764

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

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

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

Red Bank Charter School  
Notes to Financial Statements  
For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

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

For the year ended June 30, 2017, the District recognized pension expense of \$30,928. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0032770675% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,050	\$ -
Changes of assumptions	201,051	-
Net difference between projected and actual earnings on pension plan investments	37,009	-
Changes in proportion and differences between District contributions and proportionate share of contributions	298,220	407,915
District contributions subsequent to the measurement date	<u>35,320</u>	<u>-</u>
Total	<u>\$ 589,650</u>	<u>\$ 407,915</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$970,573 and has been recorded on the district-wide financials.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

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

Year ended June 30:		
2017	\$	57,661
2018		57,661
2019		66,802
2020		56,123
2021		17,863
Thereafter		-
Total	\$	<u>256,110</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	0.87 %
U.S. Treasuries	1.50 %	1.74 %
Investment Grade Credit	8.00 %	1.79 %
Mortgages	2.00 %	1.67 %
High Yield Bonds	2.00 %	4.56 %
Inflation-Indexed Bonds	1.50 %	3.44 %
Broad US 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 %



Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

Discount Rate

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

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease ( 2.98 %)	Current Discount Rate ( 3.98 %)	1% Increase ( 4.98 %)
District's proportionate share of the net pension liability	1,189,324	970,573	789,975

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

6. Pension Plans (Cont'd)

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Contribution Requirements**

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2017	\$ 30,928	100 %
June 30, 2016	23,315	100 %
June 30, 2015	49,259	100 %

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2017	\$ 260,374	100 %
June 30, 2016	244,007	100 %
June 30, 2015	167,593	100 %

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

**6. Pension Plans (Cont'd)**

**Contribution Requirements (Cont'd)**

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

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Charter School in the amount of \$260,374. The State did not make any normal contributions on behalf of the Charter School. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Charter School \$104,537 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with Governmental Accounting Standards.

**Defined Contribution Retirement Plan (DCRP)**

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

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

The Charter School's contributions to the DCRP for June 30, 2017 were \$1,074. There was no liability for unpaid contributions at June 30, 2017.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

**7. Post-Retirement Benefits**

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$104,537 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

**8. Economic Dependency**

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

**9. Deferred Compensation**

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

**10. Risk Management**

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

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

10. Risk Management (Cont'd)

**New Jersey Unemployment Compensation Insurance** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state.

11. Interfund/Internal Balances and Transfers

The following inter-fund balances remained on the balance sheet at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 62,271	-
Special Revenue Fund	-	-
Enterprise Fund	-	61,071
Trust and Agency Fund	-	1,200
	<u>\$ 62,271</u>	<u>\$ 62,271</u>

The Enterprise Fund owes the General Fund for cash advances during the year.

The Trust and Agency Fund owes the General Fund for payments made during the year.

12. Fund Balance Appropriated

**General Fund** - Of the \$818,123 General Fund balance at June 30, 2017, there is a \$2,578 assigned for encumbrances, \$- has been assigned and included as anticipated revenue for the year ending June 30, 2018; therefore, \$815,545 is unassigned. \$400,000 of the unassigned fund balance has been designated for capital projects, and \$415,545 is unassigned and undesignated.

13. Contingent Liabilities

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

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2017

**14. Subsequent Events**

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, November 8, 2017. No such disclosures were required.

**15. Uncertain Tax Positions**

The district had no unrecognized tax benefits. Furthermore, the district had no unrecognized tax benefits at June 30, 2017. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open years prior to June 30, 2014.

**16. Tax Abatement**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RED BANK CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,287,283	\$ 44,310	\$ 1,331,593	\$ 1,324,230	\$ (7,363)
Prior year refunds	-	-	-	-	-
GED testing center fees	-	-	-	-	-
Miscellaneous	90,000	-	90,000	87,007	(2,993)
<b>Total - local sources</b>	<u>1,377,283</u>	<u>44,310</u>	<u>1,421,593</u>	<u>1,411,237</u>	<u>(10,356)</u>
State sources:					
Equalization aid (Local levies - state share)	186,930	-	186,930	192,295	5,365
Special Education Aid	56,082	11,214	67,296	67,296	-
Security aid	12,328	1,517	13,845	13,817	(28)
Adjustment aid	1,217,503	(97,105)	1,120,398	1,120,398	-
Non-public aid	-	61,342	61,342	61,342	-
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	682	682
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	118,034	118,034
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	141,658	141,658
TPAF social security (reimbursed - non-budgeted)	-	-	-	104,537	104,537
<b>Total state sources</b>	<u>1,472,843</u>	<u>(23,032)</u>	<u>1,449,811</u>	<u>1,820,059</u>	<u>370,248</u>
Withdrawal from capital reserve - for local share	-	-	-	-	-
<b>Total revenues</b>	<u>2,850,126</u>	<u>21,278</u>	<u>2,871,404</u>	<u>3,231,296</u>	<u>359,892</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular programs - instruction</b>					
Kindergarten - salaries of teachers	52,200	-	52,200	52,200	-
Grades 1-5 - salaries of teachers	612,712	-	612,712	608,289	4,423
Grades 6-8 - salaries of teachers	247,190	13,025	260,215	260,215	-
Other salaries for instruction	209,934	(9,019)	200,915	173,542	27,373
Purchased professional-educational services	60,350	1,406	61,756	61,756	-
Other purchased services	25,722	-	25,722	25,278	444
General supplies	58,189	5,315	63,504	62,458	1,046
Textbooks	19,211	-	19,211	-	19,211
Other objects	6,114	-	6,114	4,945	1,169
<b>Total instruction</b>	<u>1,291,622</u>	<u>10,727</u>	<u>1,302,349</u>	<u>1,248,683</u>	<u>53,666</u>
<b>School-sponsored cocurricular activities - instruction</b>					
Salaries	70,002	12,451	82,453	82,453	-
<b>Total school-sponsored cocurricular activities - instruction</b>	<u>70,002</u>	<u>12,451</u>	<u>82,453</u>	<u>82,453</u>	<u>-</u>
<b>Total Instruction</b>	<u>1,361,624</u>	<u>23,178</u>	<u>1,384,802</u>	<u>1,331,136</u>	<u>53,666</u>
<b>Undistributed expenditures:</b>					
<b>Health services</b>					
Salaries	60,000	-	60,000	58,895	1,105
Supplies and materials	3,743	-	3,743	2,972	771
<b>Total health services</b>	<u>63,743</u>	<u>-</u>	<u>63,743</u>	<u>61,867</u>	<u>1,876</u>
<b>Child study teams</b>					
Salaries of other professional staff	52,723	-	52,723	45,600	7,123
Purchased professional-educational services	40,965	-	40,965	24,868	16,097
<b>Total child study teams</b>	<u>93,688</u>	<u>-</u>	<u>93,688</u>	<u>70,468</u>	<u>23,220</u>
<b>Improvement of instructional services</b>					
Salaries of Supervisors of Instruction	83,632	-	83,632	83,182	450
<b>Total improvement of instructional services</b>	<u>83,632</u>	<u>-</u>	<u>83,632</u>	<u>83,182</u>	<u>450</u>



**RED BANK CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support services - general administration</b>					
Salaries	\$ 101,417	\$ 6,132	\$ 107,549	\$ 107,549	\$ -
Salaries of health services		-	-	-	-
Legal fees	45,143	(3,253)	41,890	41,890	-
Audit fees	11,750	-	11,750	11,750	-
Communications/telephone	15,541	(372)	15,169	15,169	-
Other purchased services	31,902	548	32,450	32,450	-
General supplies	15,274	3,286	18,560	18,335	225
<b>Total support services</b>	<u>221,027</u>	<u>6,341</u>	<u>227,368</u>	<u>227,143</u>	<u>225</u>
<b>Support services - school administration</b>					
Salaries of principals/assistant principals	136,769	499	137,268	137,268	-
Other objects	37,852	1,826	39,678	39,678	-
<b>Total support services - school administration</b>	<u>174,621</u>	<u>2,325</u>	<u>176,946</u>	<u>176,946</u>	<u>-</u>
<b>Undistributed expenditures</b>					
<b>Central services</b>					
Salaries	32,220	3,580	35,800	35,800	-
Purchased technical services	13,600	(3,580)	10,020	8,505	1,515
Interest on current loans	88,135	-	88,135	86,200	1,935
<b>Total central services</b>	<u>133,955</u>	<u>-</u>	<u>133,955</u>	<u>130,505</u>	<u>3,450</u>
<b>Operation and maintenance of school facilities</b>					
Cleaning, repair, and maint. Services	719	-	719	-	719
<b>Total operation and maintenance of school facilities</b>	<u>719</u>	<u>-</u>	<u>719</u>	<u>-</u>	<u>719</u>
<b>Custodial Services</b>					
Salaries	99,390	-	99,390	98,002	1,388
Cleaning, repair, and maintenance services	40,000	709	40,709	40,709	-
Insurance	5,000	-	5,000	2,149	2,851
General supplies	12,295	-	12,295	7,457	4,838
Energy (natural gas)	9,400	-	9,400	7,880	1,520
Energy (electricity)	38,540	-	38,540	32,150	6,390
Other objects	4,000	1,379	5,379	5,379	-
<b>Total custodial services</b>	<u>208,625</u>	<u>2,088</u>	<u>210,713</u>	<u>193,726</u>	<u>16,987</u>
<b>Student transportation services</b>					
Salaries - between home & school - regular	10,000	-	10,000	2,812	7,188
Contracted services (not home/school) - vendors	2,000	-	2,000	840	1,160
<b>Total student transportation services</b>	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>3,652</u>	<u>8,348</u>
<b>Other support services</b>					
Other undistrib. expenditures - Bus. & other supplies	13,800	13,900	27,700	27,700	-
<b>Total other support services</b>	<u>13,800</u>	<u>13,900</u>	<u>27,700</u>	<u>27,700</u>	<u>-</u>
<b>Unallocated Expenditures:</b>					
Social Security Contributions	-	-	-	-	-
Other Retirement Contributions - PERS	35,000	-	35,000	30,928	4,072
Unemployment Compensation	30,000	-	30,000	28,586	1,414
Workmen's Compensation	44,624	-	44,624	44,624	-
Health Benefits	273,201	(47,832)	225,369	213,561	11,808
Tuition Reimbursement	10,000	-	10,000	7,929	2,071
Other Employee Benefits	15,439	(13,800)	1,639	344	1,295
<b>Total unallocated benefits</b>	<u>408,264</u>	<u>(61,632)</u>	<u>346,632</u>	<u>325,972</u>	<u>20,660</u>
<b>On-behalf contributions:</b>					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	682	(682)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	118,034	(118,034)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	141,658	(141,658)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	104,537	(104,537)
<b>Total on-behalf contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,911</u>	<u>(364,911)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>1,414,074</u>	<u>(36,978)</u>	<u>1,377,096</u>	<u>1,666,072</u>	<u>(288,976)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>2,775,698</u>	<u>(13,800)</u>	<u>2,761,898</u>	<u>2,997,208</u>	<u>(235,310)</u>

**RED BANK CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
Instructional equipment	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000
Non-instructional equipment	-	-	-	-	-
Construction Services	156,799	(6,799)	150,000	131,853	18,147
Purchase of land/improvements	-	-	-	-	-
Mortgage Payments - Principal	128,505	6,799	135,304	128,139	7,165
Other Objects	-	-	-	-	-
Total budgeted capital outlay	<u>295,304</u>	<u>-</u>	<u>295,304</u>	<u>259,992</u>	<u>35,312</u>
<b>Total general fund</b>	<u>3,071,002</u>	<u>(13,800)</u>	<u>3,057,202</u>	<u>3,257,200</u>	<u>(199,998)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(220,876)</u>	<u>35,078</u>	<u>(185,798)</u>	<u>(25,904)</u>	<u>159,894</u>
<b>Other Financing Sources / Uses:</b>					
Operating transfer out - deficit in food service	-	-	-	-	-
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(220,876)</u>	<u>35,078</u>	<u>(185,798)</u>	<u>(25,904)</u>	<u>159,894</u>
<b>Fund Balance, July 1</b>	844,027	-	844,027	844,027	-
<b>Fund Balance, June 30</b>	<u>\$ 623,151</u>	<u>\$ 35,078</u>	<u>\$ 658,229</u>	<u>\$ 818,123</u>	<u>\$ 159,894</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Legally restricted-designated for subsequent year's expenditures				-	
Maintenance reserve				-	
Emergency Reserve				-	
Excess surplus - current year				-	
Excess surplus-designated for subsequent year's expenditures				-	
Capital reserve				-	
<b>Committed Fund Balance:</b>					
Other purposes				-	
Year-end encumbrances				-	
Assigned Fund Balance:					
Year-end encumbrances				2,578	
Restricted for other purposes				-	
Unassigned-Capital projects				400,000	
Unassigned				415,545	
<b>Fund balance per governmental funds (GAAP)</b>				<u>\$ 818,123</u>	

**RED BANK CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	254,560	(12,728)	241,832	241,832	-
Federal sources	100,485	10,155	110,640	110,640	-
<b>Total Revenues</b>	<u>355,045</u>	<u>(2,573)</u>	<u>352,472</u>	<u>352,472</u>	<u>-</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personal services - salaries	177,500	6,640	184,140	184,140	-
Purchased professional and technical services	-	-	-	-	-
General supplies	5,000	3,612	8,612	8,612	-
Professional services	-	5,539	5,539	5,539	-
Other objects	-	-	-	-	-
<b>Total instruction</b>	<u>182,500</u>	<u>15,791</u>	<u>198,291</u>	<u>198,291</u>	<u>-</u>
<b>Support services:</b>					
Salaries of Supervisors of Instruction	8,000	1,243	9,243	9,243	-
Salaries of Principal	15,000	197	15,197	15,197	-
Salaries of Other Professional Staff	18,000	(18,000)	-	-	-
Salaries of Secr. And Clerical Assistants	5,000	10,354	15,354	15,354	-
Other Salaries	21,940	(20,822)	1,118	1,118	-
Other purchased services	34,860	5,459	40,319	40,319	-
Employee benefits	33,745	3,205	36,950	36,950	-
Rentals	30,000	6,000	36,000	36,000	-
Travel	-	-	-	-	-
Supplies - materials	-	-	-	-	-
<b>Total support services</b>	<u>166,545</u>	<u>(12,364)</u>	<u>154,181</u>	<u>154,181</u>	<u>-</u>
<b>Facilities acquisition and const. serv.:</b>					
Instructional equipment	4,000	(4,000)	-	-	-
Non-Instructional equipment	2,000	(2,000)	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>355,045</u>	<u>(2,573)</u>	<u>352,472</u>	<u>352,472</u>	<u>-</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RED BANK CHARTER SCHOOL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2017**

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

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,231,296	[C-2]	\$ 352,472
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(30)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(141,658)		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,089,638	[B-2]	\$ 352,442
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,257,200	[C-2]	\$ 352,472
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(141,658)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		(30)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 3,115,542	[B-2]	\$ 352,442

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RED BANK CHARTER SCHOOL**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability-PERS**  
**For the Fiscal Year Ended June 30, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0058311306%	0.0025727791%	0.0032770675%
District's proportionate share of the net pension liability	\$ 1,091,747	\$ 599,656	\$ 970,573
District's covered-employee payroll	680,628	234,816	272,649
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.40%	255.37%	355.98%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%

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

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

**RED BANK CHARTER SCHOOL**  
**Required Supplementary Information**  
**Schedule of the District Contributions-PERS**  
**For the Fiscal Year Ended June 30, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 49,259	\$ 23,315	\$ 30,928
Contributions in relation to the contractually required contribution	<u>49,259</u>	<u>23,315</u>	<u>30,928</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 680,628	\$ 234,816	\$ 272,649
Contributions as a percentage of covered-employee payroll	7.24%	9.93%	11.34%

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

**RED BANK CHARTER SCHOOL**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability-TPAF**  
**For the Fiscal Year Ended June 30, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0118021042%	0.0119803210%	0.1391169420%
District's proportionate share of the net pension liability	\$ 6,307,841	\$ 7,572,074	\$ 10,943,824
District's covered-employee payroll	1,180,568	1,716,656	1,449,585
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	534.31%	441.09%	754.96%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

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



Red Bank Charter School

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2017

Assumptions

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

Inflation Rate	3.08 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.64 - 5.15 % based on age
Investment rate of return	7.65 %

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

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

OTHER SUPPLEMENTARY INFORMATION

**RED BANK CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	I.D.E.A Preschool Program Part B 16/17	I.D.E.A Regular Program Part B 16/17	Title I 16/17	Title II-A 16/17	Pre-School Education Aid 16/17	Total 2017
<b>Revenues:</b>						
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	241,832	241,832
Federal sources	798	39,521	67,022	3,299	-	110,640
<b>Total revenues</b>	<u>798</u>	<u>39,521</u>	<u>67,022</u>	<u>3,299</u>	<u>241,832</u>	<u>352,472</u>
<b>Expenditures:</b>						
Instruction:						
Salaries	-	-	53,192	-	130,948	184,140
Other salaries - instruction	-	-	-	-	-	-
General supplies	-	-	-	-	8,612	8,612
Professional services	-	-	-	3,299	2,240	5,539
Other Objects	-	-	-	-	-	-
<b>Total instruction</b>	<u>-</u>	<u>-</u>	<u>53,192</u>	<u>3,299</u>	<u>141,800</u>	<u>198,291</u>
<b>Support services:</b>						
Other support services - students - special:						
Salaries of Supervisors of Instruction	-	-	-	-	9,243	9,243
Salaries of Principal	-	-	-	-	15,197	15,197
Salaries of Other Professional Staff	-	-	-	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	15,354	15,354
Other Salaries	-	-	-	-	1,118	1,118
Other purchased services	798	39,521	-	-	-	40,319
Employee benefits	-	-	13,830	-	23,120	36,950
Rentals	-	-	-	-	36,000	36,000
<b>Total other support services - students - special</b>	<u>798</u>	<u>39,521</u>	<u>13,830</u>	<u>-</u>	<u>100,032</u>	<u>154,181</u>
<b>Facilities acquisition and construction equipment:</b>						
Instructional equipment	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
<b>Total facilities acquisition and construction equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 798</u>	<u>\$ 39,521</u>	<u>\$ 67,022</u>	<u>\$ 3,299</u>	<u>\$ 241,832</u>	<u>\$ 352,472</u>

**RED BANK CHARTER SCHOOL**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid Expenditures**  
**Preschool - All Programs**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 130,948	\$ 130,948	\$ -
Other Salaries for Instruction	-	-	-
Purchased Professional & Technical Services	-	-	-
Other Purchased Services (400-500 series)	2,240	2,240	-
Tuition to Other LEAs Within the State - Regular	-	-	-
General Supplies	8,612	8,612	-
Other Objects	-	-	-
<b>Total instruction</b>	<u>141,800</u>	<u>141,800</u>	<u>-</u>
<b>Support services:</b>			
Salaries of Supervisors of Instruction	9,243	9,243	-
Salaries of Principals	15,197	15,197	-
Salaries of Other Professional Staff	-	-	-
Salaries of Secr. And Clerical Assistants	15,354	15,354	-
Other Salaries	1,118	1,118	-
Personal Services - Employee Benefits	23,120	23,120	-
Rentals	36,000	36,000	-
<b>Total support services</b>	<u>100,032</u>	<u>100,032</u>	<u>-</u>
<b>Facilities acquisition and cont. serv:</b>			
Instructional equipment	-	-	-
Non-instructional Equipment	-	-	-
<b>Total Facilities acquisition and cont. serv.</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 241,832</u>	<u>\$ 241,832</u>	<u>\$ -</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2016-17 PreK/ECPA Aid Allocation	\$ 241,832
Add: Actual PreK/ECPA Aid Carryover June 30, 2016	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2016-17 Budget	<u>241,832</u>
Less: 2015-16 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>241,832</u>
Available & Unbudgeted Funds as of June 30, 2017	-
Add: June 30, 2016 Unexpended PreK Aid	-
2016- Actual Carryover - PreK Aid	<u>\$ -</u>
2016-17 PreK Aid Carryover Budgeted in 2018-FY	<u>\$ -</u>

**RED BANK CHARTER SCHOOL**  
**Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 39,393	\$ 39,393
Accounts receivable:		
State	38	38
Federal	<u>2,669</u>	<u>2,669</u>
<b>Total current assets</b>	<u>42,100</u>	<u>42,100</u>
<b>Fixed assets:</b>		
Equipment	8,250	8,250
Accumulated depreciation	<u>(4,008)</u>	<u>(4,008)</u>
<b>Total fixed assets</b>	<u>4,242</u>	<u>4,242</u>
<b>Total assets</b>	<u>\$ 46,342</u>	<u>\$ 46,342</u>
<b>Liabilities and Fund Equity:</b>		
Liabilities:		
Accounts payable	-	-
Interfund payable	<u>61,071</u>	<u>61,071</u>
<b>Total liabilities</b>	<u>61,071</u>	<u>61,071</u>
<b>Net position:</b>		
Net capital assets	4,242	4,242
Restricted for other purposes	-	-
Unrestricted net position	<u>(18,971)</u>	<u>(18,971)</u>
<b>Total fund equity</b>	<u>(14,729)</u>	<u>(14,729)</u>
<b>Total liabilities and fund equity</b>	<u>\$ 46,342</u>	<u>\$ 46,342</u>

**RED BANK CHARTER SCHOOL**  
**Enterprise Funds**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**For the Fiscal Year ended June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating revenues:</b>		
<b>Local sources:</b>		
Daily sales-reimbursable programs:		
School breakfast program	\$ 10,432	\$ 10,432
School lunch program	256	256
	<u>10,688</u>	<u>10,688</u>
Total-daily sales-reimbursable programs	10,688	10,688
	<u>10,688</u>	<u>10,688</u>
<b>Total operating revenues</b>	<u>10,688</u>	<u>10,688</u>
<b>Operating expenses:</b>		
Salaries	28,232	28,232
Supplies and materials	9,604	9,604
Depreciation	1,179	1,179
Cost of sales - reimbursable programs	51,222	51,222
Cost of sales - non-reimbursable programs	-	-
	<u>90,237</u>	<u>90,237</u>
<b>Total operating expenses</b>	<u>90,237</u>	<u>90,237</u>
<b>Operating income (loss)</b>	<u>(79,549)</u>	<u>(79,549)</u>
<b>Nonoperating revenues:</b>		
State sources:		
State school lunch program	673	673
Federal sources:		
National school lunch program	33,465	33,465
National school breakfast program	9,037	9,037
Food distribution program	-	-
	<u>43,175</u>	<u>43,175</u>
<b>Total nonoperating revenues</b>	<u>43,175</u>	<u>43,175</u>
Change in net position before transfers	(36,374)	(36,374)
Transfers in (out)	-	-
Change in net position	(36,374)	(36,374)
Total unrestricted net position beginning	21,645	21,645
Total unrestricted net position ending	<u>\$ (14,729)</u>	<u>\$ (14,729)</u>

RED BANK CHARTER SCHOOL  
Food Services Enterprise Fund  
Combining Statement of Cash Flows  
for the Fiscal Year ended June 30, 2017

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and other funds	\$ 10,688	\$ 10,688
Payments to employees & benefits	(28,232)	(28,232)
Payments to suppliers	(60,826)	(60,826)
<b>Net cash used in operating activities</b>	(78,370)	(78,370)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		-
State sources	676	676
Federal sources	42,310	42,310
Board interfund loans	46,071	46,071
<b>Net cash provided by non-capital financing activities</b>	89,057	89,057
<b>Net increase (decrease) in cash and cash equivalents</b>	10,687	10,687
<b>Balances—beginning of year</b>	28,706	28,706
<b>Balances—end of year</b>	\$ 39,393	\$ 39,393
<b>Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:</b>		
Operating loss	\$ (79,549)	\$ (79,549)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation and net amortization	1,179	1,179
Federal commodities	-	-
(Increase) decrease in accounts receivable, net	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued salaries benefits	-	-
Increase (decrease) in compensated absences	-	-
Total adjustments	1,179	1,179
<b>Net cash used in operating activities</b>	\$ (78,370)	\$ (78,370)

**RED BANK CHARTER SCHOOL**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,135	\$ 15,039	\$ 21,174
Investments	-	-	-
Intrafund receivable	-	-	-
Total assets	<u>6,135</u>	<u>15,039</u>	<u>21,174</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	-	13,839	13,839
Payable to student groups	6,135	-	6,135
Interfund payable	-	1,200	1,200
Intrafund payable	-	-	-
Total liabilities	<u>6,135</u>	<u>15,039</u>	<u>21,174</u>
<b>Net Position</b>			
Reserved for scholarships	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 6,135</u>	<u>\$ 15,039</u>	<u>\$ 21,174</u>



**RED BANK CHARTER SCHOOL**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activities Funds	<u>\$ 7,299</u>	<u>\$ 12,648</u>	<u>\$ 13,812</u>	<u>\$ 6,135</u>

RED BANK CHARTER SCHOOL  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 17,998	\$ 917,457	\$ 920,416	\$ 15,039
<b>Total assets</b>	<u>17,998</u>	<u>917,457</u>	<u>920,416</u>	<u>15,039</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	1,798	917,457	905,416	13,839
Interfund payable	<u>16,200</u>	<u>-</u>	<u>15,000</u>	<u>1,200</u>
<b>Total liabilities</b>	<u>\$ 17,998</u>	<u>\$ 917,457</u>	<u>\$ 920,416</u>	<u>\$ 15,039</u>

RED BANK CHARTER SCHOOL  
 Long-Term Debt  
 Mortgage on Building  
 for the Fiscal Year ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Mortgage	1/15/2014	\$ 1,760,562	2018	104,360	3.33%				
			2019	107,939	3.33%				
			2020	111,533	3.33%				
			2021	115,464	3.33%				
			2022	119,423	3.33%				
			2023	123,519	3.33%				
			2024	127,692	3.33%				
			2025	132,132	3.33%				
			2026	136,663	3.33%				
			2027	141,350	3.33%				
			2028	146,185	3.33%				
			2029	63,892	3.33%	1,531,052		100,900	1,430,152
Mortgage	1/15/2014	\$ 1,020,000	2018	28,293	3.75%				
			2019	29,387	3.75%				
			2020	30,435	3.75%				
			2021	31,702	3.75%				
			2022	32,928	3.75%				
			2023	34,203	3.75%				
			2024	35,450	3.75%				
			2025	36,897	3.75%				
			2026	38,326	3.75%				
			2027	39,808	3.75%				
			2028	41,288	3.75%				
			2029	42,945	3.75%				
			2030	44,608	3.75%				
			2031	46,333	3.75%				
			2032	48,084	3.75%				
			2033	49,986	3.75%				
			2034	51,920	3.75%				
			2035	53,929	3.75%				
			2036	55,997	3.75%				
			2037	58,182	3.75%				
			2038	60,433	3.75%				
			2039	42,289	3.75%	960,662	-	27,239	933,423
						<u>\$ 2,491,714</u>	<u>\$ -</u>	<u>\$ 128,139</u>	<u>\$ 2,363,575</u>

STATISTICAL SECTION

**RED BANK CHARTER SCHOOL  
Statistical Section**

**J series**

**Contents**

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**Financial Trends**

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

**79-84**

**Revenue Capacity**

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

**N/A**

**Debt Capacity**

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

**N/A**

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial

**N/A**

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it

**85-88**

**Performance Framework**

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net capital assets	\$ 1,128,377	\$ 1,065,932	\$ 1,018,407	\$ 968,388	\$ 988,510	\$ 947,328	\$ 824,711	\$ 847,766	\$ 925,901	\$ 1,013,898
Restricted	-	-	-	-	-	-	82,614	-	24,896	402,578
Unrestricted	30,735	(16,107)	27,690	152,493	258,684	304,574	565,656	(426,983)	(11,308)	(289,793)
Total governmental activities net assets/position	<u>1,159,112</u>	<u>1,049,825</u>	<u>1,046,097</u>	<u>1,120,881</u>	<u>1,247,194</u>	<u>1,251,902</u>	<u>1,472,981</u>	<u>420,783</u>	<u>939,489</u>	<u>1,126,683</u>
Business-type activities										
Net capital assets	-	-	-	-	-	-	-	6,600	5,421	4,242
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,482	8,215	12,630	18,669	28,371	29,173	1,802	(44,702)	16,224	(18,971)
Total business-type activities net assets/position	<u>3,482</u>	<u>8,215</u>	<u>12,630</u>	<u>18,669</u>	<u>28,371</u>	<u>29,173</u>	<u>1,802</u>	<u>(38,102)</u>	<u>21,645</u>	<u>(14,729)</u>
District-wide										
Net capital assets	1,128,377	1,065,932	1,018,407	968,388	988,510	947,328	824,711	854,366	931,322	1,018,140
Restricted	-	-	-	-	-	-	82,614	-	24,896	402,578
Unrestricted	34,217	(7,892)	40,320	171,162	287,055	333,747	567,458	(471,685)	4,916	(308,764)
Total district net assets/position	<u>\$ 1,162,594</u>	<u>\$ 1,058,040</u>	<u>\$ 1,058,727</u>	<u>\$ 1,139,550</u>	<u>\$ 1,275,565</u>	<u>\$ 1,281,075</u>	<u>\$ 1,474,783</u>	<u>\$ 382,681</u>	<u>\$ 961,134</u>	<u>\$ 1,111,954</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,621,418	\$ 1,722,801	\$ 1,659,139	\$ 1,637,523	\$ 1,734,111	\$ 1,894,183	\$ 1,522,941	\$ 1,510,776	\$ 1,444,478	\$ 1,446,944
Special Education instruction								48,780	-	-
Other special instruction								151,493	172,114	165,635
Support Services:										
Instruction								-	-	-
Attendance and social work								-	-	-
Health services								237,101	224,645	216,048
Other support services								51,381	33,725	70,468
Improvement of instruction								-	-	-
Educational media services								-	-	-
Instruction staff training								-	-	-
General administrative services								129,487	109,772	254,843
School administrative services								68,921	31,591	176,946
School central services								163,107	74,970	44,305
School admin info technology								-	-	-
Allowed maintenance for school facilities								-	-	-
Other operation & Maintenance of plant								260,720	375,899	265,721
Care & upkeep of grounds								-	-	-
Security								-	-	-
Student transportation services								520	1,010	3,652
Unallocated employee benefits								229,173	(18,664)	300,871
Non-budgeted expenditures								271,733	236,969	223,253
Interest expense								-	90,637	86,200
School Support services	592,284	494,714	519,319	482,793	576,120	593,092	1,195,668			
Pupil transportation	-	-	-	-	-	-	-			
General administration	624,951	569,667	560,782	584,741	569,050	625,646	512,429			
Non-budgeted expenditures										
Total governmental activities expenses	2,838,653	2,787,182	2,739,240	2,705,057	2,879,281	3,112,921	3,231,038	3,123,192	2,837,146	3,254,886
Business-type activities:										
Food service	40,341	40,890	45,664	46,210	51,800	65,958	87,247	94,821	92,193	90,237
Total business-type activities expense	40,341	40,890	45,664	46,210	51,800	65,958	87,247	94,821	92,193	90,237
Total district expenses	2,878,994	2,828,072	2,784,904	2,751,267	2,931,081	3,178,879	3,318,285	3,218,013	2,929,339	3,345,123
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	137,955	102,242	128,111	144,251	104,520	106,907	342,083	271,733	236,969	223,253
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	137,955	102,242	128,111	144,251	104,520	106,907	342,083	271,733	236,969	223,253
Business-type activities:										
Charges for services										
Food service	14,033	15,601	13,239	13,415	16,571	17,105	14,267	10,793	13,605	10,688
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	29,238	30,022	36,840	38,834	44,931	49,655	45,608	44,124	44,300	43,175
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	43,271	45,623	50,079	52,249	61,502	66,760	59,875	54,917	57,905	53,863
Total district program revenues	181,226	147,865	178,190	196,500	166,022	173,667	401,958	326,650	294,874	277,116

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	(2,700,698)	(2,684,940)	(2,611,129)	(2,560,806)	(2,774,761)	(3,006,014)	(2,888,955)	(3,123,192)	(2,600,177)	(3,031,633)
Business-type activities	2,930	4,733	4,415	6,039	9,702	802	(27,372)	(94,821)	(34,288)	(36,374)
Total district-wide net expense	<u>(2,697,768)</u>	<u>(2,680,207)</u>	<u>(2,606,714)</u>	<u>(2,554,767)</u>	<u>(2,765,059)</u>	<u>(3,005,212)</u>	<u>(2,916,327)</u>	<u>(3,218,013)</u>	<u>(2,634,465)</u>	<u>(3,068,007)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	1,355,756	1,442,956	1,419,080	1,400,343	1,396,289	1,337,629	1,336,401	1,345,557	1,377,958	1,324,230
Tuition charges	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,479,585	1,096,175	1,178,053	1,204,502	1,471,523	1,638,681	1,626,977	1,589,873	1,738,753	2,030,843
Federal and State Aid Restricted	-	-	-	-	-	-	-	0	0	0
Miscellaneous income	26,767	36,522	10,268	30,745	33,263	34,412	146,656	35,469	96,207	87,007
Transfers	-	-	-	-	-	-	-	-	(94,035)	-
Total governmental activities	<u>2,862,108</u>	<u>2,575,653</u>	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>	<u>3,118,883</u>	<u>3,442,080</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	34,035	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,035</u>	<u>-</u>
Total district-wide	<u>2,862,108</u>	<u>2,575,653</u>	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>	<u>3,212,918</u>	<u>3,442,080</u>
<b>Change in Net Assets/Position</b>										
Governmental activities	161,410	(109,287)	(3,728)	74,784	126,314	4,708	221,079	119,440	518,706	410,447
Business-type activities	2,930	4,733	4,415	6,039	9,702	802	(27,372)	(39,904)	59,747	(36,374)
Total district	<u>\$ 164,340</u>	<u>\$ (104,554)</u>	<u>\$ 687</u>	<u>\$ 80,823</u>	<u>\$ 136,016</u>	<u>\$ 5,510</u>	<u>\$ 193,707</u>	<u>\$ 79,536</u>	<u>\$ 578,453</u>	<u>\$ 374,073</u>



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Unreserved	\$ 7,745	\$ 20,893	\$ 53,690	\$ 167,493	\$ 245,484	\$ 202,467	\$ 580,655	\$ 626,641	\$ 819,131	\$ 815,545
Assigned	-	-	-	-	28,200	117,107	82,614	-	24,896	2,578
Total general fund	<u>7,745</u>	<u>20,893</u>	<u>53,690</u>	<u>167,493</u>	<u>273,684</u>	<u>319,574</u>	<u>663,269</u>	<u>626,641</u>	<u>844,027</u>	<u>818,123</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tuition charges	\$ 1,355,756	\$ 1,442,956	\$ 1,419,080	\$ 1,400,343	\$ 1,396,289	\$ 1,337,629	\$ 1,336,401	\$ 1,345,557	\$ 1,377,958	\$ 1,324,230
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	26,767	36,522	10,268	25,795	33,263	34,412	146,654	35,469	96,207	87,007
Local sources	27,119	6,385	60,375	37,361	19,182	18,743	8,446	-	-	-
State sources	1,226,629	1,180,557	1,178,053	1,204,502	1,471,523	1,638,681	1,816,138	1,775,212	1,859,688	1,920,233
Federal sources	102,577	95,857	67,736	111,840	85,338	88,164	144,476	86,394	116,034	110,610
<b>Total revenue</b>	<b>2,738,848</b>	<b>2,762,277</b>	<b>2,735,512</b>	<b>2,779,841</b>	<b>3,005,595</b>	<b>3,117,629</b>	<b>3,452,115</b>	<b>3,242,632</b>	<b>3,449,887</b>	<b>3,442,080</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,263,111	1,353,432	1,275,553	1,257,771	1,321,201	1,408,620	1,358,323	1,236,783	1,442,978	1,446,944
Nonpublic school programs	-	-	-	-	-	-	-	48,780	-	-
Adult/continuing education	-	-	-	-	-	-	-	151,493	172,114	165,635
Support Services:										
Instruction	-	-	-	-	-	-	-	-	-	-
Attendance and social work	-	-	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	237,101	224,645	216,048
Other support services	-	-	-	-	-	-	-	51,381	33,725	70,468
Improvement of instruction	-	-	-	-	-	-	-	-	-	-
Educational media services	-	-	-	-	-	-	-	-	-	-
Instruction staff training	-	-	-	-	-	-	-	-	-	-
General administrative services	-	-	-	-	-	-	-	129,487	109,772	254,843
School administrative services	-	-	-	-	-	-	-	68,921	91,591	176,946
School central services	-	-	-	-	-	-	-	163,107	74,970	44,305
School admin info technology	-	-	-	-	-	-	-	-	-	-
Required maintenance for school facilities	-	-	-	-	-	-	-	-	-	-
Other operation & maintenance of plant	-	-	-	-	-	-	-	260,720	289,422	193,726
Care & upkeep of grounds	-	-	-	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	520	1,010	3,652
Unallocated employee benefits	-	-	-	-	-	-	-	371,501	313,191	325,972
Non-budgeted expenditures	-	-	-	-	-	-	-	271,733	236,969	223,253
General administrative services	853,965	790,278	770,041	766,265	769,983	854,014	811,078	-	-	-
Capital outlay	100,217	84,259	98,702	95,973	168,434	109,168	124,555	180,563	255,249	346,192
<b>Total expenditures</b>	<b>2,217,293</b>	<b>2,227,969</b>	<b>2,144,296</b>	<b>2,120,009</b>	<b>2,259,618</b>	<b>2,371,802</b>	<b>2,293,956</b>	<b>3,172,090</b>	<b>3,245,636</b>	<b>3,467,984</b>
Excess (Deficiency) of revenues over (under) expenditures	521,555	534,308	591,216	659,832	745,977	45,890	343,695	70,542	204,251	(25,904)
<b>Other Financing sources (uses)</b>										
Transfers out	-	-	-	-	-	-	-	-	(94,035)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(94,035)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 521,555</b>	<b>\$ 534,308</b>	<b>\$ 591,216</b>	<b>\$ 659,832</b>	<b>\$ 745,977</b>	<b>\$ 45,890</b>	<b>\$ 343,695</b>	<b>\$ 70,542</b>	<b>\$ 110,216</b>	<b>\$ (25,904)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.  
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

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

Fiscal Year Ending June 30,	Interest on Investments	Donations	Mortgage Modification Proceeds	Refund of Prior Year Expenditures	Use of Facilities	Study Buddies & Summer Institute	E-Rate	Miscellaneous	Annual Totals
2008	3,663	-	-	10,689	-	3,300		9,115	26,767
2009	766	3,724	-	15,499	500	5,923		10,110	36,522
2010	478	1,502	-	1,256	500	5,494		1,038	10,268
2011	479	1,645	-	8,910	2,755	8,910		8,046	30,745
2012	386	3,041	-	6,434	6,351	10,248		6,803	33,263
2013	-	2,190	-	9,859	9,546	7,671		5,146	34,412
2014	-	1,941	107,170	1,637	12,162	10,908	3,594	9,242	146,654
2015	-	1,028	-	1,595	5,378	4,727	3,226	11,814	27,768
2016	-	7,640	-	1,595	5,635	41,671	2,786	36,880	96,207
2017	-	1,404	-	2,347	5,748	21,609	540	55,359	87,007

Source: District records

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	16.0	16.0	16.0	16.0	15.0	16.0	16.0	16.0	16.0	16.0
Special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other special education										
Vocational										
Other instruction	9.0	9.0	6.0	7.0	5.0	6.0	6.0	6.0	6.0	6.0
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pupil transportation										
Other support services										
Special Schools										
Food Service	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Care										
<b>Total</b>	<u>39.0</u>	<u>39.0</u>	<u>36.0</u>	<u>37.0</u>	<u>34.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>

**Source:** District Personnel Records

**RED BANK CHARTER SCHOOL  
Operating Statistics,  
Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2008	162.0	2,736,502	16,892	3.20%	21.0	18	15.5	158.9	152.0	1.40%	95.66%
2009	172.0	2,664,870	15,493	-8.28%	21.0	18	15.5	172.0	166.0	8.24%	96.51%
2010	173.0	2,604,013	15,052	-2.85%	21.0	18	15.5	173.0	171.0	58.00%	98.84%
2011	176.0	2,570,065	14,603	-2.99%	20.0	18	15.5	172.5	169.0	-30.00%	98.00%
2012	175.0	2,730,970	15,606	6.87%	20.0	18	15.5	175.0	170.0	1.46%	97.14%
2013	177.0	2,962,571	16,738	14.62%	21.0	18	15.5	173.5	170.0	57.00%	98.00%
2014	197.0	2,760,674	14,014	-10.20%	22.0	19	15.5	193.1	189.0	10.32%	98.00%
2015	193.0	2,685,269	13,913	-0.72%	22.0	8.77	-	0.0	0.0	-100.00%	98.00%
2016	180.0	2,746,109	15,256	8.90%	16.0	11.25	-	178.0	176.0	1.71%	98.00%
2017	180.9	2,892,289	15,988	14.09%	27.0	6.70	-	180.0	175.0	2.86%	96.74%

**Sources:** District records

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

a Operating expenditures equal total expenditures less debt service, on behalf and capital outlay per schedule c -1

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). From Gvancardo

**RED BANK CHARTER SCHOOL  
School Building Information  
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>District Building</b>										
<u>Elementary and Middle School (Combined)</u>										
The Red Bank Charter School										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Capacity (students)	162	180	180	180	180	180	200	200	200	200
Enrollment	156	173	173	173	175	177	193	193	193	181

Number of Schools at June 30, 2017  
 Elementary and Middle School combined = 1

**Source:** Charter School Records

**RED BANK CHARTER SCHOOL**  
**Insurance Schedule**  
**June 30, 2017**

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

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

	2012 Audit	2013 Audit	2014 Audit	2015 Audit	2016 Audit	2017 Audit
Cash	355,087	366,944	690,917	751,308	909,868	720,699
Current Assets	384,637	410,523	763,730	2,231	8,059	72,753
Total Assets	4,207,329	4,099,924	4,327,606	4,319,570	4,377,914	4,341,938
Current Liabilities	82,582	70,026	106,083	79,627	79,627	-
Total Liabilities	2,931,764	2,818,849	2,852,823	79,627	3,202,497	3,411,719
Net Position	1,275,565	1,281,075	1,474,783	382,681	961,134	1,111,954
Total Revenue	3,067,097	3,184,389	3,452,117	3,025,816	3,507,792	3,495,943
Total Expenses	2,931,081	3,178,879	3,231,037	2,852,850	2,929,339	3,031,633
Change in Net Assets	136,016	5,510	221,079	172,966	578,453	464,310
Depreciation Expense	148,311	150,351	151,537	93,430	95,048	71,995
Interest Expense	148,498	143,324	123,998	93,504	90,637	86,200
Principal Payments	95,183	100,358	90,401	116,484	123,540	128,139
Interest Payments	-	-	-	93,504	90,637	86,200
Final Average Daily Enrollment	176	177	194	196	200	181
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A	N/A	N/A

**RATIO ANALYSIS**

Near Term Indicators

1a Current Ratio	4.66	5.86	7.20	9.46	11.53	#DIV/0!
1b Unrestricted Days Cash	972.84	1005.33	1,892.92	96.12	113.37	86.77
1c Enrollment Variance	0	0	9.6	0	2.04%	-7.70%
1d Default	NO	NO	NO	0	0	0

Sustainability Indicators

2a Total Margin	4%	0%	6%	6%	16%	13%
2b Debt to Asset	0.7	0.69	0.66	0.02	0.73	0.79
2c Cash Flow	209,610	366,944	335,830	384,364	158,560	(189,169)
2d Debt Service Coverage Ratio	N/A	N/A	N/A	1.71	3.57	2.90



SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Red Bank Charter School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Red Bank Charter School basic financial statements, and have issued our report thereon dated November 8, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Red Bank Charter School's Response to the Finding**

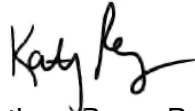
Red Bank Charter School's response to the finding can be found on the Schedule of Findings and Questioned Costs. Red Bank Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Respectfully Submitted,

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



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

November 8, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

**Report on Compliance for Each Major State Program**

We have audited Red Bank Charter School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Red Bank Charter School's major state programs for the year ended June 30, 2017. Red Bank Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Red Bank Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Red Bank Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal and State Program**

In our opinion, Red Bank Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

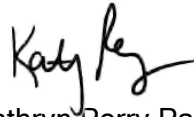
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey State OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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



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

November 8, 2017

RED BANK CHARTER SCHOOL  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2016</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2017</u>	<u>Accounts Receivable at June 30, 2017</u>	<u>Due to Grantor at June 30, 2017</u>
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010A	7/1/16-6/30/17	\$ 67,022	\$ -	\$ -	\$ 26,809	\$ (67,022)	\$ -	\$ (40,213)	\$ -
Title II, Part A	84.367A	7/1/16-6/30/17	3,299	-	-	2,000	(3,299)	-	(1,299)	-
I.D.E.A. Part B Basic Regular	84.027	7/1/16-6/30/17	39,521	-	-	17,000	(39,521)	-	(22,521)	-
I.D.E.A. Part B Preschool	84.173	7/1/16-6/30/17	798	-	-	500	(798)	-	(298)	-
Total Special Revenue Fund				-	-	46,309	(110,640)	-	(64,331)	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Service Enterprise Fund:										
School Breakfast Program	10.553	7/1/15-6/30/16	8,609	(498)	-	498	-	-	-	-
School Breakfast Program	10.553	7/1/16-6/30/17	9,037	-	-	8,331	(9,037)	-	(706)	-
National School Lunch Program	10.555	7/1/16-6/30/17	33,465	-	-	31,502	(33,465)	-	(1,963)	-
National School Lunch Program	10.555	7/1/15-6/30/16	30,720	(1,979)	-	1,979	-	-	-	-
Food Donation Program - Commodities	10.555	7/1/16-6/30/17	-	-	-	-	-	-	-	-
Total Enterprise (Food Service) Fund				(2,477)	-	42,310	(42,502)	-	(2,669)	-
Total Expenditures of Federal Awards				\$ (2,477)	\$ -	\$ 88,619	\$ (153,142)	\$ -	\$ (67,000)	\$ -

**RED BANK CHARTER SCHOOL**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2017	(Accounts Receivable) at June 30, 2017	Due to Grantor at June 30, 2017
New Jersey Department of Education									
General Fund:									
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 67,296	\$ -	\$ 67,296	\$ (67,296)	\$ -	\$ -	\$ -
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	13,817	-	13,817	(13,817)	-	-	-
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1,088,755	(334)	334	-	-	-	-
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,120,398	-	1,120,398	(1,120,398)	-	-	-
Non Public Aid	17-495-034-5120-000	7/1/16-6/30/17	61,342	-	61,342	(61,342)	-	-	-
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	192,295	-	192,295	(192,295)	-	-	-
On-Behalf TPAF Pension Contribution	17-100-034-5095-002	7/1/16-6/30/17	141,658	-	141,658	(141,658)	-	-	-
On-Behalf TPAF Post-Retirement Medical	17-100-034-5095-001	7/1/16-6/30/17	118,034	-	118,034	(118,034)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	17-100-034-5095-004	7/1/16-6/30/17	682	-	682	(682)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	16-495-034-5094-003	7/1/15-6/30/16	104,344	(5,207)	5,207	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	17-495-034-5094-003	7/1/16-6/30/17	104,537	-	98,822	(104,537)	-	(5,715)	-
Total General Fund				(5,541)	1,819,885	(1,820,059)	-	(5,715)	-
Special Revenue Fund:									
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	240,559	(157)	157	-	-	-	-
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	241,832	-	241,832	(241,832)	-	-	-
Total Special Revenue Fund				(157)	241,989	(241,832)	-	-	-
Enterprise Fund:									
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	642	(41)	41	-	-	-	-
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	673	-	635	(673)	-	(38)	-
Total Enterprise Fund				(41)	676	(673)	-	(38)	-
Total Expenditures of State Awards for testing				\$ (5,739)	\$ 2,062,550	\$ (2,062,564)	\$ -	\$ (5,753)	\$ -
State Financial Assistance Not Subject to Single Audit Determination				-	260,374	(260,374)	-	-	-
Total State Financial Assistance				\$ (5,739)	\$ 1,802,176	\$ (1,802,190)	\$ -	\$ (5,753)	\$ -

See accompanying notes to schedules of expenditures.



## Red Bank Charter School

## Notes to Schedules of Awards and Financial Assistance

June 30, 2017

## 1. General

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

## 2. Basis of Accounting

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

## 3. Relationship to Basic Financial Statements

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

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

## Red Bank Charter School

## Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

## 3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(141,658) for the general fund and \$30 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,678,401	\$ 1,678,401
Special Revenue Fund	110,610	241,832	352,442
Food Service Fund	<u>42,502</u>	<u>673</u>	<u>43,175</u>
Total awards and financial assistance	<u>\$ 153,112</u>	<u>\$ 1,920,906</u>	<u>\$ 2,074,018</u>

## 4. Relationship to Federal and State Financial Reports

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

## 5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2017.

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

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

**Section I - Summary of Auditor's Results**

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified?    \_\_\_\_\_ yes                    \_\_\_\_\_no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                    \_\_\_\_\_ yes                    \_\_\_\_\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Circular the Uniform Guidance? \_\_\_\_\_yes \_\_\_no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?                    yes                     no

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2017

Section I - Summary of Auditor's Results (continued)

State Awards Section

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

Auditee qualified as low-risk auditee? \_\_\_yes \_\_\_X\_\_\_no

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? \_\_\_\_\_ yes \_\_\_X\_\_\_no

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public Cluster	
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-085	Adjustment Aid

Red Bank Charter School  
Summary of Findings and Questioned Costs

June 30, 2017

**Section II - Financial Statement Findings**

No matters were reported for the period ended June 30, 2016.

Prior Year Audit Findings  
None

**Section III - State Award Findings and Questioned Costs**

Current year findings and questioned costs

None

Red Bank Charter School  
Summary Schedule of Prior Audit Findings  
June 30, 2017

There were no prior year findings for the period ended June 30, 2016.