

***RIVERBANK CHARTER SCHOOL OF EXCELLENCE***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2018***

***RIVERBANK CHARTER SCHOOL OF EXCELLENCE***

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

***Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
RIVERBANK CHARTER SCHOOL OF EXCELLENCE  
ROEBLING, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

***Prepared By***

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

***And***

***Barre & Company LLC, CPA's***

## STATE BOARD OF EDUCATION

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***INTRODUCTORY SECTION***

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

January 28, 2019

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Riverbank Charter School of Excellence (Charter School) for the fiscal year ended June 30, 2018. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Riverbank Charter School of Excellence with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

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

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

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

## **Charter School Organization**

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

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

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

The focus of education at Riverbank Charter School of Excellence has always been what is best for the success of the children. With this in mind, the school provides a full range of educational services appropriate to meeting the needs of all students in grades Kindergarten through Grade 3 during the 2017-2018 school year. Such instructional services include regular education, special education and basic skills program.

Riverbank Charter School of Excellence ended the 2017-2018 school year with an enrollment of 144 students. The following details the student enrollment of the Charter School over the last year:

## **REPORTING ENTITY AND ITS SERVICES (CONTINUED):**

	<u>Average Daily Enrollment</u>	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Average Daily Enrollment</u>
2017-2018	142	142.00
2016-2017	142	142.00
2015-2016	142	142.00
2014-2015	143	143.00
2013-2014	142	142.00

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

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

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

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

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

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

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

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

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

**6. CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the

**CASH MANAGEMENT (CONTINUED):**

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

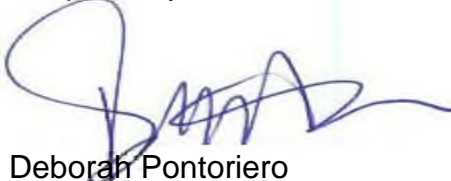
7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

8. **OTHER INFORMATION:**

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

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

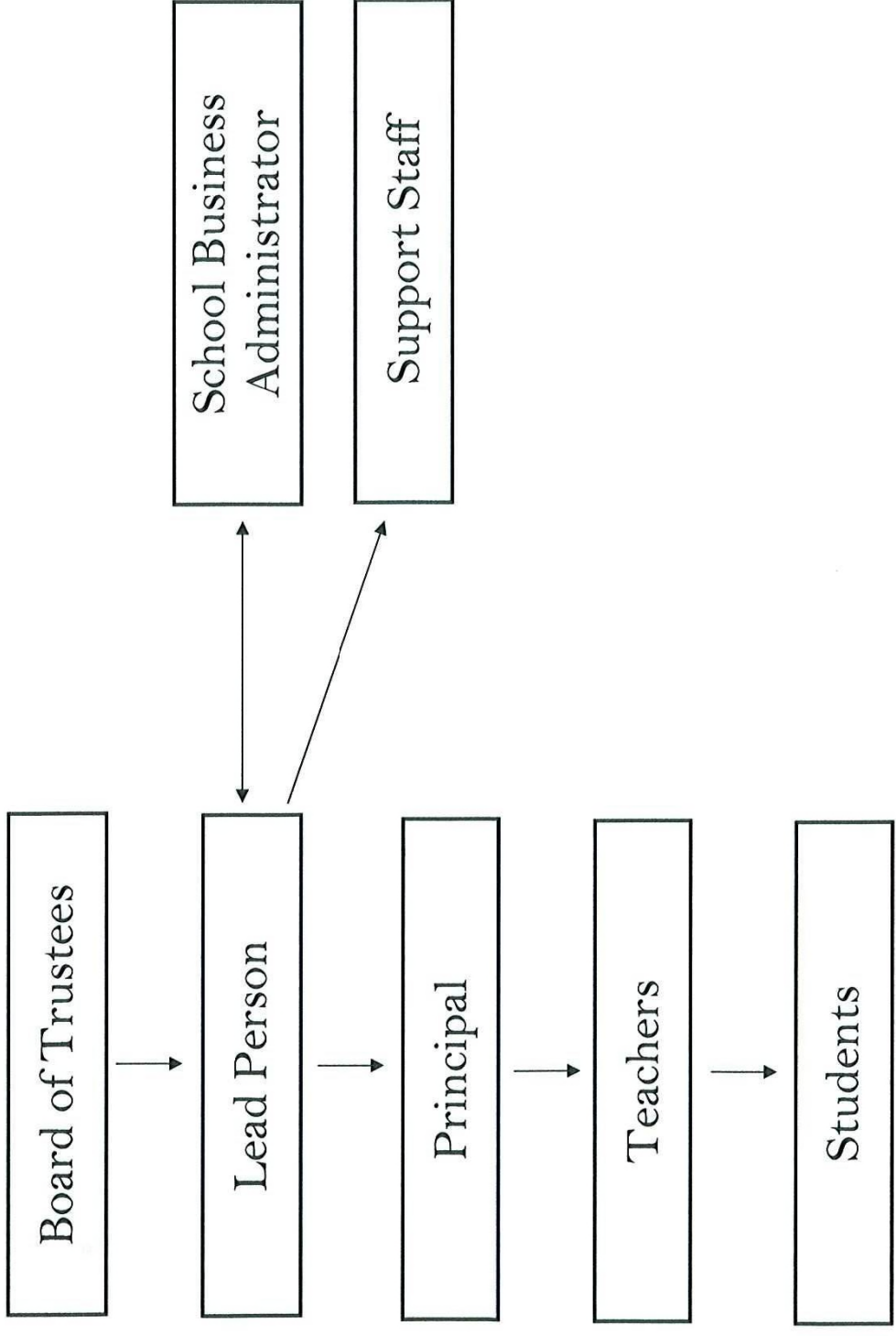
Respectfully submitted,



Deborah Pontoriero  
Business Administrator



# Riverbank Charter School of Excellence Organizational Chart



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

**ROSTER OF OFFICIALS  
JUNE 30, 2018**

**MEMBERS OF THE BOARD OF TRUSTEES**

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

**SCHOOL OFFICIALS**

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



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

**CONSULTANTS AND ADVISORS**

***Audit Firm***

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

***Attorney***

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

***Official Depository***

Sun National Bank  
411 Route 33  
Hamilton New Jersey 08619

***FINANCIAL SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

*2204 Morris Avenue, Suite 206*  
*Union, New Jersey 07083*  
*(908) 686-3484*  
*FAX – (908) 686-6055*

**Independent Auditor’s Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverbank Charter School of Excellence (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements as listed in the table of contents.

***Management’s Responsibility for the Financial Statements***

The Charter School’s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor’s Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Riverbank Charter School of Excellence, in the County of Burlington, State of New Jersey, as of June 30, 2018, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 8 to the basic financial statements, the Charter School implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, following this report, and pension and post-employment benefit schedules in Exhibits L-1 through L-3, and M-1, and the related notes be presented to supplement the basic financial statements and budgetary comparison information in Exhibits C-1 through C-3. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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


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

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

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated January 28, 2019 on our consideration of the Riverbank Charter School of Excellence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control over financial reporting and compliance.

  
Barre & Company LLC  
Union, New Jersey

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

Union, New Jersey  
January 28, 2019

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED**

The discussion and analysis of Riverbank Charter School of Excellence's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- ❖ General revenues accounted for \$2,014,465 or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$51,682 or 3% of total revenues of \$2,066,147.
- ❖ The Charter School had \$1,901,303 in expenses; only \$51,682 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$2,014,465 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,765,861 in revenues and \$1,608,950 in expenditures. The General Fund's fund balance increased \$156,911. This increase was anticipated by the Board of Trustees.

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

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

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

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

**Reporting the Charter School as a Whole**

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

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2018?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ❖ Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

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

- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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

**Fund Financial Statements**

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

**Governmental Funds**

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

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

**The Charter School as a Whole**

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

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

The Charter School's combined Net Position (Deficit) were \$144,784 on June 30, 2018 and \$(20,060) on June 30, 2017.

**Governmental Activities**

The Charter School's total revenues were \$2,045,104 for the year ended June 30, 2018, this includes \$61,216 of state reimbursed TPAF social security contributions.

The total cost of all program and services were \$1,876,956 for 2018. Instruction comprises 43% of Charter School expenses.

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

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

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

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

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

**Business-Type Activities**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

**Business-Type Activities (Continued)**

- ❖ Food service expenses exceeded revenues by \$3,304 and revenues exceeded expenses \$1,123 for 2018 and 2017 respectively.
- ❖ Charges for services represent \$10,565 and \$14,008 of revenue for 2018 and 2017 respectively. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were \$10,478 and \$12,338 for 2018 and 2017 respectively.

**The Charter School's Funds**

All governmental funds (i.e., general fund and special revenue fund, presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,045,104 and expenditures were \$1,657,630 for 2018. The net change in fund balance was most significant in the general fund with an increase of \$156,911 in 2018.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent of Increase/ (Decrease)
Local Sources	\$ 813,191	44.82%	\$ (91,681)	-10.13%
State Sources	952,670	52.50%	105,009	12.39%
Federal Sources	48,680	2.68%	15,113	45.02%
Total	<u>\$ 1,814,541</u>	<u>100.00%</u>	<u>\$ 28,441</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2018.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

**The Charter School's Funds (Continued)**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 661,124	39.88%	\$ (62,686)	-8.66%
Administration	822,328	49.61%	38,252	4.88%
Support Services	174,178	10.51%	(10,653)	-5.76%
<b>Total</b>	<b>\$ 1,657,630</b>	<b>100.00%</b>	<b>\$ (35,087)</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.

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

**Capital Assets (Net of Depreciation)**

At the end of the fiscal year 2018, the Charter School had \$0 invested in machinery and equipment.

**For the Future**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED  
(CONTINUED)**

**For the Future (Continued)**

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

**Contacting the Charter School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Deborah Pontoriero, Business Administrator, at Riverbank Charter School of Excellence, 1300 Hornberger Avenue, Roebling, New Jersey 08554.

***BASIC FINANCIAL STATEMENTS***

**SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

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



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 281,152	\$ 739	\$ 281,891
Interfund Receivables	54,270	8,344	62,614
Receivables	4,830	564	5,394
Security Deposit	22,682	-	22,682
<b>Total Assets</b>	<b>362,934</b>	<b>9,647</b>	<b>372,581</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	154,248	-	154,248
<b>Total Deferred Outflows of Resources</b>	<b>154,248</b>	<b>-</b>	<b>154,248</b>
<b>LIABILITIES:</b>			
Interfund Payable	684	-	684
Other Current Liabilities	9,695	-	9,695
Noncurrent Liabilities:			
Net Pension Liability	158,105	-	158,105
<b>Total Liabilities</b>	<b>168,484</b>	<b>-</b>	<b>168,484</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions	213,561	-	213,561
<b>Total Deferred Inflows of Resources</b>	<b>213,561</b>	<b>-</b>	<b>213,561</b>
<b>NET POSITION:</b>			
Unassigned	135,137	9,647	144,784
<b>Total Net Position</b>	<b>\$ 135,137</b>	<b>\$ 9,647</b>	<b>\$ 144,784</b>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Statement of Activities  
For The Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position			
			Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>GOVERNMENTAL ACTIVITIES:</b>									
Instruction	\$ 661,124	\$ 146,429	\$ -	\$ 30,639	-	\$ (776,914)	\$ -	\$ -	\$ (776,914)
Administration	812,033	83,192	-	-	-	(895,225)	-	-	(895,225)
Support Services	174,178	-	-	-	-	(174,178)	-	-	(174,178)
<b>Total Governmental Activities</b>	<b>1,647,335</b>	<b>\$ 229,621</b>	<b>-</b>	<b>30,639</b>	<b>-</b>	<b>(1,846,317)</b>	<b>-</b>	<b>-</b>	<b>(1,846,317)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>									
Food Service	24,347		10,565	10,478	-	-	(3,304)	-	(3,304)
Total Business-Type Activities	24,347		10,565	10,478	-	-	(3,304)	-	(3,304)
Total Primary Government	\$ 1,671,682		\$ 10,565	\$ 41,117	\$ -	\$ (1,846,317)	\$ (3,304)	\$ -	\$ (1,849,621)
<b>GENERAL REVENUES</b>									
General Purposes						\$ 813,191	\$ -	\$ -	\$ 813,191
Federal and State Aid Not Restricted						1,201,274	-	-	1,201,274
Miscellaneous Income						-	-	-	-
Total General Revenues						2,014,465	-	-	2,014,465
Change in Net Position						168,148	(3,304)		164,844
Net Position - Beginning of Year						(33,011)	12,951		(20,060)
Net Position - Ending						\$ 135,137	\$ 9,647	\$ -	\$ 144,784

**SECTION B – FUND FINANCIAL STATEMENTS**

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

***GOVERNMENTAL FUNDS***

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Governmental Funds  
Balance Sheet  
June 30, 2018

	General Fund	Special Revenue Fund	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 280,468	\$ 684	\$ 281,152
Interfund Receivables	54,270		54,270
Receivables From Other Governments	4,830		4,830
Prepaid Expenses	572		572
Other Assets	22,110	-	22,110
Total Current Assets	<u>362,250</u>	<u>684</u>	<u>362,934</u>
Total Assets	<u>\$ 362,250</u>	<u>\$ 684</u>	<u>\$ 362,934</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 684	\$ 684
Payable to District	9,695		9,695
Total Current Liabilities	<u>9,695</u>	<u>684</u>	<u>10,379</u>
Total Liabilities	<u>9,695</u>	<u>684</u>	<u>10,379</u>
Fund Balances:			
Unassigned:			
General Fund	<u>352,555</u>	-	<u>352,555</u>
Total Fund Balances	<u>352,555</u>	<u>-</u>	<u>352,555</u>
Total Liabilities and Fund Balances	<u>\$ 362,250</u>	<u>\$ 684</u>	

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

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

Net pension liability of \$158,105 ,plus deferred inflows of resources of \$213,561 less deferred outflows of resources of \$154,248 related to pensions are not reported in the governmental funds	<u>(217,418)</u>
Net Position of Governmental Activities	<u>\$ 135,137</u>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 813,191	\$ -	\$ 813,191
Total Local Sources	813,191	-	813,191
State Sources	952,670		952,670
Federal Sources	-	48,680	48,680
Total Revenues	1,765,861	48,680	1,814,541
EXPENDITURES:			
Instruction	632,304	28,820	661,124
Administration	822,328	-	822,328
Support Services	154,318	19,860	174,178
Total Expenditures	1,608,950	48,680	1,657,630
NET CHANGE IN FUND BALANCES	156,911	-	156,911
FUND BALANCES, JULY 1	195,644	-	195,644
FUND BALANCES, JUNE 30	\$ 352,555	\$ -	\$ 352,555

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Reconciliation of the Statement of Revenues, Expenditures  
 And Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental fund (from B-2)	<u>\$ 156,911</u>
Amounts reported for governmental activities in the statement of activities (A-2)	-
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized	<u>11,237</u>
Change in net position of governmental activities	<u><u>\$ 168,148</u></u>

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

***PROPRIETARY FUNDS***



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Proprietary Fund  
Statement of Net Position  
June 30, 2018

	Business-Type Activities
	<u>Food Service</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 739
Intergovernmental Accounts Receivables:	
Due From Other Funds	8,344
Receivables From Other Government-Federal	537
Receivables From Other Government-State	<u>27</u>
Total Current Assets	<u>9,647</u>
Total Assets	<u><u>\$ 9,647</u></u>
<b>NET POSITION:</b>	
Unassigned	<u>9,647</u>
Total Net Position	<u>9,647</u>
Total Liabilities and Net Position	<u><u>\$ 9,647</u></u>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities
	Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales-Reimbursable Program	\$ 10,565
Total Operating Revenues	10,565
<b>OPERATING EXPENSES:</b>	
Cost of Sales- Reimbursable Programs	24,330
Miscellaneous Expenses	17
Total Operating Expenses	24,347
<b>OPERATING LOSS</b>	<b>(13,782)</b>
<b>NONOPERATING REVENUES:</b>	
State Source:	
State Lunch Program	462
Federal Source:	
Federal Lunch Program	10,016
Total Nonoperating Revenues	10,478
<b>CHANGE IN NET POSITION</b>	<b>(3,304)</b>
<b>TOTAL NET POSITION, JULY 1</b>	<b>12,951</b>
<b>TOTAL NET POSITION, JUNE 30</b>	<b>\$ 9,647</b>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Proprietary Funds  
 Statement of Cash Flows  
 For The Fiscal Year Ended June 30, 2018

	Business-Type Activities
	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	10,565
Cash Payments to Suppliers and Employees	(24,529)
Net Cash Used In Operating Activities	(13,964)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from Federal and State Reimbursements	10,478
Net Cash Provided by Noncapital Financing Activities	10,478
Net Increase in Cash and Cash Equivalents	(3,486)
Cash and Cash Equivalents, July 1	4,225
Cash and Cash Equivalents, June 30	\$ 739
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss	\$ (13,782)
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Accounts Receivable	(182)
Net Cash Used In Operating Activities	\$ (13,964)

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

***FIDUCIARY FUNDS***

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2018

	<u>Agency Fund</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	<u>\$ 61,930</u>
<b>Total Assets</b>	<u><u>\$ 61,930</u></u>
 <b>LIABILITIES:</b>	
Liabilities:	
Interfund Payable	<u>\$ 61,930</u>
<b>Total Liabilities</b>	<u><u>\$ 61,930</u></u>

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

***NOTES TO THE FINANCIAL STATEMENTS***

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

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

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

#### **A. Reporting Entity**

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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

#### **B. Basis of Presentation**

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

*Charter School-wide Statements:* The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of Presentation (Continued)**

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

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

*Fund Financial Statements:* During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.



## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

The Charter School reports the following governmental funds:

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

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

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

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

Debt Service Fund: Not Applicable.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of Presentation (Continued)**

The Charter School reports the following proprietary funds:

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

Additionally, the Charter School reports the following fund type:

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

#### **C. Basis of Accounting – Measurement Focus**

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

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

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of Accounting – Measurement Focus (Continued)**

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

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

#### **D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

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

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

	<u>2018</u>	<u>2017</u>
Total Revenues & Expenditures (Budgetary Basis)	\$ 48,680	\$ 33,567
Adjustments:		
Less Encumbrances at June 30, 2018	-	-
Plus Encumbrances at June 30, 2017	-	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 48,680</u>	<u>\$ 33,567</u>

**E. Encumbrances Accounting**

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

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, and Equity

##### Interfund Transactions:

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

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

##### Inventories:

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

##### Allowance for Uncollectible Accounts:

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

##### Capital Assets:

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

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

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

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

**Compensated Absences:**

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

**Deferred Revenue:**

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

**Accrued Liabilities and Long-Term Obligations:**

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities, and Equity (Continued)

##### Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### Fund Balance Reserves:

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

##### Revenues — Exchange and Non-exchange Transactions:

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

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities, and Equity (Continued)

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

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

#### Operating Revenues and Expenses:

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

#### Allocation of Indirect Expenses

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



## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Assets, Liabilities, and Equity (Continued)**

##### Extraordinary and Special Items:

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

##### Management Estimates:

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

##### Accrued Salaries and Wages

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

#### **G. Pensions**

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **H. Impact of Recently Issued and Adopted Accounting Principles**

##### Recently Issued and Adopted Accounting Pronouncements

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

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

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

In November 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions in Statement No. 83 are effective for reporting periods beginning after June 15, 2018. The School is assessing if GASB 83 will have any impact on its financial statements.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Impact of Recently Issued and Adopted Accounting Principles (Continued)

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

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

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The School is assessing if GASB 88 will have any impact on its financial statements.

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Impact of Recently Issued and Adopted Accounting Principles (Continued)**

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The School is assessing if GASB 89 will have any impact on its financial statements.

### NOTE 2: **CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

#### **Deposits**

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

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

**Deposits (Continued)**

Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

**Investments**

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

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

As of June 30, 2018, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 280,468</u>	<u>\$ 684</u>	<u>\$ 739</u>	<u>\$61,930</u>	<u>\$ 343,821</u>

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

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

#### **Investments (Continued)**

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$343,821 and the bank balance was \$363,196. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

#### **Risk Category**

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

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

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

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

As of June 30, 2018, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

#### **New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

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

**New Jersey Cash Management Fund (Continued)**

possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2018, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2018, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

	<u>Statements</u>	<u>Statements</u>
State Aid	\$ -	\$ 27
Federal Aid	-	537
Other	<u>4,830</u>	<u>4,830</u>
Gross Receivables	4,830	5,394
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 4,830</u>	<u>\$ 5,394</u>

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 4: INTERFUND TRANSFERS AND BALANCES (CONTINUED)**

The following interfund balances remained on the fund financial statements at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 54,270	\$ -
Special Revenue Fund		684
Proprietary Fund	8,344	
Fiduciary Fund		61,930
	\$ 62,614	\$ 62,614
Total		

**NOTE 5: CAPITAL ASSETS**

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

For the fiscal year ended June 30, 2018, there were no assets that exceeded the threshold amounts.

**NOTE 6: RENTAL LEASE**

The school leased space at the premises located at 1238-1300 Hornberger Avenue, Roebling, NJ under a lease agreement for five years commencing July 1, 2009 and ending June 30, 2014. This lease was renewed on July 1, 2014 for another five (5) year term. The lease requires annual rental payments of \$132,660 for the five year term. In addition, the school is responsible for all utilities and certain building maintenance items as set forth in the lease. Rent Expense amounted to \$121,605 for the year ended June 30, 2018.



# RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

## NOTE 7: PENSION PLANS

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

### **A. Public Employees' Retirement System (PERS)**

#### **Plan Description**

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

#### **Benefits Provided**

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

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: **PENSION PLANS (CONTINUED)**

#### **Benefits Provided (Continued)**

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

#### **Basis of Presentation**

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

#### **Allocation Methodology and Reconciliation to Financial Statements**

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: PENSION PLANS (CONTINUED)

#### Allocation Methodology and Reconciliation to Financial Statements (continued)

Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amounts by employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

#### Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The state's pension contributions is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
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**NOTE 7: PENSION PLANS (CONTINUED)**

**Contributions (continued)**

Such employers will be credited with the full payment amounts certified for payments due not be included in their unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Charter School contributions to PERS amounted to \$ 6,292 for fiscal year 2018.

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

At June 30, 2018, the Charter School reported a liability of \$ 158,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 which was rolled forward to June 30, 2016. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Charter School's proportion was 0.00067919%, which was an increase of 0.00000539% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2017, the Charter School recognized pension expense of \$ 5,986 . At June 30, 2017, the Charter School reported deferred outflows of resources and deferred related to pensions from the following sources.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
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**NOTE 7: PENSION PLANS (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 31,853	\$ 31,736
Difference Between Expected and Actual Experience	3,723	-
Changes in Proportion	117,289	181,825
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,077	
	\$ 153,942	\$ 213,561

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

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

Fiscal Year Ending June 30,	Total
2018	\$ 3,722
2019	5,617
2020	3,403
2021	(4,526)
2022	(3,299)
	\$ 4,916

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: PENSION PLANS (CONTINUED)

#### Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases:	
2012-2021	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employees Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 2 years for males and females and addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combines Healthy male and Female Mortality Tables (set back 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 the 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 rated 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is like that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

# RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

## NOTE 7: PENSION PLANS (CONTINUED) Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield Bonds	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

### Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

**Discount Rate (Continued)**

assumed that contributions from plan members will be made at the current member rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan investments was applied to projected benefit payment through 2040. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ended June 30, 2017			
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Charter School's proportionate share of the Net Pension Liability	\$ 196,140	\$ 158,105	\$ 126,417

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

**Pension Plan Fiduciary Net Position**

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



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

**B. Teacher's Pension Annuity Fund (TPAF)**

**Pension Description**

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

**Benefit Provided**

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

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

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: **PENSION PLANS (CONTINUED)**

#### **Benefit Provided (Continued)**

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

#### **Allocation Methodology**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows in resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

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

#### **Special Funding Situation**

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

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: **PENSION PLANS (CONTINUED)**

#### **Special Funding Situation (Continued)**

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

This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal years ended 2018, the State of New Jersey contributed 11,792 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of 97,540 .

The employee contribution rate was 6.92% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

As June 30, 2017, the State's proportionate share of the net pension liability associated with the Charter School was \$ 5,856,633 . The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

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

The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, Charter School's proportion was 0.0086863%, which was an increase of 0.0013673% from its proportion measured as of June 30, 2016.

Charter School's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	5,856,633
	5,856,633
Total	\$ 5,856,633

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the Charter School in the amount of \$ 58,289 and the Charter School recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 13,378,255,364	\$ 11,684,858,458
Difference Between Expected and Actual Experience	441,116,389	115,381,203
Changes in Proportion and differences between employer contributions and proportionate share of contributions	192,581,778	192,581,778
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	341,507,504	
	\$ 14,353,461,035	\$ 11,992,821,439

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

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

The \$ 14,353,461,035 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$ 11,992,821,439 reported as a deferred inflow of resources resulting from the difference between projected and actual.

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>2,360,639,596</u>

**Actuarial Assumptions**

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

Inflation Rate	2.25%
Salary Increases:	
2012-2021	varies based on experience
Thereafter	varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

# RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

## NOTE 7: PENSION PLANS (CONTINUED)

### Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension investments (7.65% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2017 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield Bonds	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

**Long Term Expected Rate of Return (Continued)**

**Discount Rate – TPAF**

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 3.58% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contributions rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 7: PENSION PLANS (CONTINUED)**

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2017		
	1%	Current	1%
	Decrease (3.25%)	Discount Rate (4.25%)	Increase (5.25%)
Charter School's proportionate share of the Net Pension Liability	\$ 6,983,312	\$ 5,878,054	\$ 4,967,537

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

**Pension Plan Fiduciary Net Position – TPAF**

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

**C. Defined Contribution Retirement Program (DCRP)**

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

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



## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

### NOTE 7: **PENSION PLANS (CONTINUED)**

#### **Defined Contribution Retirement Program (DCRP) (Continued)**

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

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

For DCRP, the Charter School recognized no pension expense for the fiscal year ended June 30, 2018. There were no employee contributions to DCRP for the fiscal year ended June 30, 2018.

### NOTE 8: **POST-RETIREMENT BENEFITS**

#### **General Information about the OPEB Plan**

##### **Plan Description and Benefits Provided**

The school is in a "special funding situation, as described in GASB Statement No. 75 in that OPEB contributions and expense are legally required to be made by and are the sole responsibility of the State of New Jersey.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan (continued)**

Plan Description and Benefits Provided (continued)

The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

*Employees covered by benefit terms:*

At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan (continued)**

Plan Description and Benefits Provided (continued)

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases Through 2026		1.55% to 4.55% based on years of service	2.15% to 4.15% based on age	2.10% to 8.98% based on age
Rate thereafter		2.00% to 5.45% based on years of service	3.15% to 5.15% based on age	3.15% to 9.98% based on age

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

# RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Notes to the Financial Statements

June 30, 2018

## NOTE 8: POST-RETIREMENT BENEFITS

### **General Information about the OPEB Plan (continued)**

#### Actuarial Assumptions and Other Inputs (continued)

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

#### Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

#### Discount rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

#### Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$57,831,784,184
Service cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Effect of Changes of Assumptions	(7,086,599,129)
Contributions - Employee	45,748,749
Gross Benefits Paid by the State	(1,242,412,566)
Net Changes	(4,191,942,326)
Balance at June 30, 2017	53,639,841,858

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

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

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

	Fiscal Year Ended June 30, 2017		
	At 1%	At current	At 1%
	Decrease (2.58%)	discount rate (3.58%)	Increase (4.58%)
Total OPEB Liability	\$63,674,362,200	\$ 53,639,841,858	\$45,680,364,953

	Fiscal Year Ended June 30, 2016		
	At 1%	At current	At 1%
	Decrease (1.58%)	discount rate (2.58%)	Increase (3.58%)
Total OPEB Liability	\$69,383,705,084	\$ 57,831,784,184	\$48,817,654,566

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

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Fiscal Year Ended June 30, 2017		
	At 1%	Trend Rate	At 1%
	decrease		Increase
Total OPEB Liability	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

	Fiscal Year Ended June 30, 2016		
	At 1%	Trend Rate	At 1%
	decrease		Increase
Total OPEB Liability	\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to the Financial Statements  
June 30, 2018

**NOTE 8: POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

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

For the fiscal year ended June 30, 2018 the Charter School recognized OPEB expense of \$230,563 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the Charter School's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between Actual and Expected Experience	\$ -	\$ -
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	-	-
Assumption Changes	-	(6,343,769,032)
Sub Total	-	(6,343,769,032)
Contributions Made in Fiscal Year 2018 after June 30, 2017 Measurement Date	1,190,373,242	N/A
Total	1,190,373,242	(6,343,769,032)

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

Fiscal Year Ending June 30,	
2018	\$ 742,830,097
2019	\$ 742,830,097
2020	\$ 742,830,097
2021	\$ 742,830,097
2022	\$ 742,830,097
Total Thereafter	\$ 2,629,618,547
	<u>\$ 6,343,769,032</u>

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Notes to the Financial Statements

June 30, 2018

**NOTE 9: RISK MANAGEMENT**

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

**Property and Liability Insurance**

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

**NOTE 10: FUND BALANCE**

**General Fund**

The General Fund surplus in the financial statements at June 30, 2018, was \$352,555 , and is unreserved and undesignated.

**NOTE 11: SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 28, 2019, the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***



***SECTION C – BUDGETARY COMPARISON SCHEDULE***

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	\$ 813,191	\$ -	\$ 813,191	\$ 813,191	\$ -
<b>Total Local Sources</b>	<b>813,191</b>	<b>-</b>	<b>813,191</b>	<b>813,191</b>	<b>-</b>
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	613,459	-	613,459	612,973	(486)
Special Education	30,639	-	30,639	30,639	-
Security Aid	6,084	-	6,084	6,084	-
Non-Public Student Aid	37,152	-	37,152	37,152	-
<b>Total Categorical Aid</b>	<b>687,334</b>	<b>-</b>	<b>687,334</b>	<b>686,848</b>	<b>(486)</b>
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	61,216	61,216
On Behalf Pension Aid (Non-Budgeted)	-	-	-	124,077	124,077
On Behalf Post Retirement Medical Aid (Non-Budgeted)	-	-	-	80,138	80,138
On Behalf Long-Term Disability Insurance Aid (Non-Budgeted)	-	-	-	391	391
<b>Total Revenues From Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,822</b>	<b>185,293</b>
<b>Total Revenues</b>	<b>1,500,525</b>	<b>-</b>	<b>1,500,525</b>	<b>1,765,861</b>	<b>184,807</b>
<b>EXPENDITURES:</b>					
Instruction:					
Kindergarten - Salaries of teachers	189,200	-	189,200	189,200	-
Grades 1-5 - Salaries of teachers	460,800	(26,240)	434,560	414,515	20,045
Other Salaries for Instruction	4,000	-	4,000	1,600	2,400
Purchased Prof/Tech Services	3,500	(3,401)	99	99	-
Other Purchased Services	8,000	(1,000)	7,000	1,421	5,579
General Supplies	12,000	13,504	25,504	25,469	35
Textbooks	4,300	(4,300)	-	-	-
Miscellaneous	2,000	(2,000)	-	-	-
<b>Total Instruction</b>	<b>683,800</b>	<b>(23,437)</b>	<b>660,363</b>	<b>632,304</b>	<b>28,059</b>
Administration:					
Salaries - General Administration	255,000	18,663	273,663	253,363	20,300
Salaries of Secretarial/Clerical Assistants	47,500	57,885	105,385	105,385	-
Total Benefits Cost	238,125	(51,433)	186,692	168,405	18,287
Purchases Prof/Tech Services	23,000	(11,842)	11,158	8,356	2,802
Other Purchased Services	18,000	5,166	23,166	14,155	9,011
Communications/Telephone	4,200	2,349	6,549	6,549	-
Supplies and Materials	2,000	-	2,000	69	1,931
Miscellaneous Expenses	500	-	500	224	276
<b>Total Administration</b>	<b>588,325</b>	<b>20,788</b>	<b>609,113</b>	<b>556,506</b>	<b>52,607</b>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 132,660		\$ 132,660	\$ 121,605	\$ 11,055
Insurance for Property, Liability and Fidelity	11,120	114	11,234	11,234	-
Supplies and Materials	3,000	(2,830)	170		170
Energy Costs (Heat and Electricity)	16,000	5,479	21,479	21,479	-
Miscellaneous Expenses	2,000	(114)	1,886		1,886
<b>Total Support Services</b>	<b>164,780</b>	<b>2,649</b>	<b>167,429</b>	<b>154,318</b>	<b>13,111</b>
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	61,216	(61,216)
On Behalf Pension Contributions (Non-Budgeted)				124,077	(124,077)
On Behalf Post-Retirement Medical Contributions (Non-Budgeted)				80,138	
On Behalf Long-Term Disability Insurance Contributions (Non-Budgeted)				391	
<b>Total Expenditures</b>	<b>1,436,905</b>	<b>-</b>	<b>1,436,905</b>	<b>1,608,950</b>	<b>(91,516)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,620	-	63,620	156,911	93,291
<b>FUND BALANCE, JULY 1</b>	<b>195,644</b>	<b>-</b>	<b>195,644</b>	<b>195,644</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 259,264</b>	<b>\$ -</b>	<b>\$ 259,264</b>	<b>\$ 352,555</b>	<b>\$ 93,291</b>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 259,264	\$ -	259,264	\$ 352,555	\$ 93,291
<b>Total</b>	<b>\$ 259,264</b>	<b>\$ -</b>	<b>\$ 259,264</b>	<b>\$ 352,555</b>	<b>\$ 93,291</b>

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Federal Sources	\$ 48,680	\$ -	\$ 48,680	\$ 48,680	\$ -
Total Revenues	48,680	-	48,680	48,680	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	26,240	-	26,240	26,240	-
General Supplies	2,580	-	2,580	2,580	-
Total Instruction	28,820	-	28,820	28,820	-
Support Services:					
Personal Services - Employee Benefits		-	-		-
Purchased Prof/Ed Services	19,860	-	19,860	19,860	-
Total Support Services	19,860	-	19,860	19,860	-
Total Expenditures	48,680	-	48,680	48,680	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Budgetary Comparison Schedule

Budget-To-GAAP Reconciliation

Note to RSI

For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 1,765,861	[C-2] \$ 48,680
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	 _____	 _____ -
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>1,765,861</u>	[B-2] \$ <u>48,680</u>
 <b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,608,950	[C-2] \$ 48,680
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	 _____	 _____ -
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>1,608,950</u>	[B-2] \$ <u>48,680</u>

***REQUIRED SUPPLEMENTARY INFORMATION – PART III***

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



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

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Charter School's proportion of the net pension liability	0.00055808%	0.00186527%	0.21020510%	0.000673806%
Charter School's proportionate share of the net pension liability	\$ 106,660	\$ 349,229	\$ 199,562	\$ 158,105
Charter School's covered employees payroll	\$ 333,924	\$ 304,858	\$ 47,050	\$ 90,221
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	32%	115%	424%	175%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	45.37%

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

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

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 4,205	\$ 15,377	\$ 18,072	\$ 5,986	\$ 6,292
Contributions in relation to the contractually required contribution	(4,205)	(15,377)	(18,072)	(5,986)	(6,292)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered employee payroll	\$ 333,924	\$ 304,858	\$ 47,050	\$ 90,221	\$ 421,140
Contributions as a percentage of covered employee payroll	1.26%	5.04%	38.41%	6.63%	1.49%

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

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

	Fiscal Year Ending June 30,				
	2014	2015	2016	2017	2018
State's proportion of the net pension liability attributable of the Charter School	0.0129349%	0.0059533%	0.66135000%	0.00731900%	0.00868632%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 2,295,341	\$ 3,181,852	\$ 4,180,014	\$ 5,757,625	\$ 5,856,633
Charter School's covered employees payroll	\$ 496,674	\$ 672,394	\$ 796,246	\$ 806,243	\$ 832,557
Charter School's proportionate share of the net pension liability as a percentage of it's covered employee payroll	462.14%	473.21%	524.97%	714.13%	703.45%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	28.71%	28.71%

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

***SCHEDULE M - SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***

**Riverbank Charter School of Excellence**  
**Required Supplementary Information Schedules**  
**Schedule of Changes in the Charter School's Net OPEB Liability and Related Ratios**  
**Last Two Fiscal Years**  
**(Unaudited)**

	Fiscal Years Ending	
	June 30, 2017	June 30, 2018
OPEB Liability at Beginning of Measurement Period		\$ 1,479,337
Service cost		198,247
Interest on Total OPEB Liability		47,357
Effect on Changes of Benefit Terms	NOT AVAILABLE	-
Effect of Changes of Assumptions		(254,016)
Contributions - Employee		1,227
Gross Benefits Paid by the State		(33,326)
		<hr/>
Net Change in Total OPEB Liability		(40,511)
OPEB Liability at Beginning of Measurement Period	NOT AVAILABLE	1,479,337
		<hr/>
Total OPEB Liability at End of Measurement Period	<u>1,479,337</u>	<u>1,438,826</u>
The Charter School's Proportionate Share of the Total OPEB Liability	0.00%	0.00%
Charter School's Covered-Employee Payroll	896,464	1,253,697
Total Charter School's OPEB liability as a percentage of covered-employee payroll	165.019%	114.767%
Charter School's Contribution	None	None

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**Notes to Schedule:**

*Changes in benefit terms:* None

*Changes in assumptions:*

The increase in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION III***

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 3.98% as of June 30, 2017 to 5.00% as of June 30, 2018.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**TEACHER'S PENSION AND ANNUITY FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**A. Benefit Changes**

There were none.

**B. Changes in Assumptions**

The discount rate changed from 3.22% as of June 30, 2017 to 4.25% as of June 30, 2018.



***OTHER SUPPLEMENTARY INFORMATION***

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

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	Title I	IDEA Basic	Total
Revenues:			
Federal Sources	\$ 28,820	\$ 19,860	\$ 48,680
Total Revenues	<u>\$ 28,820</u>	<u>\$ 19,860</u>	<u>\$ 48,680</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 26,240	\$ -	\$ 26,240
General Supplies	2,580		2,580
Total Instruction	<u>28,820</u>	<u>-</u>	<u>28,820</u>
Support Services:			
Purchased Prof/Ed Services	-	19,860	19,860
Total Support Services	<u>-</u>	<u>19,860</u>	<u>19,860</u>
Total Expenditures	<u>28,820</u>	<u>19,860</u>	<u>48,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECTION G – PROPRIETARY FUNDS  
DETAIL STATEMENTS**

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

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

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

**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENT**

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

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

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2018

	Agency Fund		Total
	Payroll Agency	Payroll Account	Agency Fund
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 29,657	\$ 32,273	\$ 61,930
Total Assets	\$ 29,657	\$ 32,273	\$ 61,930
<b>LIABILITIES:</b>			
Liabilities:			
Interfund Payable	\$ 29,657	\$ 32,273	\$ 61,930
Total Liabilities	\$ 29,657	\$ 32,273	\$ 61,930

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Fiduciary Funds  
 Payroll Agency Funds  
 Schedule of Receipts and Disbursements  
 June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 39,397	\$ 372,005	\$ 381,745	\$ 29,657
Total Assets	<u>\$ 39,397</u>	<u>\$ 372,005</u>	<u>\$ 381,745</u>	<u>\$ 29,657</u>
<b>LIABILITIES:</b>				
Interfund Accounts Payable	\$ 39,397	\$ 372,005	\$ 381,745	\$ 29,657
Totals	<u>\$ 39,397</u>	<u>\$ 372,005</u>	<u>\$ 381,745</u>	<u>\$ 29,657</u>

**STATISTICAL SECTION  
(UNAUDITED)**

**STATISTICAL SECTION (UNAUDITED)**

*Riverbank Charter School of Excellence has been in operation for nine (9) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for nine (9) years are available and have been presented. Each year thereafter, an additional year's data will be included until ten years of data is presented.*



## Contents

### **Financial Trends**

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

### **Revenue Capacity (Not Applicable To Charter School)**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

***FINANCIAL TRENDS***

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities									
Unrestricted	\$ 135,137	(33,011)	(102,725)	\$ 134,561	\$ 289,501	\$ 330,428	\$ 245,713	\$ 137,575	\$ (5,826)
Total Governmental Activities Net Assets/Position	\$ 135,137	\$ (33,011)	\$ (102,725)	\$ 134,561	\$ 289,501	\$ 330,428	\$ 245,713	\$ 137,575	\$ (5,826)
Business-Type Activities									
Unrestricted	\$ 9,647	(1,057)	\$ 11,828	\$ 11,022	\$ 10,849	\$ 12,528	\$ 12,888	\$ 10,764	\$ 4,577
Total Business-Type Activities Net Assets/Position	\$ 9,647	\$ (1,057)	\$ 11,828	\$ 11,022	\$ 10,849	\$ 12,528	\$ 12,888	\$ 10,764	\$ 4,577
Charter School-wide									
Unrestricted	\$ 144,784	(34,068)	(90,897)	\$ 145,583	\$ 300,350	\$ 342,956	\$ 258,601	\$ 148,339	\$ (1,249)
Total Charter School-wide Net Assets/Position	\$ 144,784	\$ (34,068)	\$ (90,897)	\$ 145,583	\$ 300,350	\$ 342,956	\$ 258,601	\$ 148,339	\$ (1,249)

## RIVERBANK CHARTER SCHOOL OF EXCELLENCE

Changes in Net Assets/Position  
Last Nine Fiscal Years  
(accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Instruction	\$ 807,553	899,609	1,005,887	962,257	771,055	896,360	767,187.00	534,634.00	441,435.00
Administration	895,225	836,932	722,448	588,719	762,587	441,606	448,514	335,023	360,701
Support Services	174,178	184,831	188,044	243,721	159,199	147,945	147,469	133,592	184,095
Capital Outlay	-	-	-	10,695	-	-	-	73,868	36,426
Total Governmental Activities Expenses	1,876,956	1,921,372	1,916,379	1,805,392	1,692,841	1,485,911	1,363,170	1,077,117	1,022,657
<b>Business-Type Activities:</b>									
Food Service	24,347	25,223	25,282	23,560	23,245	24,821	22,707	16,409	10,017
Total Business-Type Activities Expenses	24,347	25,223	25,282	23,560	23,245	24,821	22,707	16,409	10,017
Total Charter School Expenses	\$ 1,901,303	\$ 1,946,595	\$ 1,941,661	\$ 1,828,952	\$ 1,716,086	\$ 1,510,732	\$ 1,385,877	\$ 1,093,526	\$ 1,032,674
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
Operating Grants and Contributions	\$ 30,639	\$ 21,428	\$ 23,638	\$ 27,513	\$ 24,417	\$ 15,468	\$ 7,160	\$ 3,612	\$ 2,165
Total Governmental Activities Expenses	30,639	21,428	23,638	27,513	24,417	15,468	7,160	3,612	2,165
<b>Business-Type Activities:</b>									
Charges for Services	-	-	11,535	10,794	10,264	14,136	15,128	16,448	-
Operating Grants and Contributions	10,478	12,338	14,553	12,939	11,302	10,325	9,703	6,148	14,594
Total Business-Type Activities Expenses	10,478	12,338	26,088	23,733	21,566	24,461	24,831	22,596	14,594
Total Charter School Program Revenue	\$ 41,117	\$ 33,766	\$ 49,726	\$ 51,246	\$ 45,983	\$ 39,929	\$ 31,991	\$ 26,208	\$ 16,759
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (1,846,317)	\$ (1,899,944)	\$ (1,892,741)	\$ (1,777,879)	\$ (1,668,424)	\$ (1,470,443)	\$ (1,356,010)	\$ (1,073,505)	\$ (1,020,492)
Business-Type Activities	(13,869)	(12,885)	806	173	(1,679)	(360)	2,124	6,187	4,577
Total Charter School Net Expense	\$ (1,860,186)	\$ (1,912,829)	\$ (1,891,935)	\$ (1,777,706)	\$ (1,670,103)	\$ (1,470,803)	\$ (1,353,886)	\$ (1,067,318)	\$ (1,015,915)
<b>General Revenues and Other Changes in Net Assets/Position</b>									
<b>Governmental Activities:</b>									
General Purposes	\$ 813,191	\$ 869,872	\$ 900,838	\$ 950,807	\$ 926,518	\$ 519,692	\$ 862,793	\$ 713,437	\$ 434,916
Federal and State Aid Not Restricted	1,201,274	859,800	754,617	807,677	700,980	1,035,466	599,077	503,469	579,750
Miscellaneous Income	-	35,000	-	12,486	-	-	2,278	-	-
Total Governmental Activities	2,014,465	1,764,672	1,655,455	1,770,970	1,627,498	1,555,158	1,464,148	1,216,906	1,014,666
Total Charter School Wide	\$ 2,014,465	\$ 1,764,672	\$ 1,655,455	\$ 1,770,970	\$ 1,627,498	\$ 1,555,158	\$ 1,464,148	\$ 1,216,906	\$ 1,014,666
<b>Change in Net Assets/Position</b>									
Governmental Activities	\$ 168,148	\$ (135,272)	\$ (237,286)	\$ (6,909)	\$ (40,926)	\$ 84,715	\$ 108,138	\$ 143,401	\$ (5,826)
Business-Type Activities	(13,869)	(12,885)	806	173	(1,679)	(360)	2,124	6,187	4,577
Total Charter School	\$ 154,279	\$ (148,157)	\$ (236,480)	\$ (6,736)	\$ (42,605)	\$ 84,355	\$ 110,262	\$ 149,588	\$ (1,249)

Source: Charter School's Records

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund Unreserved	\$ 352,555	195,644	102,261	282,592	289,501	330,428	245,713	137,575	(5,826)
Total General Fund	<u>\$ 352,555</u>	<u>\$ 195,644</u>	<u>\$ 102,261</u>	<u>\$ 282,592</u>	<u>\$ 289,501</u>	<u>\$ 330,428</u>	<u>\$ 245,713</u>	<u>\$ 137,575</u>	<u>\$ (5,826)</u>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>									
Local Sources:	\$ 813,191	\$ 904,872	\$ 900,838	\$ 963,293	\$ 926,518	\$ 519,692	\$ 863,078	\$ 713,437	\$ 434,916
Revenue from Community Services Activities	-	-	-	-	-	-	1,983	-	-
State Sources	952,670	847,661	742,823	803,826	694,526	1,037,460	569,589	488,420	553,933
Federal Sources	48,680	33,567	35,432	31,364	30,871	13,474	36,648	18,661	27,982
<b>Total Revenues</b>	<b>1,814,541</b>	<b>1,786,100</b>	<b>1,679,093</b>	<b>1,798,483</b>	<b>1,651,915</b>	<b>1,570,626</b>	<b>1,471,298</b>	<b>1,220,518</b>	<b>1,016,831</b>
<b>Expenditures:</b>									
Instruction	661,124	723,810	773,959	815,559	614,694	713,829	627,123	439,842	380,718
Administration	822,328	784,076	897,421	723,316	909,256	615,427	578,159	421,785	335,633
Support Services	174,178	184,831	188,044	255,822	168,891	156,655	157,888	141,622	269,880
Capital Outlay	-	-	-	10,695	-	-	-	73,868	36,426
<b>Total Expenditures</b>	<b>1,657,630</b>	<b>1,692,717</b>	<b>1,859,424</b>	<b>1,805,392</b>	<b>1,692,841</b>	<b>1,485,911</b>	<b>1,363,170</b>	<b>1,077,117</b>	<b>1,022,657</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,911	93,383	(180,331)	(6,909)	(40,926)	84,715	108,128	143,401	(5,826)
<b>Net Change in Fund Balance</b>	<b>\$ 156,911</b>	<b>\$ 93,383</b>	<b>\$ (180,331)</b>	<b>\$ (6,909)</b>	<b>\$ (40,926)</b>	<b>\$ 84,715</b>	<b>\$ 108,128</b>	<b>\$ 143,401</b>	<b>\$ (5,826)</b>

Source: Charter School's Records

***OPERATING INFORMATION***

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	14	14	15	13	12	11	12	9	
Administrative	2	2	2	3	3	2	2	2	
Support Services	2	2	2	3	3	2	2	2	
Food Service	4	4	4	1	1	-	0	-	
<b>Total</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>20</b>	<b>19</b>	<b>15</b>	<b>16</b>	<b>13</b>	<b>-</b>

Source: Charter School's Records



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**

Operating Statistics  
Last Nine Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2018	144	\$ 1,608,950	\$ 11,173	-3.03%	14	10.3:1	142	141	0.00%	99.30%
2017	144	1,659,150	\$ 11,522	-9.04%	14	10.3:1	142	141	0.00%	99.30%
2016	144	1,823,992	\$ 12,667	7.14%	15	9.3:1	142	136	0.00%	95.77%
2015	143	1,702,369	\$ 11,822	1.72%	13	9.6:1	142	144	-0.70%	101.41%
2014	142	1,661,970	\$ 11,622	12.08%	12	11:1	143	138	0.70%	96.50%
2013	135	1,472,437	\$ 10,369	5.69%	11	9:1	142	138	4.93%	97.18%
2012	118	1,324,529	\$ 9,811	17.59%	12	10:1	135	131.6	12.59%	97.48%
2011	72	984,588	\$ 8,344	-17.85%	9	10:01	118	112.4	38.98%	95.25%

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
 Insurance Schedule  
 June 30, 2018  
 (Unaudited)

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

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

	2016	2017	2018	Source
	Audit	Audit	Audit	
Cash	\$ 59,586	\$ 96,119	\$ 281,891	Audit: Exhibit A-1
<b>Current Assets (includes CASH)</b>	114,773	220,267	372,581	Audit: Exhibit A-1
Total Assets	389,242	423,930	372,581	Audit: Exhibit A-1
Current Liabilities	684	11,672	10,379	Audit: Exhibit A-1
Total Liabilities	8,271	244,428	168,484	Audit: Exhibit A-1
Net Assets	(90,897)	(20,060)	144,784	Audit: Exhibit A-1
Total Revenue	1,705,181	1,812,446	2,066,147	Audit: Exhibit A-2
Total Expenses	1,941,661	1,741,609	1,901,303	Audit: Exhibit A-2
Change in Net Assets	(236,480)	70,837	164,844	Audit: Exhibit A-2
Depreciation Expense	-	-	-	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	142.00	142.00	142.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	144	144	144	Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			3 YR CUM	Source:	Target
	2013	2014	2015			
1a. Current Ratio	167.80	18.87	35.90		Current Assets/Current Liabilities	> 1.1
1b. Unrestricted Days Cash	11.20	20.14	54.12		Cash/(Total Expenses/365)	30-60
1c. Enrollment Variance	99%	99%	99%		Average Daily Enrollment/Budgeted Enrollment	>95%
1d.* Default	N/A	N/A	N/A		Audit	not in default
<b>Sustainability Indicators</b>						
2a. Total Margin	-14%	4%	8%	0%	Change in Net Assets/Total Revenue	positive
2b. Debt to Asset	0.02	0.58	0.45		Total Liabilities/Total Assets	<.9
2c.** Cash Flow	41,104	36,533	185,772	263,409	Net change in cash flow from prior years	3 yr cum positive
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	>1.10

\* is school in default of loan covenant(s) and/or is delinquent with debt service payments? N/A  
 \*\* 2018 = 2018 Cash - 2017 Cash; 2017 = 2017 Cash - 2016 Cash; 2016 = 2016 Cash - 2015 Cash

Refer questions to [charterfinance@doe.state.nj.us](mailto:charterfinance@doe.state.nj.us)

***SINGLE AUDIT SECTION***

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverbank Charter School of Excellence (Charter School), in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements and have issued our report thereon dated January 28, 2019.

***Internal Control over Financial Reporting***

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

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

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


### ***Compliance and Other Matters***


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

### ***Purpose of this Report***

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

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

  
BARRE & COMPANY LLC  
Certified Public Accountants  
Public School Accountants

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

Union, New Jersey  
January 28, 2019

**BARRE & COMPANY LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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

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

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

We have audited the Riverbank Charter School of Excellence’s compliance with the types of compliance requirements described in the New Jersey Compliance Manual “State Grant Compliance Supplement” that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018. The Riverbank Charter School of Excellence’s major federal and state programs are identified in the Summary of Auditor’s Results Section of the accompanying Schedule of Findings and Questioned Costs.

***Management’s Responsibility***

The Charter School’s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor’s Responsibility***

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

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

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

In our opinion, the Riverbank Charter School of Excellence, in the County of Burlington, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

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

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

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

***Purpose of this Report***

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



Barre & Company LLC. CPA's



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

Union, New Jersey  
January 28, 2019

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017	Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2018	
												Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
No Child Left Behind:													
Title I Part A	84.010A	S010A150030	NCLB - 6026 - 18	28,820	7/1/17 6/30/18	\$ -	\$ -	28,820	(28,820)	\$ -	\$ -	\$ -	\$ -
Title II Part A	84.367A	S367A150029	NCLB - 6026 - 18	-	9/1/17 8/31/18	-	-	28,820	(28,820)	-	-	-	-
Total No Child Left Behind													
Special Education Cluster (IDEA):													
IDEA, Part B Basic	84.027	H027A150100	IDEA - 6026 - 18	19,860	7/1/17 6/30/18	-	-	19,860	(19,860)	-	-	-	-
Total Special Education Cluster (IDEA)													
Total Special Revenue Fund								48,680	(48,680)	-	-	-	-
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Agriculture</b>													
Enterprise Fund:													
National School Lunch Program	10.555	16161NJ304N089	N/A	10,016	7/1/17 6/30/18	-	-	9,110	(9,647)	-	(537)	-	-
National School Lunch Program	10.555	16161NJ304N089	N/A	-	7/1/16 6/30/17	-	-	369	(369)	-	-	-	-
Total Enterprise Fund								9,479	(10,016)	-	(537)	-	-
Sub-Total Federal Financial Awards								58,159	(68,696)	\$ -	(537)	\$ -	\$ -

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

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Carryover/(Walker) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2018			MEMO
			From	To	Deferred Revenues (Accounts Receivable)	Due to Grantor	Deferred Revenues (Accounts Receivable)					Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
General Fund:															
State At-Public Cluster															
Equalization Aid	17-495-034-5120-078	534,972	7/1/17	6/30/18				608,143	(612,973)			(4,830)		(73,171)	612,973
Equalization Aid	17-495-034-5120-078	-	7/1/16	6/30/17				12,976							
Special Education Aid	18-495-034-5120-089	30,639	7/1/17	6/30/18				30,639	(30,639)						30,639
Security Aid	18-495-034-5120-084	6,084	7/1/17	6/30/18				6,084	(6,084)						6,084
Adjustment Aid	18-495-034-5120-085	37,152	7/1/17	6/30/18				37,152	(37,152)						37,152
State At-Public Cluster Total		608,847			(12,976)			694,994	(686,846)			(4,830)		(73,171)	686,846
Nonpublic Aid	18-100-034-5088-042	-	7/1/17	6/30/18											
Nonpublic Aid	17-100-034-5088-042	-	7/1/16	6/30/17											
Other State Aid	18-495-034-5120-076	-	7/1/17	6/30/18											
On-Behalf TPAF Long-Term Disability Insurance Contributions	18-495-034-5084-004	618	7/1/17	6/30/18				391	(391)					227	391
On-Behalf TPAF Post-Retirement Medical Contributions	18-495-034-5085-001	81,410	7/1/17	6/30/18				80,138	(80,138)					1,272	80,138
On-Behalf TPAF Pension Contributions	18-495-034-5085-006	124,077	7/1/17	6/30/18				124,077	(124,077)						124,077
Reimbursed TPAF - Social Security	18-495-034-5085-002	61,216	7/1/17	6/30/18				61,216	(61,216)						61,216
Total General Fund					(12,976)			960,816	(952,670)			(4,830)		(71,672)	952,670
<b>State Department of Agriculture</b>															
Enterprise Fund:															
National School Lunch Program (State Share)	18-100-010-3350-023	462	7/1/17	6/30/18				422	(449)			(27)		40	449
National School Lunch Program (State Share)	17-100-010-3350-023	-	7/1/16	6/30/17				13	(13)						13
Total Enterprise Fund								435	(462)			(27)		40	462
<b>Total State Financial Assistance</b>								<b>\$ 961,251</b>	<b>\$ (953,132)</b>			<b>\$ (4,857)</b>		<b>\$ (71,632)</b>	<b>\$ 953,132</b>
<b>State Financial Assistance Not to Subject to Major Program Determination:</b>															
General Fund:															
On-Behalf TPAF Long-Term Disability Insurance Contributions	18-495-034-5084-004	618	7/1/17	6/30/18				(391)	391					(327)	391
On-Behalf TPAF Post-Retirement Medical Contributions	18-495-034-5085-001	81,410	7/1/17	6/30/18				(80,138)	80,138					(1,272)	80,138
On-Behalf TPAF Pension Contributions	18-495-034-5085-006	124,077	7/1/17	6/30/18				(124,077)	124,077						124,077
Total On-Behalf TPAF Payments								(204,606)	204,606					(1,272)	204,606
<b>Total State Financial Assistance Subject to Major Program Determination</b>								<b>\$ 756,645</b>	<b>\$ (748,526)</b>			<b>\$ (4,857)</b>		<b>\$ (72,904)</b>	<b>\$ 1,157,738</b>

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

**Riverbank Charter School of Excellence**  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2018

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**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2018

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ -	\$ 952,670	\$ 952,670
Special Revenue Fund	48,680	-	48,680
Food Service Fund	10,016	462	10,478
Total Awards & Financial Assistance	<u>\$ 58,696</u>	<u>\$ 953,132</u>	<u>\$ 1,011,828</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

Riverbank Charter School of Excellence has no loan balances outstanding at June 30, 2018.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2018

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**NOTE 6. OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long-Term Disability Insurance represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

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

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS**

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

**NOTE 8. DE MINIMIS INDIRECT COST RATE**

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

**Federal Awards**

**N/A**



**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

**State Awards**

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

Auditee qualified as low-risk auditee?  Yes  No

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 auditors' report issued on compliance for major programs Unmodified

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

Identification of major state programs:

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
	<u>STATE AID-PUBLIC CLUSTER:</u>
<u>18-495-034-5120-078</u>	<u>EQUALIZATION AID</u>
<u>18-495-034-5120-089</u>	<u>SPECIAL EDUCATION CATEGORICAL AID</u>
<u>18-495-034-5120-084</u>	<u>SECURITY AID</u>
<u>18-495-034-5120-085</u>	<u>ADJUSTMENT AID</u>

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Summary Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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***Part II – Schedule of Financial Statement Findings***

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

No Current Year Findings

**Riverbank Charter School of Excellence**  
Schedule of Findings And Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

No Current Year Findings

**RIVERBANK CHARTER SCHOOL OF EXCELLENCE**  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2018

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**STATUS OF PRIOR YEAR FINDINGS**

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

**Findings**

There were no prior year findings reported