

Red Bank Charter School

of Monmouth County

Red Bank Charter School

Red Bank, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Red Bank Charter School
of Monmouth County

Red Bank, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

David P. Block
School Business Administrator

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
INTRODUCTORY SECTION	
Letter of Introduction	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION	
Independent Auditor's Report	9-11
Required Supplementary Information - Part I	
Management's Discussion and Analysis	13-21
Basic Financial Statements	
A. Charter School - Wide Financial Statements	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	32-67

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	69-71
	C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block Grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	72

Notes to the Required Supplementary Information

	C-3 Budget-to-GAAP Reconciliation	73
--	-----------------------------------	----

Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS	75
	L-2 Schedule of Charter School Contributions - PERS	76
	L-3 Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	77
M.	Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
	M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	78

Notes to the Required Supplementary Information - Part III

79

Other Supplementary Information

D.	School Based Budget Schedules	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A
E.	Special Revenue Fund	
	E-1 Combining Schedules of Program Revenues and Expenditures - Budgetary Basis	83
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	84

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

F.	Capital Projects Fund	
	F-1 Summary Schedule of Project Expenditures	N/A
	F-2 Summary Schedule Revenues, Expenditures and Changes in Fund Balance- Budgetary Basis	N/A
G.	Proprietary Funds	
	Enterprise Fund	
	G-1 Combining Schedule of Net Position	N/A
	G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
	G-3 Combining Schedule of Cash Flows	N/A
H.	Fiduciary Funds	
	H-1 Combining Statement of Fiduciary Net Position	88
	H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	89
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	90
I.	Long-Term Debt	
	I-1 Schedule of Mortgage Payable	92-93
	I-2 Schedule of Obligations Under Capital Leases	N/A
	I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
	I-4 Statement of Loan Payable - PPP	94

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

	Financial Trends	
	J-1 Net Position by Component	97
	J-2 Changes in Net Position	98-99
	J-3 Fund Balances - Governmental Funds	100
	J-4 Changes in Fund Balances - Governmental Funds	101
	J-5 General Fund - Other Local Revenue by Source	102
	Revenue Capacity	
	J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
	J-7 Direct and Overlapping Property Tax Rates	N/A
	J-8 Principal Property Taxpayers	N/A
	J-9 Property Tax Levies and Collections	N/A
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	N/A
	J-11 Ratios of General Bonded Debt Outstanding	N/A
	J-12 Direct and Overlapping Governmental Activities Debt	N/A
	J-13 Legal Debt Margin Information	N/A

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Demographic and Economic Information	
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	103
J-17 Operating Statistics	104
J-18 School Building Information	105
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	106
Performance Framework	
J-21 Financial Performance/Fiscal Ratios	107

SINGLE AUDIT SECTION

K-1 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	109-110
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	111-113
K-3 Schedule of Expenditures of Federal Awards, Schedule A	114
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	115
K-5 Notes to the Schedules of Awards and Financial Assistance	116-117
K-6 Schedule of Findings and Questioned Costs -Section I - Summary of Auditor's Results - Section II - Financial Statements Findings - Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	118-120
K-7 Summary Schedule of Prior Audit Findings	121

INTRODUCTORY SECTION



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

December 2, 2020

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, 2020 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 2019-20 with an average daily enrollment of 196 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 2019-2020 school year:

- Increased communication to all stakeholders regarding all things RBCS through the use of global calls, social media, the school website, and email;
- Developed school-wide behavioral expectations and restorative practices to support the social and emotional development of all students to ensure a positive school culture;
- Reviewed, adapted, and made accessible to all stakeholders the school curriculum to ensure proper sequence and pacing supportive of academic achievement across all content areas resulting in increased state assessment scores;
- Student and parent engagement in school community activities and events continues to be at 90%+ indicating high degree of satisfaction with the school;
- Continued fundraising efforts to help supplement the retrofitting of warehouse space into a gymnasium at 135 Monmouth St. location.

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School

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

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, 2020 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.
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.

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

Respectfully submitted,

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

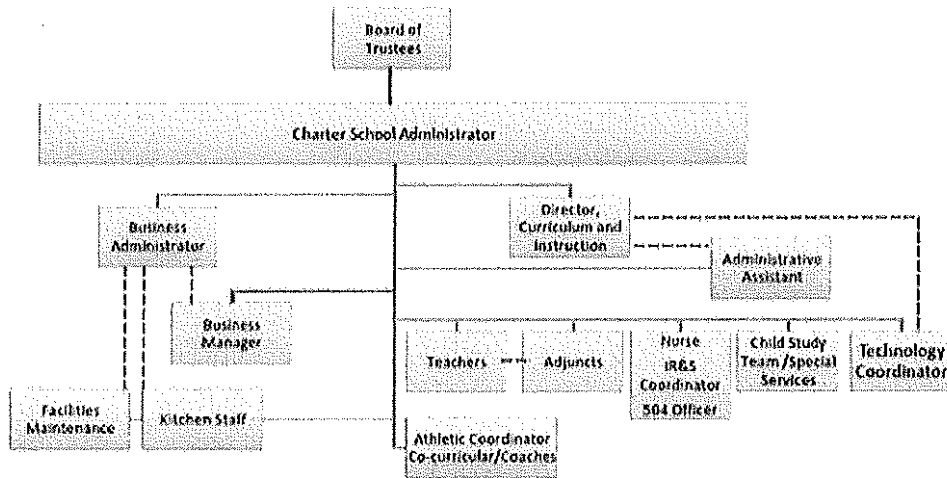
David Block
School Business Administrator

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

Kristen Martello, Ed. D.
Head of School

Organizational Chart

Red Bank Charter School Organization Chart



Red Bank Charter School
Red Bank, New Jersey

Roster of Officials
June 30, 2020

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Eric Wagner, President	2023
Ana-Maria Pittella, Vice President	2021
Matthew Damm	2023
John LeFever	2022
Roger J. Foss	2021
Karen Flores	2022
Meghan Deming	2021
Donna McCourt	2022

Other Officials

Kristen Martello, 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

Johnston Law Firm, LLC
151 Forest Street, Suite A
Montclair, New Jersey 07042

Official Depositories

TD Bank
Front Street
Red Bank, New Jersey 07701

Bank of 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, 2020, 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, 2020 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 28, 2020 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 28, 2020

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Red Bank Charter School

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

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, 2020. 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, 2020 are as follows:

Net position totaled \$676,015, which represents a 23.73 percent decrease from June 30, 2019.

General revenues accounted for \$3,096,708 in revenue or 91.22 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 \$298,035 or 8.78 percent of total revenues of \$3,394,743.

Total assets increased by \$103,598 as current assets increased by \$208,442 and capital assets, net decreased by \$(104,844).

The Charter School had \$3,605,118 in expenses; only \$298,035 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,096,708 were adequate to provide for these programs.

Among major funds, the General Fund had \$2,935,302 in revenues and \$2,719,340 in expenditures and transfers. The General Fund's balance decreased \$(215,962) over June 30, 2019. The General Fund's balance is \$362,514.

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, 2020 and 2019.

Table 1

Net Position as of June 30, 2020 and June 30, 2019

	<u>June 30, 2020</u>			<u>June 30, 2019</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 385,163	\$ 636	\$ 385,799	\$ 173,456	\$ 3,901	\$ 177,357
Capital assets, net	5,027,075	705	5,027,780	5,130,740	1,884	5,132,624
Total assets	5,412,238	1,341	5,413,579	5,304,196	5,785	5,309,981
Deferred outflow of resources	<u>461,727</u>	<u>-</u>	<u>461,727</u>	<u>516,679</u>	<u>-</u>	<u>516,679</u>
Liabilities:						
Current liabilities	-	54,862	54,862	4,255	54,862	59,117
Long-term liabilities outstanding	4,739,716	-	4,739,716	4,408,681	-	4,408,681
Total liabilities	4,739,716	54,862	4,794,578	4,412,936	54,862	4,467,798
Deferred inflow of resources	<u>404,713</u>	<u>-</u>	<u>404,713</u>	<u>472,472</u>	<u>-</u>	<u>472,472</u>
Net position:						
Net investment in capital assets	1,670,125	705	1,670,830	1,593,888	1,884	1,595,772
Restricted	-	-	-	7,598	-	7,598
Unrestricted	(940,589)	(54,226)	(994,815)	(666,019)	(50,961)	(716,980)
Total Net Position	\$ 729,536	\$ (53,521)	\$ 676,015	\$ 935,467	\$ (49,077)	\$ 886,390

The unrestricted net position is a negative balance due to the unfunded liabilities for compensated absences and PERS pension. The Charter School expects to be able to fund these liabilities as they come due yearly.

The Charter School's combined net position was \$676,015 on June 30, 2020. This is a change of 23.73% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2020 and 2019.

Table 2

Changes in Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 18,346	\$ 18,346	\$ -	\$ 14,672	\$ 14,672
Operating and capital grants and contributions	230,260	49,429	279,689	251,133	64,639	315,772
General revenues:						
Tuition	1,347,257	-	1,347,257	1,481,786	-	1,481,786
Federal and state aid	1,615,784	-	1,615,784	1,672,726	-	1,672,726
Investment earnings	-	-	-	-	-	-
Miscellaneous	133,667	-	133,667	150,345	-	150,345
Total revenues	3,326,968	67,775	3,394,743	3,555,990	79,311	3,635,301
Expenses						
Instructional services	1,558,098	-	1,558,098	1,618,457	-	1,618,457
Support services	1,799,534	85,616	1,885,150	1,777,194	105,936	1,883,130
Interest on long-term liabilities	161,870	-	161,870	155,205	-	155,205
Total expenses	3,519,502	85,616	3,605,118	3,550,856	105,936	3,656,792
Change in net position	(192,534)	(17,841)	(210,375)	5,134	(26,625)	(21,491)
Transfer	(13,397)	13,397	-	(23,195)	23,195	-
Net position - beginning	935,467	(49,077)	886,390	953,528	(45,647)	907,881
Net position (deficit) - ending	\$ 729,536	\$ (53,521)	\$ 676,015	\$ 935,467	\$ (49,077)	\$ 886,390

Government Activities

The tuition portion paid by the sending district is made up 40.50% of revenues for governmental activities for the fiscal year 2020. The Charter School's total revenues were \$3,326,968 for the year ended June 30, 2020. Federal, state and local grants accounted for another 59.50%.

The total cost of all programs and services was \$3,519,502. Instruction and instruction direct support comprises 58.88% of the Charter School's expenses.

Expenses for Fiscal Year June 30, 2020

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 \$17,841. The Operating fund transferred \$13,397 to the Enterprise Fund to cover costs.

Charges for services represent \$18,346 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 \$49,429.

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

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,558,098	\$ 1,558,098	\$ 1,618,457	\$ 1,618,457
Support Services:				
Pupils and Instructional Staff	514,190	283,930	492,272	241,139
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,284,468	1,284,468	1,283,802	1,283,802
Pupil Transportation	876	876	1,120	1,120
Interest and Fiscal Charges	161,870	161,870	155,205	155,205
Total Expenses	\$ 3,519,502	\$ 3,289,242	\$ 3,550,856	\$ 3,299,723

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 \$3,326,968 and expenditures of \$3,570,811. The net change in fund balance for the year was most significant in the General Fund, with an increase of \$215,962.

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, 2020.

<u>Revenue</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,480,924	44.51 %	\$ (151,207)	(9.26)%
State Sources	1,717,318	51.62	(76,906)	(4.29)
Federal Sources	<u>128,726</u>	<u>3.87</u>	<u>(909)</u>	<u>(0.70)</u>
Total	<u>\$ 3,326,968</u>	<u>100.00 %</u>	<u>\$ (229,022)</u>	<u>(6.44)%</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, 2020.

<u>Expenditures</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 1,558,098	43.64 %	\$ (78,584)	(4.80)%
Undistributed Expenditures	1,608,705	45.05	40,340	2.57
Capital Outlay	62,236	1.74	(249,290)	(80.02)
Debt Service:				
Principal	179,902	5.04	4,778	2.73
Interest	<u>161,870</u>	<u>4.53</u>	<u>6,665</u>	<u>4.29</u>
Total	\$ <u>3,570,811</u>	<u>100.00 %</u>	\$ <u>(276,091)</u>	<u>(7.18)%</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 2020, 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 \$244,000, the actual results for the year show a \$215,962 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2020, the School Board had \$5,027,780 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2020 and June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 847,547	\$ 847,547	\$ -	\$ -	\$ 847,547	\$ 847,547
Construction in Progress	-	-	-	-	-	-
Building and Improvements	3,961,310	4,064,975	-	-	3,961,310	4,064,975
Machinery and Equipment	218,218	218,218	705	1,884	218,923	220,102
Total	\$ 5,027,075	\$ 5,130,740	\$ 705	\$ 1,884	\$ 5,027,780	\$ 5,132,624

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

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Mortgages Payable (net)	\$ 3,379,599	\$ 3,559,501
PPP Loan Payable	473,202	-
Pension Liability-PERS	<u>886,915</u>	<u>849,180</u>
Total long-term liabilities	<u>\$ 4,739,716</u>	<u>\$ 4,408,681</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 2019-2020 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 55.49% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 44.51% of total revenue is from local sources.

The \$(940,589) 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 2019-2020 budget was adopted in March 2019 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 2020-2021 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 244,482	\$ 60	\$ 244,542
Receivables - state	10,604	6	10,610
Receivables - federal	-	570	570
Receivables - other governments	20,024	-	20,024
Interfund receivable	87,404	-	87,404
Mortgage escrow-restricted	22,649	-	22,649
Capital assets, non-depreciable	847,547	-	847,547
Capital assets, depreciable, net	4,179,528	705	4,180,233
Total assets	<u>5,412,238</u>	<u>1,341</u>	<u>5,413,579</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	461,727	-	461,727
Total deferred outflows of resources	<u>461,727</u>	<u>-</u>	<u>461,727</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable	-	54,862	54,862
Noncurrent liabilities:			
Due within one year	426,927	-	426,927
Due beyond one year	4,312,789	-	4,312,789
Total liabilities	<u>4,739,716</u>	<u>54,862</u>	<u>4,794,578</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	404,713	-	404,713
Total deferred outflows of resources	<u>404,713</u>	<u>-</u>	<u>404,713</u>
NET POSITION			
Net Investment in Capital Assets	1,670,125	705	1,670,830
Restricted for:			
Other purposes	-	-	-
Unrestricted	(940,589)	(54,226)	(994,815)
Total net position	<u>\$ 729,536</u>	<u>\$ (53,521)</u>	<u>\$ 676,015</u>

RED BANK CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 1,422,395	\$ -	\$ -	\$ -	\$ (1,422,395)	\$ -	\$ (1,422,395)
Special Education instruction	-	-	-	-	-	-	-
Other special instruction	135,703	-	-	-	(135,703)	-	(135,703)
Support services and undistributed costs:							
Health services	225,604	-	-	-	(225,604)	-	(225,604)
Other support services	58,326	-	-	-	(58,326)	-	(58,326)
General administrative services	206,436	-	-	-	(206,436)	-	(206,436)
School administrative services	120,754	-	-	-	(120,754)	-	(120,754)
School central services	89,766	-	-	-	(89,766)	-	(89,766)
Other operation & maintenance of plant	389,741	-	-	-	(389,741)	-	(389,741)
Student transportation services	876	-	-	-	(876)	-	(876)
Unallocated employee benefits	477,771	-	-	-	(477,771)	-	(477,771)
Non-budgeted expenditures	230,260	-	230,260	-	-	-	-
Interest expense	161,870	-	-	-	(161,870)	-	(161,870)
Total governmental activities	<u>3,519,502</u>	<u>-</u>	<u>230,260</u>	<u>-</u>	<u>(3,289,242)</u>	<u>-</u>	<u>(3,289,242)</u>
Business-type activities:							
Food Service	85,616	18,346	49,429	-	-	(17,841)	(17,841)
Total business-type activities	<u>85,616</u>	<u>18,346</u>	<u>49,429</u>	<u>-</u>	<u>-</u>	<u>(17,841)</u>	<u>(17,841)</u>
Total primary government	<u>\$ 3,605,118</u>	<u>\$ 18,346</u>	<u>\$ 279,689</u>	<u>\$ -</u>	<u>(3,289,242)</u>	<u>(17,841)</u>	<u>(3,307,083)</u>
General revenues:							
Tuition					1,347,257	-	1,347,257
Federal and state aid not restricted					1,615,784	-	1,615,784
Miscellaneous income					133,667	-	133,667
Total general revenues					<u>3,096,708</u>	<u>-</u>	<u>3,096,708</u>
Change in net position before transfers					(192,534)	(17,841)	(210,375)
Transfers					<u>(13,397)</u>	<u>13,397</u>	<u>-</u>
Change in net position after transfers					(205,931)	(4,444)	(210,375)
Net position—beginning					935,467	(49,077)	886,390
Net position—ending					<u>\$ 729,536</u>	<u>\$ (53,521)</u>	<u>\$ 676,015</u>

RED BANK CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 249,599	\$ (5,117)	\$ 244,482
Receivables from other governments	14,907	5,117	20,024
Receivables from other funds	87,404	-	87,404
Receivables from state	10,604	-	10,604
Total assets	362,514	-	362,514
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable to other governments	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Assigned to:			
Other purposes	-	-	-
Unassigned to:			
General fund	362,514	-	362,514
Total fund balances	362,514	-	362,514
Total liabilities and fund balances	\$ 362,514	\$ -	

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 \$1,887,079.		5,027,075
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 position.		22,649
Deferred outflows related to the PERS pension plan		461,727
Deferred inflows related to the PERS pension plan		(404,713)
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	(886,915)	
Paycheck Protection Program Loan	(473,202)	
Mortgages Payable	(3,379,599)	(4,739,716)
Net position of governmental activities		\$ 729,536

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local tax levy	\$ 1,347,257	\$ -	\$ 1,347,257
Rent income	97,240	-	97,240
Miscellaneous	36,427	-	36,427
Total - Local sources	1,480,924	-	1,480,924
State sources	1,454,378	262,940	1,717,318
Federal sources	-	128,726	128,726
Total revenues	2,935,302	391,666	3,326,968
EXPENDITURES			
Current:			
Current expense:			
Instruction	1,191,833	230,562	1,422,395
Other special instruction	135,703	-	135,703
Undistributed - current:			
Health Services	64,500	161,104	225,604
Other support services	58,326	-	58,326
General administrative services	206,436	-	206,436
School administrative services	120,754	-	120,754
School central services	89,766	-	89,766
Other operation & maintenance of plant	223,840	-	223,840
Student transportation services	876	-	876
Unallocated employee benefits	452,843	-	452,843
Non-budgeted expenditures	230,260	-	230,260
Debt Service:			
Principal	179,902	-	179,902
Interest and other charges	161,870	-	161,870
Capital Outlay	62,236	-	62,236
Total expenditures	3,179,145	391,666	3,570,811
Excess (Deficiency) of revenues over expenditures	(243,843)	-	(243,843)
OTHER FINANCING SOURCES (USES)			
Bank loan proceeds	473,202	-	473,202
Transfers out	(13,397)	-	(13,397)
Total other financing sources and uses	459,805	-	459,805
Net change in fund balances	215,962	-	215,962
Fund balance—July 1	146,552	-	146,552
Fund balance—June 30	\$ 362,514	\$ -	\$ 362,514

**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, 2020**

Total net change in fund balances - governmental funds (from B-2)	\$	215,962
<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) _____ -	(103,665)
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.		179,902
The proceeds from the Paycheck Protection Program received in April 2020 is shown as other financing sources on the Statement of Activities but Long Term Debt on the Statement of Net Position.		(473,202)
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		_____ (24,928)
Change in net position of governmental activities	\$	<u>(205,931)</u>

RED BANK CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60	\$ 60
Receivables from state	6	6
Receivables from federal	570	570
Total current assets	636	636
Noncurrent assets:		
Furniture, machinery & equipment	8,250	8,250
Less accumulated depreciation	(7,545)	(7,545)
Total noncurrent assets	705	705
Total assets	\$ 1,341	\$ 1,341
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Interfund payable	54,862	54,862
Total current liabilities	54,862	54,862
NET POSITION		
Investment in capital assets	705	705
Unrestricted	(54,226)	(54,226)
Total net position	(53,521)	(53,521)
Total liabilities and net position	\$ 1,341	\$ 1,341

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
School lunch	18,346	18,346
Total daily sales reimbursable programs	<u>18,346</u>	<u>18,346</u>
Total operating revenues	<u>18,346</u>	<u>18,346</u>
Operating expenses:		
Salaries	33,784	33,784
Supplies and materials	-	-
Depreciation	1,179	1,179
Cost of sales - reimbursable programs	50,653	50,653
Cost of sales - non-reimbursable programs	-	-
Total operating expenses	<u>85,616</u>	<u>85,616</u>
Operating income (loss)	<u>(67,270)</u>	<u>(67,270)</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	768	768
Federal sources:		
School breakfast program	10,054	10,054
National school lunch program	33,315	33,315
Summer Food Service Program for Children	5,292	5,292
Total nonoperating revenues (expenses)	<u>49,429</u>	<u>49,429</u>
Income (loss) before contributions & transfers	<u>(17,841)</u>	<u>(17,841)</u>
Transfers in (out)	<u>13,397</u>	<u>13,397</u>
Change in net position	(4,444)	(4,444)
Total net position—beginning	(49,077)	(49,077)
Total net position—ending	<u>\$ (53,521)</u>	<u>\$ (53,521)</u>

RED BANK CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ 18,346	\$ 18,346
Payments to employees & benefits	(33,784)	(33,784)
Payments to suppliers	(50,653)	(50,653)
Net cash provided by (used in) operating activities	<u>(66,091)</u>	<u>(66,091)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		-
State sources	816	816
Federal sources	51,474	51,474
Board interfund transfer	13,397	13,397
Net cash provided by (used in) non-capital financing activities	<u>65,687</u>	<u>65,687</u>
Net increase (decrease) in cash and cash equivalents	(404)	(404)
Balances—beginning of year	464	464
Balances—end of year	<u>\$ 60</u>	<u>\$ 60</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (67,270)	\$ (67,270)
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	<u>(66,091)</u>	<u>(66,091)</u>
Net cash used in operating activities	<u>\$ (66,091)</u>	<u>\$ (66,091)</u>

RED BANK CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 63,079
Total assets	63,079
LIABILITIES	
Payroll deductions and withholdings	21,238
Interfund payable	32,542
Payable to student groups	9,299
Total liabilities	63,079
NET POSITION	
Reserved for scholarships	-
Total net position	-
Total liabilities and net position	\$ 63,079

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Description of the Charter School 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 Charter School 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.

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

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

1. Charter School-Wide Statements

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

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

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

A. Basis of Presentation (Cont'd)

1. Charter School-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, 2020

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 and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or 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, 2020

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.

Depreciation 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, 2020

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

C. Measurement Focus

1. Charter School-Wide Financial Statements

The charter school-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 charter school-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the charter school-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, 2020

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, 2020, the Charter School had accounts receivable of \$5,219 that represented amounts that had not been repaid based upon the current year final enrollment count.

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

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

E. Budgets/Budgetary Control

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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 no encumbrances at June 30, 2020.

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, 2020

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, 2020

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 charter school-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, 2020

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

K. Compensated Absence (Cont'd)

The entire sick leave and vacation liabilities are reported on the charter school-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 charter school-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 Balance Reserves

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, 2020

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

P. Management 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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

S. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Charter School's financial statements.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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

S. GASB Pronouncements (Cont'd)

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 92, *Omnibus 2020*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Charter School's financial statements.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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

S. GASB Pronouncements (Cont'd)

Statement No. 93, *Replacement of Interbank Offered Rates*, Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of Statement No. 93 are effective for reporting periods beginning after June 15, 2020. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Charter School's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of Statement No. 95 are effective immediately.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Charter School's financial statements.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

3. Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-414 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the ACT, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the Charter School's bank balance of \$358,471 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	Bank Balance
Insured under FDIC and GUDPA	\$ 358,471
Uninsured and Uncollateralized	<u>-</u>
	<u>\$ 358,471</u>

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, 2020, the Charter School had no investments.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	Balance <u>June 30, 2020</u>
Not being depreciated			
Sites (Land)	\$ 847,547	\$ -	\$ 847,547
Construction in process	-	-	-
Being Depreciated:			
Building and Improvements	5,848,389	-	5,848,389
Machinery and Equipment	<u>218,218</u>	<u>-</u>	<u>218,218</u>
	6,914,154	-	6,914,154
Less: Accumulated Depreciation	<u>(1,783,414)</u>	<u>(103,665)</u>	<u>(1,887,079)</u>
Net Assets	<u>\$ 5,130,740</u>	<u>\$ (103,665)</u>	<u>\$ 5,027,075</u>

Depreciation expense for governmental activities held assets was \$103,665 for 2020.

Enterprise Activities:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	Balance <u>June 30, 2020</u>
Equipment	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 8,250</u>
	8,250	-	8,250
Less: Accumulated Depreciation	<u>(6,366)</u>	<u>(1,179)</u>	<u>(7,545)</u>
Net Assets	<u>\$ 1,884</u>	<u>\$ (1,179)</u>	<u>\$ 705</u>

Depreciation expense for enterprise activities held assets for 2020 was \$1,179.

5. Long-term Obligations

Long-term obligation activity for the year ended June 30, 2020, was as follows:

	Balance <u>June 30, 2019</u>	<u>Issued/ Retired</u>	Balance <u>June 30, 2020</u>	<u>Due Within One Year</u>
PPP Loan Payable	\$ -	\$ 473,202	\$ 473,202	\$ 236,601
Mortgages Payable	3,559,501	(179,902)	3,379,599	190,326
PERS Payable	<u>849,180</u>	<u>37,735</u>	<u>886,915</u>	<u>-</u>
	<u>\$ 4,408,681</u>	<u>\$ 331,035</u>	<u>\$ 4,739,716</u>	<u>\$ 426,927</u>

For governmental activities, the mortgages payable are liquidated from the Charter School'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, 2020

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 \$9,145 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. There was an interest rate modification in 2019 to 4.12%.

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>
2021	\$ 190,326	\$ 148,589	\$ 338,915
2022	199,331	139,526	338,857
2023	208,828	130,029	338,857
2024	218,629	120,229	338,858
2025	229,201	109,657	338,858
2026-2030	1,041,438	383,995	1,425,433
2031-2035	665,121	211,453	876,574
2036-2040	626,725	56,133	682,858
	<u>\$ 3,379,599</u>	<u>\$ 1,299,611</u>	<u>\$ 4,679,210</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

5. Long-term Obligations (Cont'd)

B. Loan Payable

On April 29, 2020, the Charter School received loan proceeds in the amount of \$473,202 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest may be forgiven after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The loan, which was in the form of a note dated April 29, 2020 issued by Manasquan Bank, N.A., matures on April 28, 2022. On June 4, 2020 an amendment to the CARES Act was passed extending the loan maturity for five years and the original 8 week period was extended to 24 weeks. The note has not been restructured for the amendment but due dates will follow the new rules. The Charter School intends to use the proceeds for purposes consistent with the PPP. While the Charter School currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan it is not certain until the application for forgiveness is approved by the lender. The forgiveness application is expected to be filed at the beginning of 2021.

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.

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.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

6. Pension Plans (cont'd)

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

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 2019, the State's pension contribution was less than the actuarial determined amount.

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

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Pension Plans (cont'd)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the Charter School reported a liability of \$886,915 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. The Charter School's proportion of the net pension liability was based on the Charter School's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Charter School's proportion measured as of June 30, 2019, was .0049222507%, which was an increase of .0006093930% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Charter School recognized full accrual pension expense of \$125,671 in the government-wide financial statements consisting of employer contributions of \$47,879 and non-employer contributions of \$77,792. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2019, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 15,919	\$ 3,918
Changes of assumptions	88,562	307,845
Net difference between projected and actual earnings on pension plan investments	-	14,000
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	307,567	78,950
Charter School contributions subsequent to the measurement date	49,679	-
Total	<u>\$ 461,727</u>	<u>\$ 404,713</u>

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Pension Plans (cont'd)

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

\$49,679 reported as deferred outflows of resources resulting from Charter School contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:		
2020	\$	849
2021		2,753
2022		2,459
2023		1,155
2024		118
Thereafter		-
Total	\$	<u><u>7,334</u></u>

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
June 30, 2019	-	5.21
 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
June 30, 2019	-	5.21

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

6. Pension Plans (cont'd)

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

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
June 30, 2019	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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on years of service
Thereafter	3.00% -7.00% Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2019) 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, 2019 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	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

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 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 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 (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School's proportionate share of the net pension liability	1,128,111	886,915	695,042

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/20</u>	<u>6/30/19</u>
Collective Deferred Outflows of Resources	3,149,522,616	4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,143,832,135	19,689,501,539
Charter School's Portion	.0049222507%	.0043128577%

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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. 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, 2020

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 2019, 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 Charter School 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 Charter School 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 Charter School.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the Charter School as of June 30, 2019 was \$9,026,638. The Charter School's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the Charter School was based on projection of the State's long-term contributions to the pension plan associated with the Charter School relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the Charter School was .0147083251%, which was an increase of .0006423704% from its proportion measured as of June 30, 2018

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$317,080 for the State's proportionate share of the TPAF pension expense attributable to the Charter School. This pension expense was based on the pension plans June 30, 2019 measurement date.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% based on years of service
Thereafter	2.75-5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

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	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2020

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, 2019 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 (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's proportionate share of the net pension liability	10,670,103	9,026,638	7,702,955

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.

C. 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, 2020

6. Pension Plans (cont'd)

C. 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, 2020 were \$2,403. There was no liability for unpaid contributions at June 30, 2020.

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

7. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2020

7. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

Plan description and benefits provided (cont'd)

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	148,051
Active plan members	<u>216,892</u>
Total	<u><u>364,943</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, 2020

7. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2019 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 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Discount Rate	3.50%
Healthcare Cost Trend Rates	4.5%-5.7%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Balance at June 30, 2018	\$ 46,110,832,982
Changes for the year:	
Service cost	1,734,404,850
Interest on the total OPEB liability	1,827,787,206
Differences between expected and actual experiences	(7,323,140,818)
Changes in assumptions	622,184,027
Gross benefit payments by the state	(1,280,958,373)
Contributions from members	<u>37,971,171</u>
Net changes	<u>(4,381,751,937)</u>
Balance at June 30, 2019	<u>\$ 41,729,081,045</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Post-Retirement Benefits (cont'd)

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the Charter School calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability of the State for School Retirees	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$3,840,092	\$3,250,472	\$2,782,110

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the charter school 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	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$2,678,244	\$3,250,472	\$4,007,984

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$117,631 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, 2020, 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, 2020

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	\$ -	\$(10,484,965,300)
Changes of assumptions	-	(8,481,529,343)
Contributions made in fiscal year ending 2019 after June 30, 2018 measurement date	-	-
Total	<u>\$ -</u>	<u>\$(18,966,494,643)</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:	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</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.

AXA Equitable

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2020.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 87,404	-
Enterprise Fund	-	54,862
Trust and Agency Fund	-	32,542
	<u>\$ 87,404</u>	<u>\$ 87,404</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 \$362,514 General Fund balance at June 30, 2020, there is a \$- assigned for encumbrances, \$- has been assigned and included as anticipated revenue for the year ending June 30, 2020; 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, 2020

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.

14. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, December 28, 2020. No such disclosures were required.

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Charter School's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Charter School's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Charter School's financial condition or results of operations is uncertain.

15. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits at June 30, 2020. The Charter School files tax returns in the U.S. federal jurisdiction and New Jersey. The Charter School has no open years prior to June 30, 2017.

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,508,977	\$ (34,741)	\$ 1,474,236	\$ 1,347,257	\$ (126,979)
Rental income	95,000	-	95,000	97,240	2,240
Miscellaneous	6,200	-	6,200	36,427	30,227
Total - local sources	<u>1,610,177</u>	<u>(34,741)</u>	<u>1,575,436</u>	<u>1,480,924</u>	<u>(94,512)</u>
State sources:					
Equalization aid (Local levies - state share)	511,559	(11,777)	499,782	507,909	8,127
Special Education Aid	94,030	(4,700)	89,330	94,030	4,700
Security aid	60,685	(7,962)	52,723	60,070	7,347
Adjustment aid	550,925	-	550,925	554,003	3,078
Non-public aid	-	-	-	8,106	8,106
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	405	405
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	117,631	117,631
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	317,080	317,080
TPAF social security (reimbursed - non-budgeted)	-	-	-	112,224	112,224
Total state sources	<u>1,217,199</u>	<u>(24,439)</u>	<u>1,192,760</u>	<u>1,771,458</u>	<u>578,698</u>
Total revenues	<u>2,827,376</u>	<u>(59,180)</u>	<u>2,768,196</u>	<u>3,252,382</u>	<u>484,186</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers		27,259	27,259	27,259	-
Grades 1-5 - salaries of teachers	995,187	(312,326)	682,861	677,031	5,830
Grades 6-8 - salaries of teachers	-	169,259	169,259	161,250	8,009
Other salaries for instruction	125,080	112,233	237,313	237,313	-
Purchased professional-educational services	22,000	10,106	32,106	32,106	-
Other purchased services	18,900	5,514	24,414	24,414	-
General supplies	31,200	(7,659)	23,541	21,616	1,925
Textbooks	16,000	(4,000)	12,000	10,386	1,614
Other objects	2,500	(1,000)	1,500	458	1,042
Total instruction	<u>1,210,867</u>	<u>(614)</u>	<u>1,210,253</u>	<u>1,191,833</u>	<u>18,420</u>
School-sponsored cocurricular activities - instruction					
Salaries	25,000	24,449	49,449	49,449	-
Total school-sponsored cocurricular activities - instruction	<u>25,000</u>	<u>24,449</u>	<u>49,449</u>	<u>49,449</u>	<u>-</u>
Total Instruction	<u>1,235,867</u>	<u>23,835</u>	<u>1,259,702</u>	<u>1,241,282</u>	<u>18,420</u>
Undistributed expenditures:					
Health services					
Salaries	56,520	7,980	64,500	64,500	-
Supplies and materials	3,000	(3,000)	-	-	-
Total health services	<u>59,520</u>	<u>4,980</u>	<u>64,500</u>	<u>64,500</u>	<u>-</u>
Child study teams					
Salaries of other professional staff	102,500	(64,163)	38,337	38,337	-
Purchased professional-educational services	21,000	4,125	25,125	19,989	5,136
Total child study teams	<u>123,500</u>	<u>(60,038)</u>	<u>63,462</u>	<u>58,326</u>	<u>5,136</u>
Improvement of instructional services					
Salaries of Supervisors of Instruction	90,000	(3,746)	86,254	86,254	-
Total improvement of instructional services	<u>90,000</u>	<u>(3,746)</u>	<u>86,254</u>	<u>86,254</u>	<u>-</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration					
Salaries	\$ 143,295	\$ (34,057)	\$ 109,238	\$ 109,238	\$ -
Legal fees	7,500	23,654	31,154	31,154	-
Audit fees	12,000	270	12,270	9,304	2,966
Communications/telephone	15,850	1,056	16,906	16,715	191
Other purchased services	30,330	(1,473)	28,857	26,524	2,333
General supplies	14,600	(1,099)	13,501	13,501	-
Total support services	<u>223,575</u>	<u>(11,649)</u>	<u>211,926</u>	<u>206,436</u>	<u>5,490</u>
Support services - school administration					
Salaries of principals/assistant principals	130,000	(9,246)	120,754	120,754	-
Other objects	-	-	-	-	-
Total support services - school administration	<u>130,000</u>	<u>(9,246)</u>	<u>120,754</u>	<u>120,754</u>	<u>-</u>
Undistributed expenditures					
Central services					
Salaries	80,000	9,766	89,766	89,766	-
Interest on current loans	142,908	18,962	161,870	161,870	-
Total central services	<u>222,908</u>	<u>28,728</u>	<u>251,636</u>	<u>251,636</u>	<u>-</u>
Operation and maintenance of school facilities					
Cleaning, repair, and maint. Services	51,734	(22,212)	29,522	28,818	704
Total operation and maintenance of school facilities	<u>51,734</u>	<u>(22,212)</u>	<u>29,522</u>	<u>28,818</u>	<u>704</u>
Custodial Services					
Salaries	106,990	22,292	129,282	120,118	9,164
Insurance	5,000	9,063	14,063	13,071	992
General supplies	11,000	11,503	22,503	13,848	8,655
Energy (natural gas)	9,000	1,363	10,363	10,363	-
Energy (electricity)	45,000	(7,000)	38,000	32,778	5,222
Other objects	5,000	1,000	6,000	4,844	1,156
Total custodial services	<u>181,990</u>	<u>38,221</u>	<u>220,211</u>	<u>195,022</u>	<u>25,189</u>
Total operation and maintenance of plant services	<u>1,083,227</u>	<u>(34,962)</u>	<u>1,048,265</u>	<u>1,011,746</u>	<u>36,519</u>
Student transportation services					
Salaries - between home & school - regular	6,000	(3,100)	2,900	776	2,124
Contracted services (not home/school) - vendors	2,000	(1,900)	100	100	-
Total student transportation services	<u>8,000</u>	<u>(5,000)</u>	<u>3,000</u>	<u>876</u>	<u>2,124</u>
Unallocated Expenditures:					
Social Security Contributions	15,000	(15,000)	-	-	-
Other Retirement Contributions - PERS	44,694	4,985	49,679	49,679	-
Unemployment Compensation	10,000	16,840	26,840	26,840	-
Workmen's Compensation	52,630	894	53,524	53,524	-
Health Benefits	268,950	17,088	286,038	286,038	-
Tuition Reimbursement	-	17,839	17,839	17,839	-
Other Employee Benefits	23,000	1,788	24,788	18,923	5,865
Total unallocated benefits	<u>414,274</u>	<u>44,434</u>	<u>458,708</u>	<u>452,843</u>	<u>5,865</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	405	(405)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	117,631	(117,631)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	317,080	(317,080)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	112,224	(112,224)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,340</u>	<u>(547,340)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,505,501</u>	<u>4,472</u>	<u>1,509,973</u>	<u>2,012,805</u>	<u>(502,832)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>2,741,368</u>	<u>28,307</u>	<u>2,769,675</u>	<u>3,254,087</u>	<u>(484,412)</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Instructional equipment	\$ 3,000	\$ (3,000)	\$ -	\$ -	\$ -
Non-instructional equipment	3,000	(3,000)	-	-	-
Construction Services	15,000	24,852	39,852	39,852	-
Mortgage Payments - Principal	181,171	(1,102)	180,069	179,902	167
Other Objects	39,100	(16,716)	22,384	22,384	-
Total budgeted capital outlay	<u>241,271</u>	<u>1,034</u>	<u>242,305</u>	<u>242,138</u>	<u>167</u>
Total general fund	<u>2,982,639</u>	<u>29,341</u>	<u>3,011,980</u>	<u>3,496,225</u>	<u>(484,245)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(155,263)</u>	<u>(88,521)</u>	<u>(243,784)</u>	<u>(243,843)</u>	<u>(59)</u>
Other Financing Sources / Uses:					
Paycheck Protection Program proceeds	-	-	-	473,202	(473,202)
Operating transfer out - deficit in food service	-	-	-	(13,397)	13,397
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,805</u>	<u>(459,805)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(155,263)</u>	<u>(88,521)</u>	<u>(243,784)</u>	<u>215,962</u>	<u>459,746</u>
Fund Balance, July 1	146,552	-	146,552	146,552	-
Fund Balance, June 30	<u>\$ (8,711)</u>	<u>\$ (88,521)</u>	<u>\$ (97,232)</u>	<u>\$ 362,514</u>	<u>\$ 459,746</u>
Recapitulation:					
Assigned Fund Balance:					
Year-end encumbrances				-	
Restricted for other purposes				-	
Unassigned-Capital projects				-	
Unassigned				-	
Unassigned Fund Balance				<u>362,514</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				362,514	
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP) - B-1				<u>362,514</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 362,514</u>	

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2020

	<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	-	262,940	262,940	262,940	-
Federal sources	371,300	(205,985)	165,315	128,662	(36,653)
Total Revenues	<u>371,300</u>	<u>56,955</u>	<u>428,255</u>	<u>391,602</u>	<u>(36,653)</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	335,452	(208,452)	127,000	127,000	-
Purchased professional and technical services	-	60,750	60,750	60,750	-
General supplies	-	3,601	3,601	3,601	-
Professional services	-	65,843	65,843	38,039	27,804
Other objects	-	1,172	1,172	1,172	-
Total instruction	<u>335,452</u>	<u>(77,086)</u>	<u>258,366</u>	<u>230,562</u>	<u>27,804</u>
Support services:					
Salaries of Supervisors of Instruction	-	8,010	8,010	8,010	-
Salaries of Principal	-	13,246	13,246	13,246	-
Salaries of Other Professional Staff	-	8,304	8,304	8,304	-
Salaries of Secr. And Clerical Assistants	-	3,720	3,720	3,720	-
Other Salaries	-	20,580	20,580	20,580	-
Purchased professional and technical	35,848	38,023	73,871	65,022	8,849
Employee benefits	-	24,692	24,692	24,692	-
Rentals	-	-	-	-	-
Other purchased services	-	10,466	10,466	10,466	-
Supplies - materials	-	7,000	7,000	7,000	-
Total support services	<u>35,848</u>	<u>134,041</u>	<u>169,889</u>	<u>161,040</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>371,300</u>	<u>56,955</u>	<u>428,255</u>	<u>391,602</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, 2020

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 3,252,382	[C-2]	\$ 391,602
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		64
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(317,080)		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,935,302</u>	[B-2]	<u>\$ 391,666</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,496,225	[C-2]	\$ 391,602
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(317,080)		
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.		-		64
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 3,179,145</u>	[B-2]	<u>\$ 391,666</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

RED BANK CHARTER SCHOOL
Required Supplementary Information
Schedule of the Charter School's Proportionate Share of Net Pension Liability-PERS
For the Year Ended June 30, 2020

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Charter School's proportion of the net pension liability	0.0058311306%	0.0025727791%	0.0032770675%	0.3651257400%	0.0043128577%	0.0049222507%
Charter School's proportionate share of the net pension liability	\$ 1,091,747	\$ 599,656	\$ 970,573	\$ 849,954	\$ 849,180	\$ 886,915
Charter School's covered-employee payroll	-	680,628	234,816	272,649	300,086	269,617
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	88.10%	355.98%	283.24%	282.98%	328.95%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

The amounts presented were determined as of the fiscal year-end that occurred one year before the Charter School'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 Charter School Contributions-PERS
For the Year Ended June 30, 2020**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions	\$ 49,259	\$ 23,315	\$ 30,928	\$ 36,544	\$ 44,694	\$ 49,679
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>	<u>49,679</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered-employee payroll	680,628	234,816	272,649	300,086	269,617	322,174
Contributions as a percentage of covered-employee payroll	0.00%	9.93%	11.34%	13.40%	16.58%	15.42%

* 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 Charter School's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2020

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the net pension liability	0.0118021042%	0.0119803210%	0.1391169420%	0.0125940627%	0.0140659547%	0.0147083251%
State's proportionate share of the net pension liability	\$ 6,307,841	\$ 7,572,074	\$ 10,943,824	\$ 8,491,371	\$ 8,948,458	\$ 9,026,638
Charter School's covered-employee payroll	1,180,568	1,716,656	1,449,585	1,572,524	1,572,829	1,506,852
Proportionate share of the net pension liability as a percentage of Charter School's covered-employee payroll	534.31%	441.09%	754.96%	539.98%	568.94%	599.04%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

The Charter School 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 Charter School'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, 2020
(Unaudited)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the OPEB liability associated with the Charter			
Service cost	\$ 369,926	\$ 307,538	\$ 296,706
Interest cost	108,738	130,555	122,965
Differences between expected and actual experiences	-	(474,485)	(49,489)
Changes in assumptions	(509,456)	(336,077)	48,465
Member contributions	2,880	2,707	2,958
Gross benefit payments	<u>(78,212)</u>	<u>(78,311)</u>	<u>(99,780)</u>
Net change in total OPEB liability	(106,124)	(448,073)	321,825
State's Total OPEB liability - beginning	<u>3,482,844</u>	<u>3,376,720</u>	<u>2,928,647</u>
State's Total OPEB liability - ending	<u>\$ 3,376,720</u>	<u>\$ 2,928,647</u>	<u>\$ 3,250,472</u>
Charter School's covered employee payroll	<u>\$ 2,127,780</u>	<u>\$ 2,154,087</u>	<u>\$ 2,070,437</u>
Total State's OPEB liability as a percentage of covered employee payroll	159%	136%	157%

* 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, 2020

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

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, 2020

	I.D.E.A Preschool Program Part B 19/20	I.D.E.A Regular Program Part B 19/20	Title I 19/20	Title II-A 19/20	Pre-School Education Aid 19/20	Total 2020
Revenues:						
Private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	262,940	262,940
Federal sources	895	42,531	75,640	9,596	-	128,662
Total revenues	895	42,531	75,640	9,596	262,940	391,602
Expenditures:						
Instruction:						
Salaries	-	-	22,000	-	105,000	127,000
Other salaries - instruction	-	-	-	-	60,750	60,750
General supplies	-	-	3,601	-	-	3,601
Professional services	-	-	38,039	-	-	38,039
Other Objects	-	-	-	-	1,172	1,172
Total instruction	-	-	63,640	-	166,922	230,562
Support services:						
Other support services - students - special:						
Salaries of Supervisors of Instruction	-	-	-	-	8,010	8,010
Salaries of Principal	-	-	-	-	13,246	13,246
Salaries of Other Professional Staff	-	-	-	-	8,304	8,304
Salaries of Secr. And Clerical Assistants	-	-	-	-	3,720	3,720
Other Salaries	-	-	-	-	20,580	20,580
Salaries of Community Parent Involvement Spec.	-	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-	-
Purchased prof. and tech. services	895	42,531	12,000	9,596	-	65,022
Other purchased services	-	-	-	-	10,466	10,466
Employee benefits	-	-	-	-	24,692	24,692
Rentals	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Supplies and materials	-	-	-	-	7,000	7,000
Total other support services - students - special	895	42,531	12,000	9,596	96,018	161,040
Total support services	895	42,531	12,000	9,596	96,018	161,040
Total expenditures	\$ 895	\$ 42,531	\$ 75,640	\$ 9,596	\$ 262,940	\$ 391,602

RED BANK CHARTER SCHOOL
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 105,000	\$ 105,000	\$ -
Other Salaries for Instruction	60,750	60,750	-
Purchased Professional & Technical Services	-	-	-
Other Purchased Services (400-500 series)	-	-	-
Tuition to Other LEAs Within the State - Regular	-	-	-
General Supplies	-	-	-
Other Objects	1,172	1,172	-
Total instruction	<u>166,922</u>	<u>166,922</u>	<u>-</u>
Support services:			
Salaries of Supervisors of Instruction	8,010	8,010	-
Salaries of Principals	13,246	13,246	-
Salaries of Other Professional Staff	8,304	8,304	-
Salaries of Secr. And Clerical Assistants	3,720	3,720	-
Other Salaries	20,580	20,580	-
Personal Services - Employee Benefits	24,692	24,692	-
Other Purchased Services	10,466	10,466	-
Supplies & Materials	7,000	7,000	-
Other Objects	-	-	-
Total support services	<u>96,018</u>	<u>96,018</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>\$ 262,940</u>	<u>\$ 262,940</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2019-20 PreK/ECPA Aid Allocation	\$ 262,940
Add: Actual PreK/ECPA Aid Carryover June 30, 2019	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2019-20 Budget	<u>262,940</u>
Less: 2018-19 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>262,940</u>
Available & Unbudgeted Funds as of June 30, 2020	-
Add: June 30, 2019 Unexpended PreK Aid	-
2020- Actual Carryover - PreK Aid	<u>\$ -</u>
2019-20 PreK Aid Carryover Budgeted in 2021-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
Fiduciary Funds
June 30, 2020

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 9,299	\$ 53,780	\$ 63,079
Investments	-	-	-
Intrafund receivable	-	-	-
Total assets	<u>9,299</u>	<u>53,780</u>	<u>63,079</u>
LIABILITIES			
Payroll deductions and withholdings	-	21,238	21,238
Payable to student groups	9,299	-	9,299
Interfund payable	-	32,542	32,542
Intrafund payable	-	-	-
Total liabilities	<u>9,299</u>	<u>53,780</u>	<u>63,079</u>
Net Position			
Designated for future payments	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 9,299</u>	<u>\$ 53,780</u>	<u>\$ 63,079</u>

RED BANK CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Activities Funds	<u>\$ 3,012</u>	<u>\$ 12,865</u>	<u>\$ 6,578</u>	<u>\$ 9,299</u>

RED BANK CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 5,367	\$ 3,093,446	\$ 3,045,033	\$ 53,780
Total assets	<u>5,367</u>	<u>3,093,446</u>	<u>3,045,033</u>	<u>53,780</u>
LIABILITIES:				
Payroll deductions and withholdings	4,167	3,060,904	3,043,833	21,238
Interfund payable	<u>1,200</u>	<u>32,542</u>	<u>1,200</u>	<u>32,542</u>
Total liabilities	<u>\$ 5,367</u>	<u>\$ 3,093,446</u>	<u>\$ 3,045,033</u>	<u>\$ 53,780</u>

I. Long-Term Debt

**RED BANK CHARTER SCHOOL
Long-Term Debt
Mortgage on Building
For the Year Ended June 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Mortgage	1/15/2014	\$ 1,760,562	2021	111,084	4.91%				
			2022	116,643	4.91%				
			2023	122,501	4.91%				
			2024	128,653	4.91%				
			2025	135,114	4.91%				
			2026	141,899	4.91%				
			2027	149,025	4.91%				
			2028	156,510	4.91%				
			2029	57,814	4.91%	1,223,989	-	104,746	1,119,243
Mortgage	1/15/2014	\$ 1,020,000	2021	31,319	4.12%				
			2022	32,615	4.12%				
			2023	33,985	4.12%				
			2024	35,412	4.12%				
			2025	36,899	4.12%				
			2026	38,448	4.12%				
			2027	40,062	4.12%				
			2028	41,744	4.12%				
			2029	43,497	4.12%				
			2030	45,323	4.12%				
			2031	47,226	4.12%				
			2032	49,209	4.12%				
			2033	51,275	4.12%				
			2034	53,428	4.12%				
			2035	55,671	4.12%				
			2036	58,009	4.12%				
			2037	60,445	4.12%				
			2038	62,982	4.12%				
			2039	28,586	4.12%	875,653	-	29,518	846,135

**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 Year Ended June 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Mortgage-Monmouth Road	11/8/2017	\$ 1,525,000							
			2021	47,923	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	18,211	4.38%				
						1,459,859	-	45,638	1,414,221
						<u>\$ 3,559,501</u>	<u>\$ -</u>	<u>\$ 179,902</u>	<u>\$ 3,379,599</u>

**RED BANK CHARTER SCHOOL
Long-Term Debt
Statement of Loan Payable
For the Year Ended June 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
PPP Loan Payable	5/1/2020	\$ 473,202	2021	236,601	1.00%				
			2022	236,601	1.00%	\$ -	473,202	-	\$ 473,202
						<u>\$ -</u>	<u>473,202</u>	<u>-</u>	<u>\$ 473,202</u>

STATISTICAL SECTION

**Red Bank Charter School
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the Charter School's financial performance and well being have changed over time.</p>	97-102
<p>Revenue Capacity These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.</p>	N/A
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the Charter School's ability to issue additional debt in the future.</p>	N/A
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place.</p>	N/A
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Charter School's financial report relates to the services the Charter School provides and the activities it performs.</p>	103-107

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 968,388	\$ 988,510	\$ 947,328	\$ 824,711	\$ 847,766	\$ 925,901	\$ 1,013,898	\$ 1,280,294	\$ 1,593,888	\$ 1,670,125
Restricted	-	-	-	82,614	-	24,896	402,578	11,390	7,598	-
Unrestricted	152,493	258,684	304,574	565,656	(426,983)	(11,308)	(289,793)	(338,156)	(666,019)	(940,589)
Total governmental activities net position	<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>	<u>729,536</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	6,600	5,421	4,242	3,063	1,884	705
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	18,669	28,371	29,173	1,802	(44,702)	16,224	(18,971)	(48,710)	(50,961)	(54,226)
Total business-type activities net position	<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>	<u>(53,521)</u>
Charter school-wide										
Net investment in capital assets	968,388	988,510	947,328	824,711	854,366	931,322	1,018,140	1,283,357	1,595,772	1,670,830
Restricted	-	-	-	82,614	-	24,896	402,578	11,390	7,598	-
Unrestricted	171,162	287,055	333,747	567,458	(471,685)	4,916	(308,764)	(386,866)	(716,980)	(994,815)
Total charter school-wide net position	<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>	<u>\$ 676,015</u>

Source: CAFR Schedule A-1 and Charter School 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 change 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 1,422,395
Special Education instruction	-	-	-	-	48,780	-	-	-	-	-
Other special instruction	-	-	-	-	151,493	172,114	165,635	129,618	115,316	135,703
Support Services:										
Health services	-	-	-	-	237,101	224,645	216,048	163,883	163,832	225,604
Other support services	-	-	-	-	51,381	33,725	70,468	126,310	77,215	58,326
General administrative services	-	-	-	-	129,487	109,772	254,843	380,226	196,563	206,436
School administrative services	-	-	-	-	68,921	31,591	176,946	154,175	158,736	120,754
School central services	-	-	-	-	163,107	74,970	44,305	73,704	50,053	89,766
Other operation & Maintenance of plant	-	-	-	-	260,720	375,899	265,721	414,758	495,995	389,741
Student transportation services	-	-	-	-	520	1,010	3,652	4,736	1,120	876
Unallocated employee benefits	-	-	-	-	229,173	(18,664)	300,871	371,649	382,455	477,771
Non-budgeted expenditures	-	-	-	-	271,733	236,969	223,253	260,147	251,133	230,260
Interest expense	-	-	-	-	-	90,637	86,200	115,259	155,205	161,870
School Support services	482,793	576,120	593,092	1,195,668	-	-	-	-	-	-
General administration	584,741	569,050	625,646	512,429	-	-	-	-	-	-
Total governmental activities expenses	2,705,057	2,879,281	3,112,921	3,231,038	3,123,192	2,837,146	3,254,886	3,637,160	3,550,764	3,519,502
Business-type activities:										
Food service	46,210	51,800	65,958	87,247	94,821	92,193	90,237	96,541	105,936	85,616
Total business-type activities expense	46,210	51,800	65,958	87,247	94,821	92,193	90,237	96,541	105,936	85,616
Total charter school-wide expenses	2,751,267	2,931,081	3,178,879	3,318,285	3,218,013	2,929,339	3,345,123	3,733,701	3,656,700	3,605,118
Program Revenues										
Governmental activities:										
Operating grants and contributions	144,251	104,520	106,907	342,083	271,733	236,969	223,253	260,147	251,133	230,260
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	144,251	104,520	106,907	342,083	271,733	236,969	223,253	260,147	251,133	230,260
Business-type activities:										
Charges for services										
Food service	13,415	16,571	17,105	14,267	10,793	13,605	10,688	13,622	14,672	18,346
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	38,834	44,931	49,655	45,608	44,124	44,300	43,175	52,001	64,639	49,429
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	52,249	61,502	66,760	59,875	54,917	57,905	53,863	65,623	79,311	67,775
Total charter school-wide program revenues	196,500	166,022	173,667	401,958	326,650	294,874	277,116	325,770	330,444	298,035

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (2,560,806)	\$ (2,774,761)	\$ (3,006,014)	\$ (2,888,955)	\$ (3,123,192)	\$ (2,600,177)	\$ (3,031,633)	\$ (3,377,013)	\$ (3,299,631)	\$ (3,289,242)
Business-type activities	6,039	9,702	802	(27,372)	(94,821)	(34,288)	(36,374)	(30,918)	(26,625)	(17,841)
Total charter school-wide net expense	<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>(3,326,256)</u>	<u>(3,307,083)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tuition from taxes	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	1,347,257
Tuition charges	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,204,502	1,471,523	1,638,681	1,626,977	1,589,873	1,738,753	2,030,843	1,806,242	1,672,634	1,615,784
Federal and State Aid Restricted	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	30,745	33,263	34,412	146,656	35,469	96,207	87,007	91,490	150,345	133,667
Transfers	-	-	-	-	-	(94,035)	-	-	(23,195)	(13,397)
Total governmental activities	<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>3,281,570</u>	<u>3,083,311</u>
Business-type activities:										
Transfers	-	-	-	-	-	34,035	-	-	23,195	13,397
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,035</u>	<u>-</u>	<u>-</u>	<u>23,195</u>	<u>13,397</u>
Total charter school-wide	<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>3,304,765</u>	<u>3,096,708</u>
Change in Net Position										
Governmental activities	74,784	126,314	4,708	221,079	119,440	518,706	410,447	(173,155)	(18,061)	(205,931)
Business-type activities	6,039	9,702	802	(27,372)	(39,904)	59,747	(36,374)	(30,918)	(3,430)	(4,444)
Total charter school-wide	<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>	<u>\$ (210,375)</u>

Source: CAFR Schedule A-2 and Charter School records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	11,390	7,598	-
Unassigned	-	-	-	-	-	-	-	171,918	138,954	362,514
Unreserved	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	167,493	273,684	319,574	663,269	626,641	844,027	418,123	183,308	146,552	362,514
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1 and Charter School records.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tuition charges	\$ 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	\$ 1,347,257
Miscellaneous	25,795	33,263	34,412	146,654	35,469	96,207	87,007	91,490	150,345	133,667
Local sources	37,361	19,182	18,743	8,446	-	-	-	-	-	-
State sources	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	1,717,318
Federal sources	111,840	85,338	88,164	144,476	86,394	116,034	110,610	124,771	129,543	128,726
Total revenue	2,779,841	3,005,595	3,117,629	3,452,115	3,242,632	3,449,887	3,442,080	3,464,005	3,555,898	3,326,968
Expenditures										
Instruction										
Regular Instruction	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	1,422,395
Nonpublic school programs	-	-	-	-	48,780	-	-	-	-	-
Other special instruction	-	-	-	-	151,493	172,114	165,635	129,618	115,316	135,703
Support Services:										
Health Services	-	-	-	-	237,101	224,645	216,048	163,883	163,832	225,604
Other support services	-	-	-	-	51,381	33,725	70,468	126,310	77,215	58,326
General administrative services	-	-	-	-	129,487	109,772	254,843	380,226	196,563	206,436
School administrative services	-	-	-	-	68,921	91,591	176,946	154,175	158,736	120,754
School central services	-	-	-	-	163,107	74,970	44,305	73,704	50,053	89,766
Other operation & maintenance of plant	-	-	-	-	260,720	289,422	193,726	250,276	300,290	223,840
Student transportation services	-	-	-	-	520	1,010	3,652	4,736	1,120	876
Unallocated employee benefits	-	-	-	-	371,501	313,191	325,972	368,638	369,331	452,843
Non-budgeted expenditures	-	-	-	-	271,733	236,969	223,253	260,147	251,133	230,260
General administrative services	766,265	769,983	854,014	811,078	-	-	-	-	-	-
Capital outlay	95,973	168,434	109,168	124,555	180,563	255,249	346,192	746,137	641,855	404,008
Total expenditures	2,120,009	2,259,618	2,371,802	2,293,956	3,172,090	3,245,636	3,467,984	4,098,820	3,846,810	3,570,811
Excess (Deficiency) of revenues over (under) expenditures	659,832	745,977	45,890	343,695	70,542	204,251	(25,904)	(634,815)	(290,912)	(243,843)
Other Financing sources (uses)										
Use of bank escrow	-	-	-	-	-	-	-	-	277,351	-
Transfers out	-	-	-	-	-	(94,035)	-	-	(23,195)	(13,397)
Total other financing sources (uses)	-	-	-	-	-	(94,035)	-	-	254,156	(13,397)
Net change in fund balances	\$ 659,832	\$ 745,977	\$ 45,890	\$ 343,695	\$ 70,542	\$ 110,216	\$ (25,904)	\$ (634,815)	\$ (36,756)	\$ (257,240)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.59%	5.46%	5.68%

Source: CAFR Schedule B-2 and Charter School 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
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
2020	-	21,725	-	-	97,148	5,003	-	27,419	151,295

Source: Charter School records

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	16.0	15.0	16.0	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	7.0	5.0	6.0	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	<u>37.0</u>	<u>34.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>

Source: Charter School 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				
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	3,204,955	16,187	15.51%	27.0	7.33	-	0.0	0.0	-100.00%	0.00%
2020	196.0	3,166,803	16,157	13.24%	27.0	7.26	-	0.0	0.0	-100.00%	0.00%

Sources: Charter School records

Note: Enrollment based on annual October charter school count ASSA 10/15/19 count for FYE 2020.

- 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).

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District Building										
<u>Elementary and Middle School (Combined)</u>										
The Red Bank Charter School										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Capacity (students)	180	180	180	200	200	200	200	200	200	200
Enrollment	173	175	177	193	193	193	181	199	198	196

Number of Schools at June 30, 2020
 Elementary and Middle School combined = 1

Source: Charter School Records

RED BANK CHARTER SCHOOL
Insurance Schedule
June 30, 2020

	<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/Empley 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	2020 Audit
Cash	355,087	366,944	690,917	751,308	909,868	720,699	151,854	50,651	244,542
Current Assets	384,637	410,523	763,730	2,231	8,059	72,753	8,844	9,290	11,180
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	5,413,579
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	4,794,578
Net Position	1,275,565	1,281,075	1,474,783	382,681	961,134	1,111,954	907,881	886,390	676,015
Total Revenue	3,067,097	3,184,389	3,452,117	3,025,816	3,507,792	3,495,943	3,203,858	3,304,765	3,096,708
Total Expenses	2,931,081	3,178,879	3,231,037	2,852,850	2,929,339	3,031,633	3,377,013	3,299,631	3,289,242
Change in Net Position	136,016	5,510	221,079	172,966	578,453	464,310	(173,155)	5,134	(192,534)
Depreciation Expense	148,311	150,351	151,537	93,430	95,048	71,995	100,289	103,665	103,665
Interest Expense	148,498	143,324	123,998	93,504	90,637	86,200	115,259	155,205	161,870
Principal Payments	95,183	100,358	90,401	116,484	123,540	128,139	153,950	175,124	179,902
Interest Payments	-	-	-	93,504	90,637	86,200	115,259	155,205	161,870
Final Average Daily Enrollment	176	177	194	196	200	181	200	200	196
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RATIO ANALYSIS

<u>Near Term Indicators</u>										
1a	Current Ratio	4.66	5.86	7.20	9.46	11.53	n/a	5.05	n/a	n/a
1b	Unrestricted Days Cash	972.84	1005.33	1,892.92	96.12	113.37	113.37	16.41	5.60	27.14
1c	Enrollment Variance	0.00%	0.00%	960.00%	0.00%	2.04%	2.04%	2.04%	2.04%	0.00%
1d	Default	NO	NO	NO	NO	NO	NO	NO	NO	NO
<u>Sustainability Indicators</u>										
2a	Total Margin	4%	0%	6%	6%	16%	16%	-5%	0%	-6%
2b	Debt to Asset	0.7	0.69	0.66	0.02	0.73	0.73	0.85	0.84	0.89
2c	Cash Flow	209,610	366,944	335,830	384,364	158,560	158,560	(568,845)	(670,048)	(476,157)
2d	Debt Service Coverage Ratio	N/A	N/A	N/A	1.71	3.57	3.57	0.16	0.80	0.21

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, 2020, 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 28, 2020.

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) as a basis for designing 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 Charter School'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 financial statements. 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.

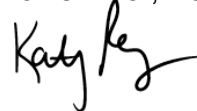
Purpose of this Report

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 Charter School'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 28, 2020

**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, 2020. 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.

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, 2020.

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.

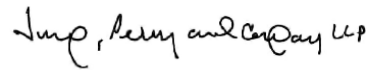
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

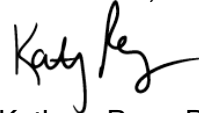
Purpose of this Report

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 28, 2020

RED BANK CHARTER SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2019	Adjustments	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2020	Accounts Receivable at June 30, 2020	Due to Grantor at June 30, 2020
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010A	7/1/19-6/30/20	\$ 75,640	\$ -	\$ -	\$ 75,640	\$ (75,640)	\$ -	\$ -	\$ -
Title II, Part A	84.367A	7/1/19-6/30/20	9,596	-	-	9,596	(9,596)	-	-	-
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	7/1/19-6/30/20	42,531	-	-	42,531	(42,531)	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/19-6/30/20	895	-	-	895	(895)	-	-	-
Subtotal of Special Education Cluster:			<u>-</u>	<u>-</u>	<u>-</u>	<u>43,426</u>	<u>(43,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund				<u>(2,107)</u>	<u>-</u>	<u>130,769</u>	<u>(128,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Service Enterprise Fund:										
Child Nutrition Cluster:										
School Breakfast Program	10.553	7/1/18-6/30/19	15,148	(750)	-	750	-	-	-	-
School Breakfast Program	10.553	7/1/19-6/30/20	10,054	-	-	9,834	(10,054)	-	(220)	-
National School Lunch Program	10.555	7/1/19-6/30/20	33,315	-	-	32,965	(33,315)	-	-	-
National School Lunch Program	10.555	7/1/18-6/30/19	48,501	(2,633)	-	2,633	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/19-6/30/20	5,292	-	-	4,942	(5,292)	-	(350)	-
Subtotal of Child Nutrition Cluster			<u>-</u>	<u>(3,383)</u>	<u>-</u>	<u>51,124</u>	<u>(48,661)</u>	<u>-</u>	<u>(570)</u>	<u>-</u>
Total Enterprise (Food Service) Fund				<u>(3,383)</u>	<u>-</u>	<u>51,124</u>	<u>(48,661)</u>	<u>-</u>	<u>(570)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (5,490)</u>	<u>\$ -</u>	<u>\$ 181,893</u>	<u>\$ (177,323)</u>	<u>\$ -</u>	<u>\$ (570)</u>	<u>\$ -</u>

RED BANK CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2020

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2020	(Accounts Receivable) at June 30, 2020	Due to Grantor at June 30, 2020
New Jersey Department of Education										
General Fund:										
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 94,030	\$ -	\$ 94,030	\$ (94,030)	\$ -	\$ -	\$ -	\$ -
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	60,070	-	60,070	(60,070)	-	-	-	-
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	662,620	4,255	-	-	(4,255)	-	-	-
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	554,003	-	548,784	(554,003)	-	-	(5,219)	-
Non Public Aid	20-495-034-5120-000	7/1/19-6/30/20	8,106	-	8,106	(8,106)	-	-	-	-
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	507,909	-	507,909	(507,909)	-	-	-	-
On-Behalf TPAF Pension Contribution	20-100-034-5095-002	7/1/19-6/30/20	317,080	-	317,080	(317,080)	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	20-100-034-5095-001	7/1/19-6/30/20	117,631	-	117,631	(117,631)	-	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	20-100-034-5095-004	7/1/19-6/30/20	405	-	405	(405)	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	19-495-034-5094-003	7/1/18-6/30/19	116,709	(5,853)	5,853	-	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	20-495-034-5094-003	7/1/19-6/30/20	112,224	-	106,839	(112,224)	-	-	(5,385)	-
Total General Fund			<u> </u>	<u>(1,598)</u>	<u>1,766,707</u>	<u>(1,771,458)</u>	<u>(4,255)</u>	<u>-</u>	<u>(10,604)</u>	<u>-</u>
Special Revenue Fund:										
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	262,940	-	262,940	(262,940)	-	-	-	-
Total Special Revenue Fund			<u> </u>	<u>-</u>	<u>262,940</u>	<u>(262,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:										
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	990	(54)	54	-	-	-	-	-
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	768	-	762	(768)	-	-	(6)	-
Total Enterprise Fund			<u> </u>	<u>(54)</u>	<u>816</u>	<u>(768)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
Total Expenditures of State Awards for testing			<u> </u>	<u>(1,652)</u>	<u>2,030,463</u>	<u>(2,035,166)</u>	<u>(4,255)</u>	<u>-</u>	<u>(10,610)</u>	<u>-</u>
State Financial Assistance Not Subject to Single Audit Determination										
General fund:										
On-Behalf TPAF Pension Contribution	20-100-034-5095-002	7/1/19-6/30/20	317,080	-	317,080	(317,080)	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	20-100-034-5095-001	7/1/19-6/30/20	117,631	-	117,631	(117,631)	-	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	20-100-034-5095-004	7/1/19-6/30/20	405	-	405	(405)	-	-	-	-
Total State Financial Assistance Not Subject to Single Audit Determination			<u> </u>	<u>-</u>	<u>435,116</u>	<u>(435,116)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance			<u>\$ (1,652)</u>	<u>\$ 1,595,347</u>	<u>\$ (1,600,050)</u>	<u>\$ (4,255)</u>	<u>\$ -</u>	<u>\$ (10,610)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

Red Bank Charter School

Notes to the Schedules of Awards and Financial Assistance

June 30, 2020

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, 2020

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(317,080) for the general fund and \$64 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	\$ -	\$ 1,454,378	\$ 1,454,378
Special Revenue Fund	128,726	262,940	391,666
Food Service Fund	<u>43,369</u>	<u>768</u>	<u>44,137</u>
Total awards and financial assistance	\$ <u>172,095</u>	\$ <u>1,718,086</u>	\$ <u>1,890,181</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, 2020.

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

Schedule of Findings and Questioned Costs

June 30, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

1) Material weakness(es) identified? ____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? ____ yes X none reported

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

Federal Awards Section - N/A

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes ____ no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ____ none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

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

Schedule of Findings and Questioned Costs (continued)

June 30, 2020

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 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
Schedule of Findings and Questioned Costs (continued)
June 30, 2020

Section II - Financial Statement Findings - N/A

Section III - State Award Findings and Questioned Costs - N/A

Red Bank Charter School
Summary Schedule of Prior Audit Findings
June 30, 2020

Summary Schedule of Prior Audit Findings - N/A