

Red Bank Charter School

of Monmouth County

Red Bank Charter School

Red Bank, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Red Bank Charter School
of Monmouth County

Red Bank, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

David P. Block
School Business Administrator

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INTRODUCTORY SECTION



Dr. Kristen Martello, Head of School
Ida West-Jones, Academic Administrator
David P. Block, Business Administrator

December 2, 2019

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

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Red Bank Charter School (the "Charter School") for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees and administrators of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the organizational chart and a list of the Board of Trustee members. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial information, presented on a multi-year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and the NJOMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Red Bank Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASS) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the Charter School are included in this report. The Charter School constitutes the reporting entity. The Charter School provides a full range of educational services appropriate to grade levels K through 8. These included regular, special education and an after-school program. Enrollment remained stable throughout 2018-19 with an average daily enrollment of 195 students.

58 Oakland Street Red Bank, NJ 07701
www.redbankcharterschool.com
Phone - 732-450-2092 Fax - 732-936-1923



Dr. Kristen Martello, Head of School
Ida West-Jones, Academic Administrator
David P. Block, Business Administrator

2. MAJOR INITIATIVES: Following are the major initiatives successfully implemented at The Red Bank Charter School for the 2018-2019 school year:

- Successfully completed the fifth year of the Pre-K program for 2017-18 meeting and surpassing all requirements
- School Performance Report continues to rank the school as highly performing scoring 92% among Peer Schools and 76% among elementary schools in the state
- Social media and updated public relations materials were continued as part of the communications upgrades for the school and larger community
- Student and parent engagement in school community activities and events continues to be at 90%+ indicating high degree of satisfaction with the school.
- Continued a fundraising effort to help supplement the retrofitting of warehouse space into a gymnasium at 135 Monmouth St. location
- Re-established the RBCS Foundation

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

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

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

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David P. Block, Business Administrator

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year.

5. ACCOUNTING SYSTEM AND REPORTS: The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASS). The accounting system of the Charter School is organized on the basis of funds each of which maintains a self-balancing set of accounts. These funds are explained in the "Notes to the Basic Financial Statements".
6. DEBT ADMINISTRATION: At June 30, 2019 the Charter School had outstanding mortgage balances of \$3,734,625.
7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The Charter School has an investment policy that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, student accident insurance and fidelity bonds.
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report in the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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Dr. Kristen Martello, Head of School
Ida West-Jones, Academic Administrator
David P. Block, Business Administrator

10. ACKNOWLEDGMENTS: We would like to express our appreciation to the Board of Trustees of the Red Bank Charter School for their concern in providing fiscal accountability of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'D. Block', written in a cursive style.

David Block
School Business Administrator

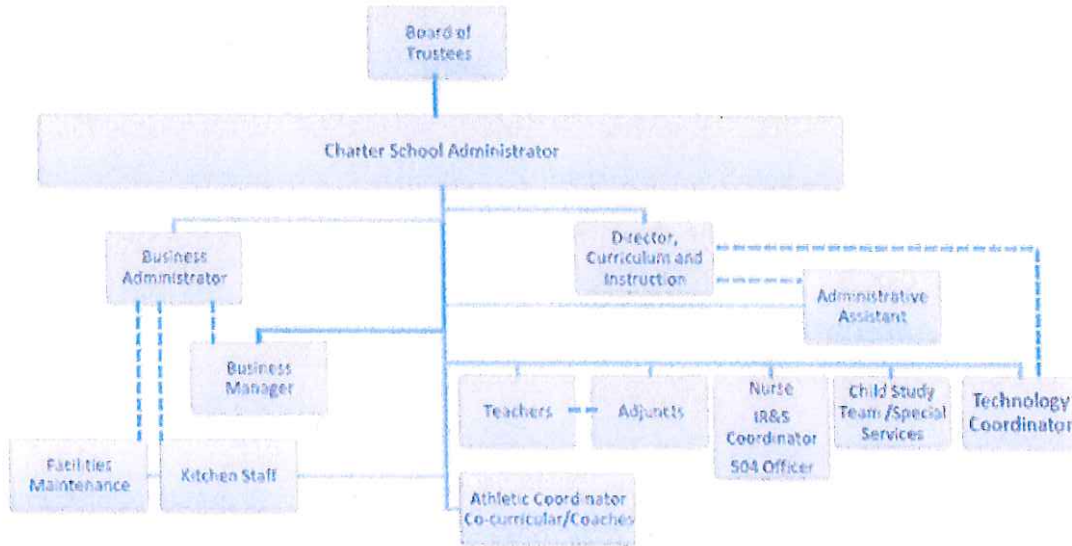
A handwritten signature in black ink, appearing to be 'Kristen Martello', written in a cursive style.

Kristen Martello, Ed. D.
Head of School

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6.2 c Organizational Chart

Red Bank Charter School Organization Chart



Red Bank Charter School
Red Bank, New Jersey

Roster of Officials
June 30, 2019

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Eric Wagner, President	2020
Ana-Maria Pittella, Vice President	2021
Mike Stasi	2019
Patricia Balderas	2021
Roger J. Foss	2021
Cristie Ritz-King	2019
Meghan Deming	2020
Gabriela Lopez	2021

Other Officials

Meredith S. Pennotti, Principal

David Block, Board Secretary/Business Administrator

Theresa Shirley, Business Manager

Thomas O. Johnston , Esq., Board Attorney

Red Bank Charter School
Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depositories

TD Bank
Front Street
Red Bank, New Jersey 07701

Bank America
Broad Street
Red Bank, New Jersey 07701

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Bank Charter School ("Charter School") in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Bank Charter School in the County of Monmouth, State of New Jersey as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

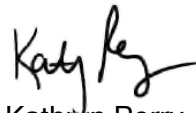
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2019 on our consideration of the Red Bank Charter School in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Bank Charter School in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.
Toms River, New Jersey



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

December 2, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Red Bank Charter School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

Unaudited

The discussion and analysis of Red Bank Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

Financial Highlights

Key financial highlights for June 30, 2019 are as follows:

Net position totaled \$886,390, which represents a 2.37 percent decrease from June 30, 2018.

General revenues accounted for \$3,304,857 in revenue or 90.91 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$330,444 or 9.09 percent of total revenues of \$3,635,301.

Total assets decreased by \$229,261 as current assets decreased by \$343,903 and capital assets, net increased by \$114,642.

The Charter School had \$3,656,792 in expenses; only \$330,444 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,304,857 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,206,715 in revenues and \$3,243,471 in expenditures and transfers. The General Fund's balance decreased \$36,756 over June 30, 2018. The General Fund's balance is \$146,552.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities provide information about the activities of the Charter School and are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration 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 net position. The change in net position is important because it informs the reader that the financial position of the Charter School has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the Charter School's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two kinds of activities:

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statement

The analysis of the Charter School's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

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

The School Board as a Whole

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

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2019 and 2018.

Table 1

Net Position as of June 30, 2019 and June 30, 2018

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 173,456	\$ 3,901	\$ 177,357	\$ 515,108	\$ 6,152	\$ 521,260
Capital assets, net	5,130,740	1,884	5,132,624	5,014,919	3,063	5,017,982
Total assets	5,304,196	5,785	5,309,981	5,530,027	9,215	5,539,242
Deferred outflow of resources	516,679	-	516,679	526,974	-	526,974
Liabilities:						
Current liabilities	4,255	54,862	59,117	31,800	54,862	86,662
Long-term liabilities outstanding	4,408,681	-	4,408,681	4,602,804	-	4,602,804
Total liabilities	4,412,936	54,862	4,467,798	4,634,604	54,862	4,689,466
Deferred inflow of resources	472,472	-	472,472	468,869	-	468,869
Net position:						
Net investment in capital assets	1,593,888	1,884	1,595,772	1,280,294	3,063	1,283,357
Restricted	7,598	-	7,598	11,390	-	11,390
Unrestricted	(666,019)	(50,961)	(716,980)	(338,156)	(48,710)	(386,866)
Total Net Position	\$ 935,467	\$ (49,077)	\$ 886,390	\$ 953,528	\$ (45,647)	\$ 907,881

The Charter School's combined net position was \$886,390 on June 30, 2019. This is a change of 2.37% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2019 and 2018.

Table 2

Changes in Net Position

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 14,672	\$ 14,672	\$ -	\$ 13,622	\$ 13,622
Operating and capital grants and contributions	251,133	64,639	315,772	260,147	52,001	312,148
General revenues:						
Tuition	1,481,786	-	1,481,786	1,306,126	-	1,306,126
Federal and state aid	1,672,726	-	1,672,726	1,806,242	-	1,806,242
Investment earnings	-	-	-	-	-	-
Miscellaneous	150,345	-	150,345	91,490	-	91,490
Total revenues	3,555,990	79,311	3,635,301	3,464,005	65,623	3,529,628
Expenses						
Instructional services	1,618,457	-	1,618,457	1,572,313	-	1,572,313
Support services	1,777,194	105,936	1,883,130	1,949,588	96,541	2,046,129
Interest on long-term liabilities	155,205	-	155,205	115,259	-	115,259
Total expenses	3,550,856	105,936	3,656,792	3,637,160	96,541	3,733,701
Change in net position	5,134	(26,625)	(21,491)	(173,155)	(30,918)	(204,073)
Transfer	(23,195)	23,195	-	-	-	-
Net position - beginning	<u>953,528</u>	<u>(45,647)</u>	<u>907,881</u>	<u>1,126,683</u>	<u>(14,729)</u>	<u>1,111,954</u>
Net position (deficit) - ending	<u>\$ 935,467</u>	<u>\$ (49,077)</u>	<u>\$ 886,390</u>	<u>\$ 953,528</u>	<u>\$ (45,647)</u>	<u>\$ 907,881</u>

Government Activities

The tuition portion paid by the sending district is made up 41.67% of revenues for governmental activities for the fiscal year 2019. The Charter School's total revenues were \$3,555,990 for the year ended June 30, 2019. Federal, state and local grants accounted for another 58.33%.

The total cost of all programs and services was \$3,550,856. Instruction and instruction direct support comprises 59.44% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2019

Business-Type Activities

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

Total Enterprise Fund expenses exceeded revenues by \$26,625.

Charges for services represent \$14,672 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$64,639.

Governmental Activities

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

Table 3

Governmental Activities

	2019		2018	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 1,618,457	\$ 1,618,457	\$ 1,572,313	\$ 1,572,313
Support Services:				
Pupils and Instructional Staff	492,272	241,139	550,340	290,193
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,283,802	1,283,802	1,394,512	1,394,512
Pupil Transportation	1,120	1,120	4,736	4,736
Interest and Fiscal Charges	<u>155,205</u>	<u>155,205</u>	<u>115,259</u>	<u>115,259</u>
Total Expenses	<u>\$ 3,550,856</u>	<u>\$ 3,299,723</u>	<u>\$ 3,637,160</u>	<u>\$ 3,377,013</u>

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

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

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

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

The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$3,555,990 and expenditures of \$3,846,902. The net change in fund balance for the year was most significant in the General Fund, with a decrease of \$36,756.

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

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2019.

<u>Revenue</u>	<u>2019 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,632,131	45.89 %	\$ 234,515	16.78 %
State Sources	1,794,224	50.46	(147,394)	(7.59)
Federal Sources	<u>129,635</u>	<u>3.65</u>	<u>4,864</u>	<u>3.90</u>
Total	<u>\$ 3,555,990</u>	<u>100.00 %</u>	<u>\$ 91,985</u>	<u>2.66 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019.

<u>Expenditures</u>	<u>2019 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 1,636,682	42.55 %	\$ 66,094	4.21 %
Undistributed Expenditures	1,568,365	40.77	(213,730)	(11.99)
Capital Outlay	311,526	8.10	(165,402)	(34.68)
Debt Service:				
Principal	175,124	4.55	21,174	13.75
Interest	<u>155,205</u>	<u>4.03</u>	<u>39,946</u>	<u>34.66</u>
Total	\$ <u>3,846,902</u>	<u>100.00 %</u>	\$ <u>(251,918)</u>	<u>(6.15)%</u>

General Fund Budgeting Highlights

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

During the course of the fiscal year 2019, the Charter School amended its General Fund budget as needed. The Charter School uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administration, Superintendent and Board of Trustees. Transfers were necessitated by:

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

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$453,000, the actual results for the year show a \$36,756 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2019, the School Board had \$5,132,624 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2019 and June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 847,547	\$ 847,547	\$ -	\$ -	\$ 847,547	\$ 847,547
Construction in Progress	-	-	-	-	-	-
Building and Improvements	4,064,975	4,048,197	-	-	4,064,975	4,048,197
Machinery and Equipment	218,218	119,175	1,884	3,063	220,102	122,238
Total	\$ 5,130,740	\$ 5,014,919	\$ 1,884	\$ 3,063	\$ 5,132,624	\$ 5,017,982

During the current fiscal year, \$219,486 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental and business-type activities :

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Mortgages Payable (net)	\$ 3,559,501	\$ 3,734,625
Pension Liability-PERS	849,180	849,954
Compensated Absences payable	-	18,225
Total long-term liabilities	\$ <u>4,408,681</u>	\$ <u>4,602,804</u>

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

Economic Factors and Next Year's Budget

For the 2018-2019 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 54.11% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 45.89% of total revenue is from local sources.

The \$(666,019) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Charter School had to pay off all bills today, including all of the Charter School's non-capital liabilities (compensated absences, etc.), the Charter School would have that much in value.

The 2018-2019 budget was adopted in March 2018 based in part on the state education aid the Charter School anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Charter School to come up with alternative funding sources.

The Charter School anticipates a slight increase in enrollment for the 2019-2020 fiscal year. If the Charter School were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the Charter School will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

RED BANK CHARTER SCHOOL
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 50,187	\$ 464	\$ 50,651
Receivables - state	5,853	54	5,907
Receivables - federal	-	3,383	3,383
Receivables - other governments	34,205	-	34,205
Interfund receivable	56,062	-	56,062
Deposits	4,500	-	4,500
Mortgage escrow-restricted	22,649	-	22,649
Capital assets, non-depreciable	847,547	-	847,547
Capital assets, depreciable, net	4,283,193	1,884	4,285,077
Total assets	<u>5,304,196</u>	<u>5,785</u>	<u>5,309,981</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	516,679	-	516,679
Total deferred outflows of resources	<u>516,679</u>	<u>-</u>	<u>516,679</u>
LIABILITIES			
Interfund payable	-	54,862	54,862
Payable to state government	4,255	-	4,255
Noncurrent liabilities:			
Due within one year	187,134	-	187,134
Due beyond one year	4,221,547	-	4,221,547
Total liabilities	<u>4,412,936</u>	<u>54,862</u>	<u>4,467,798</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	472,472	-	472,472
Total deferred outflows of resources	<u>472,472</u>	<u>-</u>	<u>472,472</u>
NET POSITION			
Net Investment in Capital Assets	1,593,888	1,884	1,595,772
Restricted for:			
Other purposes	7,598	-	7,598
Unrestricted	(666,019)	(50,961)	(716,980)
Total net position	<u>\$ 935,467</u>	<u>\$ (49,077)</u>	<u>\$ 886,390</u>

RED BANK CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 1,503,141	\$ -	\$ -	\$ -	\$ (1,503,141)	\$ -	\$ (1,503,141)
Special Education instruction	-	-	-	-	-	-	-
Other special instruction	115,316	-	-	-	(115,316)	-	(115,316)
Support services and undistributed costs:							
Health services	163,924	-	-	-	(163,924)	-	(163,924)
Other support services	77,215	-	-	-	(77,215)	-	(77,215)
General administrative services	196,563	-	-	-	(196,563)	-	(196,563)
School administrative services	158,736	-	-	-	(158,736)	-	(158,736)
School central services	50,053	-	-	-	(50,053)	-	(50,053)
Other operation & maintenance of plant	495,995	-	-	-	(495,995)	-	(495,995)
Student transportation services	1,120	-	-	-	(1,120)	-	(1,120)
Unallocated employee benefits	382,455	-	-	-	(382,455)	-	(382,455)
Non-budgeted expenditures	251,133	-	251,133	-	-	-	-
Interest expense	155,205	-	-	-	(155,205)	-	(155,205)
Total governmental activities	<u>3,550,856</u>	<u>-</u>	<u>251,133</u>	<u>-</u>	<u>(3,299,723)</u>	<u>-</u>	<u>(3,299,723)</u>
Business-type activities:							
Food Service	105,936	14,672	64,639	-	-	(26,625)	(26,625)
Total business-type activities	<u>105,936</u>	<u>14,672</u>	<u>64,639</u>	<u>-</u>	<u>-</u>	<u>(26,625)</u>	<u>(26,625)</u>
Total primary government	<u>\$ 3,656,792</u>	<u>\$ 14,672</u>	<u>\$ 315,772</u>	<u>\$ -</u>	<u>(3,299,723)</u>	<u>(26,625)</u>	<u>(3,326,348)</u>
General revenues:							
Tuition					1,481,786	-	1,481,786
Federal and state aid not restricted					1,672,726	-	1,672,726
Miscellaneous income					150,345	-	150,345
Total general revenues					<u>3,304,857</u>	<u>-</u>	<u>3,304,857</u>
Change in net position before transfers					5,134	(26,625)	(21,491)
Transfers					<u>(23,195)</u>	<u>23,195</u>	<u>-</u>
Change in net position after transfers					(18,061)	(3,430)	(21,491)
Net position—beginning					953,528	(45,647)	907,881
Net position—ending					<u>\$ 935,467</u>	<u>\$ (49,077)</u>	<u>\$ 886,390</u>

RED BANK CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 52,294	\$ (2,107)	\$ 50,187
Deposits	4,500	-	4,500
Receivables from other governments	32,098	2,107	34,205
Receivables from other funds	56,062	-	56,062
Receivables from state	5,853	-	5,853
Total assets	150,807	-	150,807
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable to other governments	4,255	-	4,255
Total liabilities	4,255	-	4,255
Fund Balances:			
Assigned to:			
Other purposes	7,598	-	7,598
Unassigned to:			
General fund	138,954	-	138,954
Total fund balances	146,552	-	146,552
Total liabilities and fund balances	\$ 150,807	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,914,154 and the accumulated depreciation is \$1,783,414.		5,130,740
Funds held in escrow for the purchase of the building that is not reported in this fund financial statement, but is presented in the statement of net assets.		22,649
Deferred outflows related to the PERS pension plan		516,679
Deferred inflows related to the PERS pension plan		(472,472)
Long-term liabilities, including mortgage payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Pension liability - PERS	(849,180)	
Mortgages Payable	(3,559,501)	(4,408,681)
Net position of governmental activities		\$ 935,467

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local tax levy	\$ 1,481,786	\$ -	\$ 1,481,786
Rent income	107,341	-	107,341
Miscellaneous	43,004	-	43,004
Total - Local sources	1,632,131	-	1,632,131
State sources	1,574,584	219,640	1,794,224
Federal sources	-	129,635	129,635
Total revenues	3,206,715	349,275	3,555,990
EXPENDITURES			
Current:			
Current expense:			
Instruction	1,271,009	250,357	1,521,366
Other special instruction	115,316	-	115,316
Undistributed - current:			
Health Services	65,006	98,918	163,924
Other support services	77,215	-	77,215
General administrative services	196,563	-	196,563
School administrative services	158,736	-	158,736
School central services	50,053	-	50,053
Other operation & maintenance of plant	300,290	-	300,290
Student transportation services	1,120	-	1,120
Unallocated employee benefits	369,331	-	369,331
Non-budgeted expenditures	251,133	-	251,133
Debt Service:			
Principal	175,124	-	175,124
Interest and other charges	155,205	-	155,205
Capital Outlay	311,526	-	311,526
Total expenditures	3,497,627	349,275	3,846,902
Excess (Deficiency) of revenues over expenditures	(290,912)	-	(290,912)
OTHER FINANCING SOURCES (USES)			
Bank loan proceeds	277,351	-	277,351
Transfers out	(23,195)	-	(23,195)
Total other financing sources and uses	254,156	-	254,156
Net change in fund balances	(36,756)	-	(36,756)
Fund balance—July 1	183,308	-	183,308
Fund balance—June 30	\$ 146,552	\$ -	\$ 146,552

**RED BANK CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2019**

Total net change in fund balances - governmental funds (from B-2)	\$	(36,756)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense Capital outlays	\$ (103,665) <u>219,486</u>	115,821
In the Statement of Activities payments made on Long Term Debt are uses of resources but are reductions of the assets on the Statement of Net Position.		175,124
The use of the deposit on the building placed in escrow in the previous year was used to fund the purchase.		(277,351)
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid.		18,225
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		<u>(13,124)</u>
Change in net position of governmental activities	\$	<u>(18,061)</u>

RED BANK CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 464	\$ 464
Receivables from state	54	54
Receivables from federal	3,383	3,383
Total current assets	3,901	3,901
Noncurrent assets:		
Furniture, machinery & equipment	8,250	8,250
Less accumulated depreciation	(6,366)	(6,366)
Total noncurrent assets	1,884	1,884
Total assets	\$ 5,785	\$ 5,785
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Interfund payable	54,862	54,862
Total current liabilities	54,862	54,862
NET POSITION		
Investment in capital assets	1,884	1,884
Unrestricted	(50,961)	(50,961)
Total net position	(49,077)	(49,077)
Total liabilities and net position	\$ 5,785	\$ 5,785

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
School lunch	14,672	14,672
Total daily sales reimbursable programs	<u>14,672</u>	<u>14,672</u>
Total operating revenues	<u>14,672</u>	<u>14,672</u>
Operating expenses:		
Salaries	32,800	32,800
Supplies and materials	-	-
Depreciation	1,179	1,179
Cost of sales - reimbursable programs	71,957	71,957
Cost of sales - non-reimbursable programs	-	-
Total operating expenses	<u>105,936</u>	<u>105,936</u>
Operating income (loss)	<u>(91,264)</u>	<u>(91,264)</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	990	990
Federal sources:		
School breakfast program	15,148	15,148
National school lunch program	48,501	48,501
Total nonoperating revenues (expenses)	<u>64,639</u>	<u>64,639</u>
Income (loss) before contributions & transfers	<u>(26,625)</u>	<u>(26,625)</u>
Transfers in (out)	23,195	23,195
Change in net position	(3,430)	(3,430)
Total net position—beginning	(45,647)	(45,647)
Total net position—ending	<u>\$ (49,077)</u>	<u>\$ (49,077)</u>

RED BANK CHARTER SCHOOL
Food Services Enterprise Fund
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 14,671	\$ 14,671
Payments to employees & benefits	(32,800)	(32,800)
Payments to suppliers	(71,956)	(71,956)
Net cash provided by (used in) operating activities	(90,085)	(90,085)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	989	989
Federal sources	63,463	63,463
Board interfund transfer	23,195	23,195
Net cash provided by (used in) non-capital financing activities	87,647	87,647
Net increase (decrease) in cash and cash equivalents	(2,438)	(2,438)
Balances—beginning of year	2,902	2,902
Balances—end of year	\$ 464	\$ 464
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (91,264)	\$ (91,264)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and net amortization	1,179	1,179
Total adjustments	(90,085)	(90,085)
Net cash used in operating activities	\$ (90,085)	\$ (90,085)

RED BANK CHARTER SCHOOL
Statement of Fiduciary Net Position
June 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 8,379
Total assets	<u>8,379</u>
LIABILITIES	
Payroll deductions and withholdings	4,167
Interfund payable	1,200
Payable to student groups	3,012
Total liabilities	<u>8,379</u>
NET POSITION	
Reserved for scholarships	-
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 8,379</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

1. Description of the School District and Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Charter School also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do no conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below.

A. Basis of Presentation

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

1. Government-Wide Statements

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

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

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

A. Basis of Presentation (Cont'd)

1. Government-Wide Statements (Cont'd)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

B. Fund Accounting (Cont'd)

1. Governmental Funds (Cont'd)

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

As required by the New Jersey State Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings that the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

2. Proprietary Funds

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

B. Fund Accounting (Cont'd)

2. Proprietary Funds (Cont'd)

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

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

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

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

3. Fiduciary Funds

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

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

D. Basis of Accounting (Cont'd)

The Charter School receives a portion of the local tax levy and state aid from the several school districts based upon the number of enrolled students. The State Department of Education in conjunction with the local school district revises the amounts to be received by the Charter School three times a year based upon the enrollment counts on June 1, October 15, and the last day of the school year. The local tax levy and state aid are susceptible to accrual. The Charter School records the entire anticipated local tax levy to be received at the start of the fiscal year based upon the June 1 enrollment count and certification from the New Jersey State Department of Education, since the revenue is both measurable and available. The Charter School is entitled to receive monies under the established payment schedule, which is revised after each enrollment count date, and the unpaid amount is considered to be an "accounts receivable". At June 30, 2019, the Charter School had accounts receivable of \$- that represented amounts that had not been repaid based upon the current year final enrollment count.

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

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C 6A:23A-16.2(f). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

E. Budgets/Budgetary Control (Cont'd)

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

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

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

F. Encumbrances

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

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$46 of encumbrances at June 30, 2019.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

G. Cash, Cash Equivalents and Investments

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

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

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

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

I. Short-Term Interfund Receivables/Payables

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

J. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-50 years
Furniture and Equipment	5-10 years
Vehicles	3-5 years

K. Compensated Absences

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

K. Compensated Absence (Cont'd)

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Position

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

N. Unearned Revenue

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

O. Fund Equity

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

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

P. Use of Estimates

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

3. Deposits and Investments

Deposits

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

Bank Balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2019, the book value of the Board's deposits was \$59,031 and bank balances of the Charter School's cash and deposits amounted to \$124,798. Of the bank balances \$124,798 was covered by the FDIC. The Charter School's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 124,798
Uninsured and Collateralized	<u>-</u>
	<u>\$ 124,798</u>

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

Investments

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

As of June 30, 2019, the Charter School had no investments.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	Balance <u>June 30, 2019</u>
Not being depreciated			
Sites (Land)	\$ 847,547	\$ -	\$ 847,547
Construction in process	-	-	-
Being Depreciated:			
Building and Improvements	5,628,903	219,486	5,848,389
Machinery and Equipment	<u>218,218</u>	<u>-</u>	<u>218,218</u>
	6,694,668	219,486	6,914,154
Less: Accumulated Depreciation	<u>(1,679,749)</u>	<u>(103,665)</u>	<u>(1,783,414)</u>
Net Assets	<u>\$ 5,014,919</u>	<u>\$ 115,821</u>	<u>\$ 5,130,740</u>

Depreciation expense for governmental activities held assets was \$103,665 for 2019.

Enterprise Activities:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	Balance <u>June 30, 2019</u>
Equipment	\$ <u>8,250</u>	\$ -	\$ <u>8,250</u>
	8,250	-	8,250
Less: Accumulated Depreciation	<u>(5,187)</u>	<u>(1,179)</u>	<u>(6,366)</u>
Net Assets	<u>\$ 3,063</u>	<u>\$ (1,179)</u>	<u>\$ 1,884</u>

Depreciation expense for enterprise activities held assets for 2019 was \$1,179.

5. Long-term Obligations

Long-term obligation activity for the year ended June 30, 2019, was as follows:

	Balance <u>June 30, 2018</u>	<u>Issued/ Retired</u>	Balance <u>June 30, 2019</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 18,225	(18,225)	-	-
Mortgages Payable	3,734,625	(175,124)	3,559,501	187,134
PERS Payable	<u>849,954</u>	<u>(774)</u>	<u>849,180</u>	<u>-</u>
	<u>\$ 4,602,804</u>	<u>(194,123)</u>	<u>4,408,681</u>	<u>187,134</u>

For governmental activities, the mortgages payable are liquidated from the School District's debt service fund. Compensated absences payable and PERS payable are liquidated by the general fund.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

5. Long-term Obligations (Cont'd)

A. Mortgages Payable

On January 15, 2014, the Charter School modified its two existing mortgage loans by issuing two new Commercial Real Estate Loans. The original loans were modified to reduce monthly payments and provide an infusion of cash to be used for capital expenditures. The first modified loan was issued for \$1,745,761 with an interest rate of 3.33%. There was an interest rate modification in 2019 to 4.91%. The equal monthly payments changed to \$13,628 per month ending on October 1, 2028.

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

In November 2017 the Charter School purchased a building for \$1,737,735. The purchase price was funded with operating cash of \$512,735 and a mortgage of \$1,525,000. The mortgage included \$300,000 of cash held in escrow for future qualified repairs. The loan had the first payment due on January 1, 2018 with fixed principal and interest payments of \$9,145 due for 260 months. The final payment is due in July 2039. The interest rate is 4.38%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 187,134	\$ 149,445	\$ 336,579
2021	190,984	145,593	336,577
2022	199,975	136,602	336,577
2023	209,393	127,183	336,576
2024	219,032	117,547	336,579
2025-2029	1,144,924	423,379	1,568,303
2030-2034	631,539	233,637	865,176
2035-2040	776,520	86,412	862,932
	<u>\$ 3,559,501</u>	<u>\$ 1,419,798</u>	<u>\$ 4,979,299</u>

6. Pension Plans

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or 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 at 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 55 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.

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 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 2018, the State's pension contribution was less than the actuarial determined amount.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This 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.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2019, the School District reported a liability of \$849,180 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The School District's proportion measured as of June 30, 2018, was .0043128577%, which was an increase of .00006616003% from its proportion measured as of June 30, 2017.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$100,152 in the government-wide financial statements consisting of employer contributions of \$42,899 and non-employer contributions of \$57,253. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,194	\$ 4,379
Changes of assumptions	139,931	271,523
Net difference between projected and actual earnings on pension plan investments	-	7,965
Changes in proportion and differences between District contributions and proportionate share of contributions	315,860	188,605
District contributions subsequent to the measurement date	44,694	-
Total	<u>\$ 516,679</u>	<u>\$ 472,472</u>

A. Public Employees' Retirement System (PERS) (cont'd)

\$44,694 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2018-2019 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 23
2020	(31)
2021	(223)
2022	(194)
2023	(62)
Thereafter	-
Total	<u>\$ (487)</u>

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Actuarial Assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	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 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. In addition the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined 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 future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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	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 %

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	1,067,746	849,180	665,817

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/19</u>	<u>6/30/18</u>
Collective Deferred Outflows of Resources	(296,189)	723,829,861
Collective Deferred Inflows of Resources	-	-
Collective Net Pension Liability	19,689,501,539	23,278,401,588
School District's Portion	.0036512574%	.0036512574%

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

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

The vesting and benefit provisions 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 for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or 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 at 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 55 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.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Contributions - The contribution 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 2018, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the School District.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2018 was \$8,948,458. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the TPAF net pension liability attributable to the School District was .0140659547%, which was an increase of .0014718920% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized a pension expense in the amount of \$295,332 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2018 measurement date.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Actuarial Assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following 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 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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	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 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's proportionate share of the net pension liability	10,608,247	8,948,458	7,621,028

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

Defined Contribution Retirement Plan (DCRP)

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

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2019

6. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Defined Contribution Retirement Plan (DCRP)(cont'd)

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

The Charter School's contributions to the DCRP for June 30, 2019 were \$1,212. There was no liability for unpaid contributions at June 30, 2019.

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

7. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 c. 62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.
(GASB Cod. Sec. 2300.106(g))

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

Plan description and benefits provided (cont'd)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Employees covered by benefit terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	145,050
Active plan members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.15%-4.15% PFRS 2.1%-8.98% TPAF 1.55%-4.55%
Salary Increases after 2026	PERS 3.15%-5.15% PFRS 3.1%-9.98% TPAF 2.0%-5.45%
Discount Rate	3.58%
Healthcare Cost Trend Rates	4.5%-5.9%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

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 Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

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

Balance at June 30, 2017	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest on the total OPEB liability	1,970,236,232
Differences between expected and actual experiences	(5,002,065,740)
Changes in assumptions	(5,291,448,855)
Gross benefit payments by the state	(1,232,987,247)
Contributions from members	<u>42,614,005</u>
Net changes	<u>(7,529,008,876)</u>
Balance at June 30, 2018	<u><u>\$ 46,110,832,982</u></u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Post-Retirement Benefits (cont'd)

Discount rate

The discount rate as of June 30, 2016, 2017, and 2018 are 2.85%, 3.58% and 3.87% respectively. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. The source is the Bond Buyer Go 20-Bond municipal bond index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2018 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability of the State for School Retirees	\$54,512,931,175	\$46,110,832,982	\$39,432,461,816
Total OPEB Liability of the State Associated with the School District for School Retirees	\$3,462,257	\$2,928,647	\$2,504,482

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount is 5.8% 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 5.8% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% and decreases to 5.0% long term 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.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2018 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003
Total OPEB Liability of the State Associated with the School District for School Retirees	\$2,420,697	\$2,928,647	\$3,600,430

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$133,962 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Red Bank Charter School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Post-Retirement Benefits (cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,476,086,167)
Changes of assumptions	-	(10,335,978,867)
Contributions made in fiscal year ending 2018 after June 30, 2017 measurement date	-	-
Total	<u>\$ -</u>	<u>\$ (14,812,065,034)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	<u>(5,685,972,069)</u>
Total	<u>\$ (14,812,065,034)</u>

8. Economic Dependency

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

9. Deferred Compensation

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

10. Risk Management

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

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

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

11. Interfund/Internal Balances and Transfers

The following inter-fund balances remained on the balance sheet at June 30, 2019.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 56,062	-
Special Revenue Fund	-	-
Enterprise Fund	-	54,862
Trust and Agency Fund	-	1,200
	<u>\$ 56,062</u>	<u>\$ 56,062</u>

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

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

12. Fund Balance Appropriated

General Fund - Of the \$146,552 General Fund balance at June 30, 2019, there is a \$7,598 assigned for encumbrances, \$- has been assigned and included as anticipated revenue for the year ending June 30, 2019; therefore, \$- of the unassigned fund balance has been designated for capital projects, and \$- is unassigned and undesignated.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2019

13. Contingent Liabilities

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

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

14. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 2, 2019. No such disclosures were required.

15. Uncertain Tax Positions

The district had no unrecognized tax benefits. Furthermore, the district had no unrecognized tax benefits at June 30, 2019. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open years prior to June 30, 2016.

16. Tax Abatement

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,494,708	\$ (106,344)	\$ 1,388,364	\$ 1,481,786	\$ 93,422
Rental income	-	-	-	107,341	107,341
Miscellaneous	108,500	-	108,500	43,004	(65,496)
Total - local sources	<u>1,603,208</u>	<u>(106,344)</u>	<u>1,496,864</u>	<u>1,632,131</u>	<u>135,267</u>
State sources:					
Equalization aid (Local levies - state share)	475,357	(181,488)	293,869	471,274	177,405
Special Education Aid	106,174	(51,401)	54,773	106,174	51,401
Security aid	52,968	(7,861)	45,107	52,135	7,028
Adjustment aid	664,761	330,139	994,900	662,620	(332,280)
Non-public aid	-	-	-	-	-
Other state revenue	-	-	-	-	-
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	462	462
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	133,962	133,962
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	295,332	295,332
TPAF social security (reimbursed - non-budgeted)	-	-	-	116,709	116,709
Total state sources	<u>1,299,260</u>	<u>89,389</u>	<u>1,388,649</u>	<u>1,838,668</u>	<u>450,019</u>
Total revenues	<u>2,902,468</u>	<u>(16,955)</u>	<u>2,885,513</u>	<u>3,470,799</u>	<u>585,286</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers	-	57,700	57,700	57,700	-
Grades 1-5 - salaries of teachers	1,017,177	(356,110)	661,067	642,422	18,645
Grades 6-8 - salaries of teachers	-	276,420	276,420	276,420	-
Other salaries for instruction	158,342	72,008	230,350	230,350	-
Purchased professional-educational services	35,000	(19,680)	15,320	13,711	1,609
Other purchased services	21,900	(14,448)	7,452	7,452	-
General supplies	46,250	(6,680)	39,570	39,395	175
Textbooks	26,000	(23,718)	2,282	2,282	-
Other objects	2,500	(1,223)	1,277	1,277	-
Total instruction	<u>1,307,169</u>	<u>(15,731)</u>	<u>1,291,438</u>	<u>1,271,009</u>	<u>20,429</u>
School-sponsored cocurricular activities - instruction					
Salaries	25,000	2,319	27,319	27,319	-
Total school-sponsored cocurricular activities - instruction	<u>25,000</u>	<u>2,319</u>	<u>27,319</u>	<u>27,319</u>	<u>-</u>
Total Instruction	<u>1,332,169</u>	<u>(13,412)</u>	<u>1,318,757</u>	<u>1,298,328</u>	<u>20,429</u>
Undistributed expenditures:					
Health services					
Salaries	63,345	(545)	62,800	62,800	-
Supplies and materials	3,000	(794)	2,206	2,206	-
Total health services	<u>66,345</u>	<u>(1,339)</u>	<u>65,006</u>	<u>65,006</u>	<u>-</u>
Child study teams					
Salaries of other professional staff	97,920	(60,920)	37,000	37,000	-
Purchased professional-educational services	27,000	13,215	40,215	40,215	-
Total child study teams	<u>124,920</u>	<u>(47,705)</u>	<u>77,215</u>	<u>77,215</u>	<u>-</u>
Improvement of instructional services					
Salaries of Supervisors of Instruction	88,305	(308)	87,997	87,997	-
Total improvement of instructional services	<u>88,305</u>	<u>(308)</u>	<u>87,997</u>	<u>87,997</u>	<u>-</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration					
Salaries	\$ 131,325	\$ (21,430)	\$ 109,895	\$ 109,895	\$ -
Legal fees	25,000	(14,422)	10,578	10,478	100
Audit fees	12,000	(306)	11,694	11,694	-
Communications/telephone	14,537	3,663	18,200	16,482	1,718
Other purchased services	16,120	13,094	29,214	27,602	1,612
General supplies	14,600	5,947	20,547	20,412	135
Total support services	<u>213,582</u>	<u>(13,454)</u>	<u>200,128</u>	<u>196,563</u>	<u>3,565</u>
Support services - school administration					
Salaries of principals/assistant principals	146,928	733	147,661	147,661	-
Other objects	6,000	5,525	11,525	11,075	450
Total support services - school administration	<u>152,928</u>	<u>6,258</u>	<u>159,186</u>	<u>158,736</u>	<u>450</u>
Undistributed expenditures					
Central services					
Salaries	35,100	5,300	40,400	40,400	-
Purchased technical services	34,050	(24,397)	9,653	9,653	-
Interest on current loans	142,908	12,297	155,205	155,205	-
Miscellaneous	-	-	-	-	-
Total central services	<u>212,058</u>	<u>(6,800)</u>	<u>205,258</u>	<u>205,258</u>	<u>-</u>
Operation and maintenance of school facilities					
Cleaning, repair, and maint. Services	-	39,099	39,099	39,099	-
Total operation and maintenance of school facilities	<u>-</u>	<u>39,099</u>	<u>39,099</u>	<u>39,099</u>	<u>-</u>
Custodial Services					
Salaries	92,338	44,652	136,990	136,990	-
Cleaning, repair, and maintenance services	44,834	6,342	51,176	51,176	-
Insurance	5,000	(1,708)	3,292	3,292	-
General supplies	11,000	793	11,793	11,331	462
Energy (natural gas)	9,000	2,457	11,457	11,457	-
Energy (electricity)	45,000	(5,594)	39,406	38,367	1,039
Other objects	4,000	4,578	8,578	8,578	-
Total custodial services	<u>211,172</u>	<u>51,520</u>	<u>262,692</u>	<u>261,191</u>	<u>1,501</u>
Total operation and maintenance of plant services	<u>1,069,310</u>	<u>27,271</u>	<u>1,096,581</u>	<u>1,091,065</u>	<u>5,516</u>
Student transportation services					
Salaries - between home & school - regular	6,000	(4,880)	1,120	1,120	-
Contracted services (not home/school) - vendors	2,000	(2,000)	-	-	-
Total student transportation services	<u>8,000</u>	<u>(6,880)</u>	<u>1,120</u>	<u>1,120</u>	<u>-</u>
Unallocated Expenditures:					
Social Security Contributions	15,000	8,000	23,000	21,443	1,557
Other Retirement Contributions - PERS	35,000	9,694	44,694	44,694	-
Unemployment Compensation	10,000	10,000	20,000	11,105	8,895
Workmen's Compensation	48,000	4,630	52,630	52,630	-
Health Benefits	264,000	(24,401)	239,599	236,983	2,616
Tuition Reimbursement	10,000	(7,846)	2,154	2,154	-
Other Employee Benefits	1,639	-	1,639	322	1,317
Total unallocated benefits	<u>383,639</u>	<u>77</u>	<u>383,716</u>	<u>369,331</u>	<u>14,385</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	462	(462)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	133,962	(133,962)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	295,332	(295,332)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	116,709	(116,709)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,465</u>	<u>(546,465)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,460,949</u>	<u>20,468</u>	<u>1,481,417</u>	<u>2,007,981</u>	<u>(526,564)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>2,793,118</u>	<u>7,056</u>	<u>2,800,174</u>	<u>3,306,309</u>	<u>(506,135)</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Instructional equipment	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ 3,000
Non-instructional equipment	3,000	-	3,000	-	3,000
Construction Services	-	312,351	312,351	281,651	30,700
Mortgage Payments - Principal	181,171	-	181,171	175,124	6,047
Other Objects	37,000	2,100	39,100	29,875	9,225
Total budgeted capital outlay	<u>224,171</u>	<u>314,451</u>	<u>538,622</u>	<u>486,650</u>	<u>51,972</u>
Total general fund	<u>3,017,289</u>	<u>321,507</u>	<u>3,338,796</u>	<u>3,792,959</u>	<u>(454,163)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,821)</u>	<u>(338,462)</u>	<u>(453,283)</u>	<u>(322,160)</u>	<u>131,123</u>
Other Financing Sources / Uses:					
Bank loan proceeds-from escrow	-	-	-	277,351	(277,351)
Operating transfer out - deficit in food service	-	-	-	(23,195)	23,195
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,156</u>	<u>(254,156)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(114,821)</u>	<u>(338,462)</u>	<u>(453,283)</u>	<u>(68,004)</u>	<u>385,279</u>
Fund Balance, July 1	214,556	-	214,556	214,556	-
Fund Balance, June 30	<u>\$ 99,735</u>	<u>\$ (338,462)</u>	<u>\$ (238,727)</u>	<u>\$ 146,552</u>	<u>\$ 385,279</u>
Recapitulation:					
Assigned Fund Balance:					
Year-end encumbrances				7,598	
Restricted for other purposes				-	
Unassigned-Capital projects				-	
Unassigned				138,954	
Fund balance per governmental funds (GAAP)				<u>\$ 146,552</u>	

**RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	219,640	219,640	219,640	-
Federal sources	364,445	(198,203)	166,242	129,589	(36,653)
Total Revenues	<u>364,445</u>	<u>21,437</u>	<u>385,882</u>	<u>349,229</u>	<u>(36,653)</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	330,602	(143,217)	187,385	187,385	-
Purchased professional and technical services	-	-	-	-	-
General supplies	-	-	-	-	-
Professional services	-	79,635	79,635	51,831	27,804
Other objects	-	11,141	11,141	11,141	-
Total instruction	<u>330,602</u>	<u>(52,441)</u>	<u>278,161</u>	<u>250,357</u>	<u>27,804</u>
Support services:					
Salaries of Supervisors of Instruction	-	9,778	9,778	9,778	-
Salaries of Principal	-	16,289	16,289	16,289	-
Salaries of Other Professional Staff	-	1,598	1,598	1,598	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Purchased professional and technical	33,843	35,063	68,906	60,057	8,849
Employee benefits	-	11,150	11,150	11,150	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies - materials	-	-	-	-	-
Total support services	<u>33,843</u>	<u>73,878</u>	<u>107,721</u>	<u>98,872</u>	<u>8,849</u>
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Non-Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>364,445</u>	<u>21,437</u>	<u>385,882</u>	<u>349,229</u>	<u>36,653</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RED BANK CHARTER SCHOOL
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to Required Supplementary Information
 For the Year Ended June 30, 2019

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,470,799	[C-2]	\$ 349,229
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		46
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(295,332)		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		31,248		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 3,206,715	[B-2]	\$ 349,275
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,792,959	[C-2]	\$ 349,229
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(295,332)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		46
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 3,497,627	[B-2]	\$ 349,275

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RED BANK CHARTER SCHOOL
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Year Ended June 30, 2019**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.0058311306%	0.0025727791%	0.0032770675%	0.3651257400%	0.0043128577%
District's proportionate share of the net pension liability	\$ 1,091,747	\$ 599,656	\$ 970,573	\$ 849,954	\$ 849,180
District's covered-employee payroll	-	680,628	234,816	272,649	300,086
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	#DIV/0!	88.10%	355.98%	283.24%	282.98%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

RED BANK CHARTER SCHOOL
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Year Ended June 30, 2019

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contributions	\$ 49,259	\$ 23,315	\$ 30,928	\$ 36,544	\$ 44,694
Contributions in relation to the contractually required contribution	<u>49,259</u>	<u>23,315</u>	<u>30,928</u>	<u>36,544</u>	<u>44,694</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	680,628	234,816	272,649	300,086	269,617
Contributions as a percentage of covered-employee payroll	0.00%	9.93%	11.34%	13.40%	16.58%

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

RED BANK CHARTER SCHOOL
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2019

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
State's proportion of the net pension liability	0.0118021042%	0.0119803210%	0.1391169420%	0.0125940627%	0.0140659547%
State's proportionate share of the net pension liability	\$ 6,307,841	\$ 7,572,074	\$ 10,943,824	\$ 8,491,371	\$ 8,948,458
District's covered-employee payroll	1,180,568	1,716,656	1,449,585	1,572,524	1,572,829
Proportionate share of the net pension liability as a percentage of District's covered-employee payroll	534.31%	441.09%	754.96%	539.98%	568.94%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

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

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

RED BANK CHARTER SCHOOL
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2019
(Unaudited)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>
State's proportion of the OPEB liability associated with the District		
Service cost	\$ 369,926	\$ 307,538
Interest cost	108,738	130,555
Differences between expected and actual experiences	-	(474,485)
Changes in assumptions	(509,456)	(336,077)
Member contributions	2,880	2,707
Gross benefit payments	<u>(78,212)</u>	<u>(78,311)</u>
Net change in total OPEB liability	(106,124)	(448,073)
State's Total OPEB liability - beginning	<u>3,482,844</u>	<u>3,376,720</u>
State's Total OPEB liability - ending	<u>\$ 3,376,720</u>	<u>\$ 2,928,647</u>
District's covered employee payroll	<u>\$ 2,127,780</u>	<u>\$ 2,154,087</u>
Total State's OPEB liability as a percentage of covered employee payroll	159%	136%

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

Red Bank Charter School

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2019

Notes for TPAF Pension Schedules

Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25 %
Salary increases: 2011-2026	1.55 - 4.55 % based on age
Thereafter	2.00 - 5.45 % based on age
Investment rate of return	7.00 %

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from base year 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Notes to OPEB Schedule

Benefit changes: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in assumptions: The increase in the liability from June 30, 2016 to June 30, 2017 is due to the decrease in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

RED BANK CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019

	I.D.E.A Preschool Program Part B 18/19	I.D.E.A Regular Program Part B 18/19	Title I 18/19	Title II-A 18/19	Title IV 18/19	Pre-School Education Aid 18/19	Total 2019
Revenues:							
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	219,640	219,640
Federal sources	858	41,316	76,459	8,849	2,107	-	129,589
Total revenues	858	41,316	76,459	8,849	2,107	219,640	349,229
Expenditures:							
Instruction:							
Salaries	-	-	22,105	-	-	165,280	187,385
Other salaries - instruction	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-
Professional services	-	-	44,629	-	-	7,202	51,831
Other Objects	-	-	-	-	-	11,141	11,141
Total instruction	-	-	66,734	-	-	183,623	250,357
Support services:							
Other support services - students - special:							
Salaries of Supervisors of Instruction	-	-	-	-	-	9,778	9,778
Salaries of Principal	-	-	-	-	-	16,289	16,289
Salaries of Other Professional Staff	-	-	1,598	-	-	-	1,598
Salaries of Secr. And Clerical Assistants	-	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-	-
Salaries of Community Parent Involvement Spec.	-	-	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-	-	-
Purchased prof. and tech. services	858	41,316	6,927	8,849	2,107	-	60,057
Other purchased services	-	-	-	-	-	-	-
Employee benefits	-	-	1,200	-	-	9,950	11,150
Rentals	-	-	-	-	-	-	-
Total other support services - students - special	858	41,316	9,725	8,849	2,107	36,017	98,872
Total support services	858	41,316	9,725	8,849	2,107	36,017	98,872
Total expenditures	\$ 858	\$ 41,316	\$ 76,459	\$ 8,849	\$ 2,107	\$ 219,640	\$ 349,229

RED BANK CHARTER SCHOOL
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 165,280	\$ 165,280	\$ -
Other Salaries for Instruction	-	-	-
Purchased Professional & Technical Services	7,202	7,202	-
Other Purchased Services (400-500 series)	-	-	-
Tuition to Other LEAs Within the State - Regular	-	-	-
General Supplies	-	-	-
Other Objects	11,141	11,141	-
Total instruction	<u>183,623</u>	<u>183,623</u>	<u>-</u>
Support services:			
Salaries of Supervisors of Instruction	9,778	9,778	-
Salaries of Principals	16,289	16,289	-
Salaries of Other Professional Staff	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-
Other Salaries	-	-	-
Personal Services - Employee Benefits	9,950	9,950	-
Rentals	-	-	-
Total support services	<u>36,017</u>	<u>36,017</u>	<u>-</u>
Facilities acquisition and cont. serv:			
Instructional equipment	-	-	-
Non-instructional Equipment	-	-	-
Total Facilities acquisition and cont. serv.	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 219,640</u>	<u>\$ 219,640</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2018-19 PreK/ECPA Aid Allocation	\$ 219,640
Add: Actual PreK/ECPA Aid Carryover June 30, 2018	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2018-19 Budget	<u>219,640</u>
Less: 2017-18 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>219,640</u>
Available & Unbudgeted Funds as of June 30, 2019	-
Add: June 30, 2018 Unexpended PreK Aid	-
2019- Actual Carryover - PreK Aid	<u>\$ -</u>
2018-19 PreK Aid Carryover Budgeted in 2020-FY	<u>\$ -</u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds
See B-4 through B-6

H. Fiduciary Funds

RED BANK CHARTER SCHOOL
Combining Statement of Fiduciary Net Position
June 30, 2019

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,012	\$ 5,367	\$ 8,379
Investments	-	-	-
Intrafund receivable	-	-	-
Total assets	<u>3,012</u>	<u>5,367</u>	<u>8,379</u>
LIABILITIES			
Payroll deductions and withholdings	-	4,167	4,167
Payable to student groups	3,012	-	3,012
Interfund payable	-	1,200	1,200
Intrafund payable	-	-	-
Total liabilities	<u>3,012</u>	<u>5,367</u>	<u>8,379</u>
Net Position			
Designated for future payments	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 3,012</u>	<u>\$ 5,367</u>	<u>\$ 8,379</u>

RED BANK CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Student Activities Funds	<u>\$ 3,569</u>	<u>\$ 13,236</u>	<u>\$ 13,793</u>	<u>\$ 3,012</u>

**RED BANK CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ 12,575	\$ 927,768	\$ 934,976	\$ 5,367
Total assets	<u>12,575</u>	<u>927,768</u>	<u>934,976</u>	<u>5,367</u>
LIABILITIES:				
Payroll deductions and withholdings	11,375	927,768	934,976	4,167
Interfund payable	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total liabilities	<u>\$ 12,575</u>	<u>\$ 927,768</u>	<u>\$ 934,976</u>	<u>\$ 5,367</u>

I. Long-Term Debt

RED BANK CHARTER SCHOOL
 Long-Term Debt
 Mortgage on Building
 For the Year Ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
Mortgage	1/15/2014	\$ 1,760,562	2020	111,042	4.91%				
			2021	111,380	4.91%				
			2022	116,974	4.91%				
			2023	122,848	4.91%				
			2024	129,018	4.91%				
			2025	135,497	4.91%				
			2026	142,302	4.91%				
			2027	149,448	4.91%				
			2028	156,954	4.91%				
			2029	48,526	4.91%	1,325,792	-	101,803	1,223,989
Mortgage	1/15/2014	\$ 1,020,000	2020	30,435	3.75%				
			2021	31,702	3.75%				
			2022	32,928	3.75%				
			2023	34,203	3.75%				
			2024	35,450	3.75%				
			2025	36,897	3.75%				
			2026	38,326	3.75%				
			2027	39,808	3.75%				
			2028	41,288	3.75%				
			2029	42,945	3.75%				
			2030	44,608	3.75%				
			2031	46,333	3.75%				
			2032	48,084	3.75%				
			2033	49,986	3.75%				
			2034	51,920	3.75%				
			2035	53,929	3.75%				
			2036	55,997	3.75%				
			2037	58,182	3.75%				
			2038	60,433	3.75%				
			2039	42,199	3.75%	905,130	-	29,477	875,653

RED BANK CHARTER SCHOOL
 Long-Term Debt
 Mortgage on Building

Exhibit I-1

RED BANK CHARTER SCHOOL
 Long-Term Debt
 Mortgage on Building
 for the Fiscal Year ended June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
Mortgage-Monmouth Road	11/8/2017	\$ 1,525,000							
			2020	45,657	4.38%				
			2021	47,902	4.38%				
			2022	50,073	4.38%				
			2023	52,342	4.38%				
			2024	54,564	4.38%				
			2025	57,188	4.38%				
			2026	59,780	4.38%				
			2027	62,489	4.38%				
			2028	65,200	4.38%				
			2029	68,276	4.38%				
			2030	71,371	4.38%				
			2031	74,606	4.38%				
			2032	77,901	4.38%				
			2033	81,518	4.38%				
			2034	85,212	4.38%				
			2035	89,075	4.38%				
			2036	93,068	4.38%				
			2037	97,330	4.38%				
			2038	101,741	4.38%				
			2039	106,353	4.38%				
			2040	18,213	4.38%				
						1,503,703	-	43,844	1,459,859
						<u>\$ 3,734,625</u>	<u>\$ -</u>	<u>\$ 175,124</u>	<u>\$ 3,559,501</u>

STATISTICAL SECTION

**RED BANK CHARTER SCHOOL
Statistical Section**

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over	93-98
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	N/A
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial	N/A
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it	99-102
Performance Framework	103

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 1,018,407	\$ 968,388	\$ 988,510	\$ 947,328	\$ 824,711	\$ 847,766	\$ 925,901	\$ 1,013,898	\$ 1,280,294	\$ 1,593,888
Restricted	-	-	-	-	82,614	-	24,896	402,578	11,390	7,598
Unrestricted	27,690	152,493	258,684	304,574	565,656	(426,983)	(11,308)	(289,793)	(338,156)	(666,019)
Total governmental activities net position	<u>1,046,097</u>	<u>1,120,881</u>	<u>1,247,194</u>	<u>1,251,902</u>	<u>1,472,981</u>	<u>420,783</u>	<u>939,489</u>	<u>1,126,683</u>	<u>953,528</u>	<u>935,467</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	6,600	5,421	4,242	3,063	1,884
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,630	18,669	28,371	29,173	1,802	(44,702)	16,224	(18,971)	(48,710)	(50,961)
Total business-type activities net position	<u>12,630</u>	<u>18,669</u>	<u>28,371</u>	<u>29,173</u>	<u>1,802</u>	<u>(38,102)</u>	<u>21,645</u>	<u>(14,729)</u>	<u>(45,647)</u>	<u>(49,077)</u>
District-wide										
Net investment in capital assets	1,018,407	968,388	988,510	947,328	824,711	854,366	931,322	1,018,140	1,283,357	1,595,772
Restricted	-	-	-	-	82,614	-	24,896	402,578	11,390	7,598
Unrestricted	40,320	171,162	287,055	333,747	567,458	(471,685)	4,916	(308,764)	(386,866)	(716,980)
Total district net position	<u>\$ 1,058,727</u>	<u>\$ 1,139,550</u>	<u>\$ 1,275,565</u>	<u>\$ 1,281,075</u>	<u>\$ 1,474,783</u>	<u>\$ 382,681</u>	<u>\$ 961,134</u>	<u>\$ 1,111,954</u>	<u>\$ 907,881</u>	<u>\$ 886,390</u>

Source: CAFR Schedule A-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

GASB No. 63 was implemented in the 2013 fiscal year, which required a changed in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,659,139	\$ 1,637,523	\$ 1,734,111	\$ 1,894,183	\$ 1,522,941	\$ 1,510,776	\$ 1,444,478	\$ 1,446,944	\$ 1,442,695	\$ 1,503,141
Special Education instruction						48,780	-	-	-	-
Other special instruction						151,493	172,114	165,635	129,618	115,316
Support Services:										
Health services						237,101	224,645	216,048	163,883	163,924
Other support services						51,381	33,725	70,468	126,310	77,215
General administrative services						129,487	109,772	254,843	380,226	196,563
School administrative services						68,921	31,591	176,946	154,175	158,736
School central services						163,107	74,970	44,305	73,704	50,053
Other operation & Maintenance of plant						260,720	375,899	265,721	414,758	495,995
Student transportation services						520	1,010	3,652	4,736	1,120
Unallocated employee benefits						229,173	(18,664)	300,871	371,649	382,455
Non-budgeted expenditures						271,733	236,969	223,253	260,147	251,133
Interest expense						-	90,637	86,200	115,259	155,205
School Support services	519,319	482,793	576,120	593,092	1,195,668					
General administration	560,782	584,741	569,050	625,646	512,429					
Total governmental activities expenses	<u>2,739,240</u>	<u>2,705,057</u>	<u>2,879,281</u>	<u>3,112,921</u>	<u>3,231,038</u>	<u>3,123,192</u>	<u>2,837,146</u>	<u>3,254,886</u>	<u>3,637,160</u>	<u>3,550,856</u>
Business-type activities:										
Food service	45,664	46,210	51,800	65,958	87,247	94,821	92,193	90,237	96,541	105,936
Total business-type activities expense	<u>45,664</u>	<u>46,210</u>	<u>51,800</u>	<u>65,958</u>	<u>87,247</u>	<u>94,821</u>	<u>92,193</u>	<u>90,237</u>	<u>96,541</u>	<u>105,936</u>
Total district expenses	<u>2,784,904</u>	<u>2,751,267</u>	<u>2,931,081</u>	<u>3,178,879</u>	<u>3,318,285</u>	<u>3,218,013</u>	<u>2,929,339</u>	<u>3,345,123</u>	<u>3,733,701</u>	<u>3,656,792</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	128,111	144,251	104,520	106,907	342,083	271,733	236,969	223,253	260,147	251,133
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>128,111</u>	<u>144,251</u>	<u>104,520</u>	<u>106,907</u>	<u>342,083</u>	<u>271,733</u>	<u>236,969</u>	<u>223,253</u>	<u>260,147</u>	<u>251,133</u>
Business-type activities:										
Charges for services										
Food service	13,239	13,415	16,571	17,105	14,267	10,793	13,605	10,688	13,622	14,672
Operating grants and contributions	36,840	38,834	44,931	49,655	45,608	44,124	44,300	43,175	52,001	64,639
Total business type activities program revenues	<u>50,079</u>	<u>52,249</u>	<u>61,502</u>	<u>66,760</u>	<u>59,875</u>	<u>54,917</u>	<u>57,905</u>	<u>53,863</u>	<u>65,623</u>	<u>79,311</u>
Total district program revenues	<u>178,190</u>	<u>196,500</u>	<u>166,022</u>	<u>173,667</u>	<u>401,958</u>	<u>326,650</u>	<u>294,874</u>	<u>277,116</u>	<u>325,770</u>	<u>330,444</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (2,611,129)	\$ (2,560,806)	\$ (2,774,761)	\$ (3,006,014)	\$ (2,888,955)	\$ (3,123,192)	\$ (2,600,177)	\$ (3,031,633)	\$ (3,377,013)	\$ (3,299,723)
Business-type activities	4,415	6,039	9,702	802	(27,372)	(94,821)	(34,288)	(36,374)	(30,918)	(26,625)
Total district-wide net expense	<u>(2,606,714)</u>	<u>(2,554,767)</u>	<u>(2,765,059)</u>	<u>(3,005,212)</u>	<u>(2,916,327)</u>	<u>(3,218,013)</u>	<u>(2,634,465)</u>	<u>(3,068,007)</u>	<u>(3,407,931)</u>	<u>(3,326,348)</u>
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Tuition from taxes	1,419,080	1,400,343	1,396,289	1,337,629	1,336,401	1,345,557	1,377,958	1,324,230	1,306,126	1,481,786
Unrestricted grants and contributions	1,178,053	1,204,502	1,471,523	1,638,681	1,626,977	1,589,873	1,738,753	2,030,843	1,806,242	1,672,726
Miscellaneous income	10,268	30,745	33,263	34,412	146,656	35,469	96,207	87,007	91,490	150,345
Transfers	-	-	-	-	-	-	(94,035)	-	-	(23,195)
Total governmental activities	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>	<u>3,118,883</u>	<u>3,442,080</u>	<u>3,203,858</u>	<u>3,281,662</u>
Business-type activities:										
Transfers	-	-	-	-	-	-	34,035	-	-	23,195
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,035</u>	<u>-</u>	<u>-</u>	<u>23,195</u>
Total district-wide	<u>2,607,401</u>	<u>2,635,590</u>	<u>2,901,075</u>	<u>3,010,722</u>	<u>3,110,034</u>	<u>2,970,899</u>	<u>3,212,918</u>	<u>3,442,080</u>	<u>3,203,858</u>	<u>3,304,857</u>
Change in Net Position										
Governmental activities	(3,728)	74,784	126,314	4,708	221,079	119,440	518,706	410,447	(173,155)	(18,061)
Business-type activities	4,415	6,039	9,702	802	(27,372)	(39,904)	59,747	(36,374)	(30,918)	(3,430)
Total district	<u>\$ 687</u>	<u>\$ 80,823</u>	<u>\$ 136,016</u>	<u>\$ 5,510</u>	<u>\$ 193,707</u>	<u>\$ 79,536</u>	<u>\$ 578,453</u>	<u>\$ 374,073</u>	<u>\$ (204,073)</u>	<u>\$ (21,491)</u>

Source: CAFR Schedule A-2 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a changed in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	11,390	7,598
Unassigned	-	-	-	-	-	-	-	-	171,918	138,954
Unreserved	53,690	167,493	245,484	202,467	580,655	626,641	819,131	415,545	-	-
Reserved	-	-	28,200	117,107	82,614	-	24,896	2,578	-	-
Total general fund	<u>53,690</u>	<u>167,493</u>	<u>273,684</u>	<u>319,574</u>	<u>663,269</u>	<u>626,641</u>	<u>844,027</u>	<u>418,123</u>	<u>183,308</u>	<u>146,552</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tuition charges	\$ 1,419,080	\$ 1,400,343	\$ 1,396,289	\$ 1,337,629	\$ 1,336,401	\$ 1,345,557	\$ 1,377,958	\$ 1,324,230	\$ 1,306,126	\$ 1,481,786
Miscellaneous	10,268	25,795	33,263	34,412	146,654	35,469	96,207	87,007	91,490	150,345
Local sources	60,375	37,361	19,182	18,743	8,446	-	-	-	-	-
State sources	1,178,053	1,204,502	1,471,523	1,638,681	1,816,138	1,775,212	1,859,688	1,920,233	1,941,618	1,794,224
Federal sources	67,736	111,840	85,338	88,164	144,476	86,394	116,034	110,610	124,771	129,635
Total revenue	<u>2,735,512</u>	<u>2,779,841</u>	<u>3,005,595</u>	<u>3,117,629</u>	<u>3,452,115</u>	<u>3,242,632</u>	<u>3,449,887</u>	<u>3,442,080</u>	<u>3,464,005</u>	<u>3,555,990</u>
Expenditures										
Instruction										
Regular Instruction	1,275,553	1,257,771	1,321,201	1,408,620	1,358,323	1,236,783	1,442,978	1,446,944	1,440,970	1,521,366
Nonpublic school programs	-	-	-	-	-	48,780	-	-	-	-
Other special instruction	-	-	-	-	-	151,493	172,114	165,635	129,618	115,316
Support Services:										
Health Services	-	-	-	-	-	237,101	224,645	216,048	163,883	163,924
Other support services	-	-	-	-	-	51,381	33,725	70,468	126,310	77,215
General administrative services	-	-	-	-	-	129,487	109,772	254,843	380,226	196,563
School administrative services	-	-	-	-	-	68,921	91,591	176,946	154,175	158,736
School central services	-	-	-	-	-	163,107	74,970	44,305	73,704	50,053
Other operation & maintenance of plant	-	-	-	-	-	260,720	289,422	193,726	250,276	300,290
Student transportation services	-	-	-	-	-	520	1,010	3,652	4,736	1,120
Unallocated employee benefits	-	-	-	-	-	371,501	313,191	325,972	368,638	369,331
Non-budgeted expenditures	-	-	-	-	-	271,733	236,969	223,253	260,147	251,133
General administrative services	770,041	766,265	769,983	854,014	811,078	-	-	-	-	-
Capital outlay	98,702	95,973	168,434	109,168	124,555	180,563	255,249	346,192	746,137	641,855
Total expenditures	<u>2,144,296</u>	<u>2,120,009</u>	<u>2,259,618</u>	<u>2,371,802</u>	<u>2,293,956</u>	<u>3,172,090</u>	<u>3,245,636</u>	<u>3,467,984</u>	<u>4,098,820</u>	<u>3,846,902</u>
Excess (Deficiency) of revenues over (under) expenditures	591,216	659,832	745,977	45,890	343,695	70,542	204,251	(25,904)	(634,815)	(290,912)
Other Financing sources (uses)										
Use of bank escrow	-	-	-	-	-	-	-	-	-	277,351
Transfers out	-	-	-	-	-	-	(94,035)	-	-	(23,195)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,035)</u>	<u>-</u>	<u>-</u>	<u>254,156</u>
Net change in fund balances	<u>\$ 591,216</u>	<u>\$ 659,832</u>	<u>\$ 745,977</u>	<u>\$ 45,890</u>	<u>\$ 343,695</u>	<u>\$ 70,542</u>	<u>\$ 110,216</u>	<u>\$ (25,904)</u>	<u>\$ (634,815)</u>	<u>\$ (36,756)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.59%	5.46%

Source: CAFR Schedule B-2 and District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

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

Fiscal Year Ending June 30,	Interest on Investments	Donations	Mortgage Modification Proceeds	Refund of Prior Year Expenditures	Use of Facilities	Study Buddies & Summer Institute	E-Rate	Miscellaneous	Annual Totals
2010	478	1,502	-	1,256	500	5,494		1,038	10,268
2011	479	1,645	-	8,910	2,755	8,910		8,046	30,745
2012	386	3,041	-	6,434	6,351	10,248		6,803	33,263
2013	-	2,190	-	9,859	9,546	7,671		5,146	34,412
2014	-	1,941	107,170	1,637	12,162	10,908	3,594	9,242	146,654
2015	-	1,028	-	1,595	5,378	4,727	3,226	11,814	27,768
2016	-	7,640	-	1,595	5,635	41,671	2,786	36,880	96,207
2017	-	1,404	-	2,347	5,748	21,609	540	55,359	87,007
2018	-	3,675	-	-	3,173	4,617	-	17,725	29,190
2019	-	21,000	-	-	108,166	19,107	-	2,072	150,345

Source: District records

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction										
Regular	16.0	16.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other instruction	6.0	7.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Food Service	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	36.0	37.0	34.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	173.0	2,604,013	15,052	-2.85%	21.0	18	15.5	173.0	171.0	58.00%	98.84%
2011	176.0	2,570,065	14,603	-2.99%	20.0	18	15.5	172.5	169.0	-30.00%	98.00%
2012	175.0	2,730,970	15,606	6.87%	20.0	18	15.5	175.0	170.0	1.46%	97.14%
2013	177.0	2,962,571	16,738	14.62%	21.0	18	15.5	173.5	170.0	57.00%	98.00%
2014	197.0	2,760,674	14,014	-10.20%	22.0	19	15.5	193.1	189.0	10.32%	98.00%
2015	193.0	2,685,269	13,913	-0.72%	22.0	8.77	-	0.0	0.0	-100.00%	98.00%
2016	180.0	2,746,109	15,256	8.90%	16.0	11.25	-	178.0	176.0	1.71%	98.00%
2017	180.9	2,892,289	15,988	14.09%	27.0	6.70	-	180.0	175.0	2.86%	96.74%
2018	199.0	3,472,070	17,448	24.50%	27.0	7.37	-	182.0	185.0	4.00%	92.96%
2019	198.0	3,205,047	16,187	15.51%	27.0	7.33	-	0.0	0.0	-100.00%	0.00%

Sources: District records

Note: Enrollment based on annual October district count ASSA 10/15/17 count for FYE 2019.

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

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

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

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

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary and Middle School (Combined)											
The Red Bank Charter School											
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Capacity (students)	180	180	180	180	180	200	200	200	200	200	200
Enrollment	173	173	173	175	177	193	193	193	181	199	198

Number of Schools at June 30, 2019
 Elementary and Middle School combined = 1

Source: Charter School Records

RED BANK CHARTER SCHOOL
Insurance Schedule
June 30, 2019

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

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

	2012 Audit	2013 Audit	2014 Audit	2015 Audit	2016 Audit	2017 Audit	2018 Audit	2019 Audit
Cash	355,087	366,944	690,917	751,308	909,868	720,699	151,854	50,651
Current Assets	384,637	410,523	763,730	2,231	8,059	72,753	8,844	9,290
Total Assets	4,207,329	4,099,924	4,327,606	4,319,570	4,377,914	4,341,938	5,539,242	5,309,981
Current Liabilities	82,582	70,026	106,083	79,627	79,627	-	31,800	-
Total Liabilities	2,931,764	2,818,849	2,852,823	79,627	3,202,497	3,411,719	4,689,466	4,467,798
Net Position	1,275,565	1,281,075	1,474,783	382,681	961,134	1,111,954	907,881	886,390
Total Revenue	3,067,097	3,184,389	3,452,117	3,025,816	3,507,792	3,495,943	3,203,858	3,304,857
Total Expenses	2,931,081	3,178,879	3,231,037	2,852,850	2,929,339	3,031,633	3,377,013	3,299,723
Change in Net Assets	136,016	5,510	221,079	172,966	578,453	464,310	(173,155)	5,134
Depreciation Expense	148,311	150,351	151,537	93,430	95,048	71,995	100,289	103,665
Interest Expense	148,498	143,324	123,998	93,504	90,637	86,200	115,259	155,205
Principal Payments	95,183	100,358	90,401	116,484	123,540	128,139	153,950	175,124
Interest Payments	-	-	-	93,504	90,637	86,200	115,259	155,205
Final Average Daily Enrollment	176	177	194	196	200	181	200	200
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RATIO ANALYSIS

Near Term Indicators

1a Current Ratio	4.66	5.86	7.20	9.46	11.53	n/a	5.05	n/a
1b Unrestricted Days Cash	972.84	1005.33	1,892.92	96.12	113.37	113.37	16.41	5.60
1c Enrollment Variance	0.00%	0.00%	960.00%	0.00%	2.04%	2.04%	2.04%	2.04%
1d Default	NO	NO	NO	NO	NO	NO	NO	NO

Sustainability Indicators

2a Total Margin	4%	0%	6%	6%	16%	16%	-5%	0%
2b Debt to Asset	0.7	0.69	0.66	0.02	0.73	0.73	0.85	0.84
2c Cash Flow	209,610	366,944	335,830	384,364	158,560	158,560	(568,845)	(670,048)
2d Debt Service Coverage Ratio	N/A	N/A	N/A	1.71	3.57	3.57	0.16	0.80

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Red Bank Charter School in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Red Bank Charter School basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Red Bank Charter School's Response to the Finding

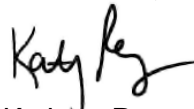
Red Bank Charter School's response to the finding can be found on the Schedule of Findings and Questioned Costs. Red Bank Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully Submitted,

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



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

December 2, 2019

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

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

Report on Compliance for Each Major State Program

We have audited Red Bank Charter School's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Red Bank Charter School's major state programs for the year ended June 30, 2019. Red Bank Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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MANAHAWKIN OFFICE: 21 JENNINGS ROAD · MANAHAWKIN, NJ · 08050 · PHONE (609) 978-9500 · FAX (609) 978-9515

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

Opinion on Each Major Federal and State Program

In our opinion, Red Bank Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

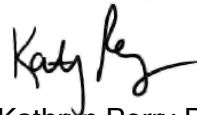
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Purpose of this Report

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

Respectfully submitted,

Jump, Perry and Company L.L.P.
Toms River, New Jersey



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

December 2, 2019

RED BANK CHARTER SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2018</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2019</u>	<u>Accounts Receivable at June 30, 2019</u>	<u>Due to Grantor at June 30, 2019</u>
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010A	7/1/18-6/30/19	\$ 76,459	\$ -	\$ -	\$ 76,459	\$ (76,459)	\$ -	\$ -	\$ -
Title I, Part A	84.010A	7/1/17-6/30/18	-	-	-	-	-	-	-	-
Title II, Part A	84.367A	7/1/17-6/30/18	-	-	-	-	-	-	-	-
Title II, Part A	84.367A	7/1/18-6/30/19	8,849	-	-	8,849	(8,849)	-	-	-
Title IV, Part A	84.367A	7/1/18-6/30/19	2,107	-	-	-	(2,107)	-	(2,107)	-
Special Education Cluster:										
I.D.E.A. Part B Basic Regular	84.027	7/1/17-6/30/18	-	-	-	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/18-6/30/19	41,316	-	-	41,316	(41,316)	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/17-6/30/18	-	-	-	-	-	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/18-6/30/19	858	-	-	858	(858)	-	-	-
Subtotal of Special Education Cluster:			-	-	-	42,174	(42,174)	-	-	-
Total Special Revenue Fund			-	-	-	127,482	(129,589)	-	(2,107)	-
U.S. Department of Agriculture Passed-through State Department of Education:										
Food Service Enterprise Fund:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	7/1/17-6/30/18	11,726	(725)	-	725	-	-	-	-
School Breakfast Program	10.553	7/1/18-6/30/19	15,148	-	-	14,398	(15,148)	-	(750)	-
National School Lunch Program	10.555	7/1/18-6/30/19	48,501	-	-	45,868	(48,501)	-	(2,633)	-
National School Lunch Program	10.555	7/1/17-6/30/18	39,422	(2,472)	-	2,472	-	-	-	-
Subtotal of Child Nutrition Cluster			-	(3,197)	-	63,463	(63,649)	-	(3,383)	-
Total Enterprise (Food Service) Fund			-	(3,197)	-	63,463	(63,649)	-	(3,383)	-
Total Expenditures of Federal Awards			\$	(3,197)	\$	190,945	\$ (193,238)	\$	(5,490)	\$

RED BANK CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2019

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2018</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2019</u>	<u>(Accounts Receivable) at June 30, 2019</u>	<u>Due to Grantor at June 30, 2019</u>
New Jersey Department of Education									
General Fund:									
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 106,174	\$ -	\$ 106,174	\$ (106,174)	\$ -	\$ -	\$ -
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	52,135	-	52,135	(52,135)	-	-	-
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1,211,288	(31,248)	31,248	-	-	-	-
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	662,620	-	666,875	(662,620)	-	-	4,255
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	471,274	-	471,274	(471,274)	-	-	-
On-Behalf TPAF Pension Contribution	19-100-034-5095-002	7/1/18-6/30/19	295,332	-	295,332	(295,332)	-	-	-
On-Behalf TPAF Post-Retirement Medical	19-100-034-5095-001	7/1/18-6/30/19	133,962	-	133,962	(133,962)	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	19-100-034-5095-004	7/1/18-6/30/19	462	-	462	(462)	-	-	-
Reimbursed TPAF Social Security Tax Contribution	18-495-034-5094-003	7/1/17-6/30/18	122,627	(5,594)	5,594	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	19-495-034-5094-003	7/1/18-6/30/19	116,709	-	110,856	(116,709)	-	(5,853)	-
Total General Fund				(36,842)	1,873,912	(1,838,668)	-	(5,853)	4,255
Special Revenue Fund:									
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	219,640	-	219,640	(219,640)	-	-	-
Total Special Revenue Fund				-	219,640	(219,640)	-	-	-
Enterprise Fund:									
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	853	(53)	53	-	-	-	-
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	990	-	936	(990)	-	(54)	-
Total Enterprise Fund				(53)	989	(990)	-	(54)	-
Total Expenditures of State Awards for testing				(36,895)	2,094,541	(2,059,298)	-	(5,907)	4,255
State Financial Assistance Not Subject to Single Audit Determination				-	429,756	(429,756)	-	-	-
Total State Financial Assistance				\$ (36,895)	\$ 1,664,785	\$ (1,629,542)	\$ -	\$ (5,907)	\$ 4,255

See accompanying notes to schedules of expenditures.

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance

June 30, 2019

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(295,332) for the general fund and \$46 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,574,584	\$ 1,574,584
Special Revenue Fund	129,635	219,640	349,275
Food Service Fund	<u>63,649</u>	<u>990</u>	<u>64,639</u>
Total awards and financial assistance	\$ <u>193,284</u>	\$ <u>1,795,214</u>	\$ <u>1,988,498</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2019.

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

6. Indirect Costs

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

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section - N/A

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of Circular the Uniform Guidance? yes no

Identification of major programs:

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

Auditee qualified as low-risk auditee? yes no

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2019

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

State Awards Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? yes no

Identification of major programs:

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

Red Bank Charter School
Summary of Findings and Questioned Costs

June 30, 2019

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2019.

Prior Year Audit Findings
None

Section III - State Award Findings and Questioned Costs

Current year findings and questioned costs

None

Red Bank Charter School
Summary Schedule of Prior Audit Findings
June 30, 2019

There were no prior year findings for the period ended June 30, 2019.