

Red Bank Charter School

of Monmouth County

Red Bank Charter School

Red Bank, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Red Bank Charter School
of Monmouth County

Red Bank, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

David P. Block
School Business Administrator

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INTRODUCTORY SECTION



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

February 16, 2023

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

Dear Board of Trustees:

The Annual Comprehensive Financial Report of the Red Bank Charter School (the "Charter School") for the fiscal year ended June 30, 2022 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 Annual Comprehensive 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 2021-22 with an average daily enrollment of 197 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 2021-2022 school year:

- Social media and updated public relations materials were continued as part of the communications upgrades for the school and larger community.
- Student and parent engagement in school community activities and events continues to be at 90%+ indicating high degree of satisfaction with the school.
- Continued a fundraising effort to help supplement the retrofitting of warehouse space into a gymnasium at 135 Monmouth St. location
- Continued collaboration with the RBCS Foundation

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

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

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

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

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

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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, 2022 the Charter School had outstanding mortgage balances of \$3,505,784.
7. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The Charter School has an investment policy that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Charter School carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/ collision, hazard and theft insurance on property and contents, student accident insurance and fidelity bonds.
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report in the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the Board of Trustees of the Red Bank Charter School for their concern in providing fiscal accountability of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Block', is written over a faint, circular stamp or watermark.

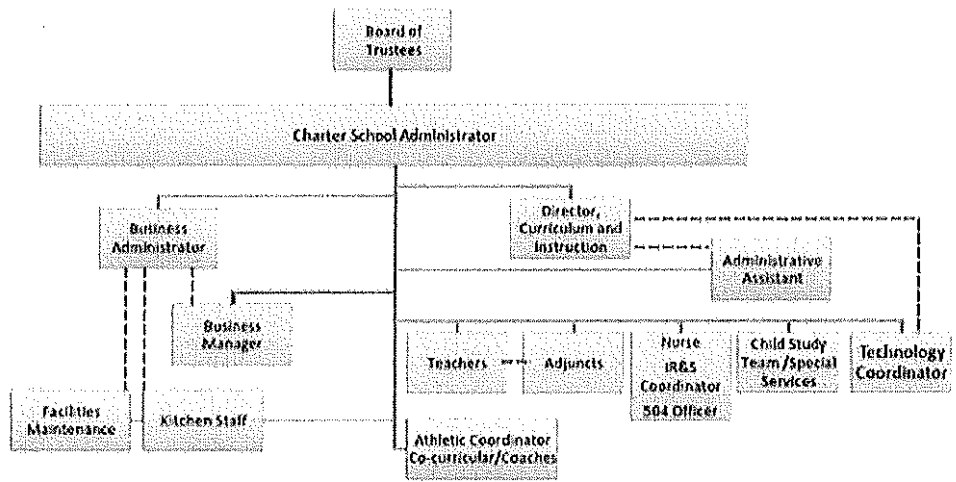
David Block

School Business Administrator

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Organizational Chart

Red Bank Charter School Organization Chart



Red Bank Charter School
Red Bank, New Jersey

Roster of Officials
June 30, 2022

<u>Members of the Board of Trustees</u>	<u>Term Expires</u>
Eric Wagner, President	2023
Donna McCourt, Vice President	2022
Matthew Damm	2023
John LeFever	2022
Roger J. Foss	2024
Karen Flores	2022
Patrick Dorsey	2024
Barbara O'Donnell	2023
Ana-Maria Pittella	2024

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

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
Manasquan Bank

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 on the Audit of the Financial Statements

Opinions

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 in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022, 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.

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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Red Bank Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Bank Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Red Bank Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Bank Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules related to accounting and reporting for pensions and the schedules related to accounting and reporting for postemployment benefits other than pensions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Red Bank Charter School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of Red Bank Charter School's 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 solely 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 the effectiveness of the Red Bank Charter School 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's 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

February 16, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Red Bank Charter School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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, 2022. 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, 2022 are as follows:

Net position totaled \$1,554,119, which represents a 18.26 percent increase from June 30, 2021.

General revenues accounted for \$3,770,208 in revenue or 90.76 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 \$383,618 or 9.24 percent of total revenues of \$4,153,826.

Total assets increased by \$254,271 as current assets increased by \$353,249 and capital assets, net decreased by \$98,978.

The Charter School had \$3,913,806 in expenses; only \$383,618 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (tuition charges and related state aid) of \$3,770,208 were adequate to provide for these programs.

Among major funds, the General Fund had \$3,299,352 in revenues and \$3,163,557 in expenditures and transfers. The General Fund's balance increased \$135,795 over June 30, 2021. The General Fund's balance is \$814,473.

Using this Annual Comprehensive Financial Report (ACFR)

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 Charter School, 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 Charter School 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 activities.

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 Charter School as a Whole

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

Table 1 provides a summary comparison of the Charter School's net position for June 30, 2022 and 2021.

Table 1

Net Position as of June 30, 2022 and June 30, 2021

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:						
Current and other assets	\$ 1,054,410	\$ 5,788	\$ 1,060,198	\$ 696,730	\$ 10,219	\$ 706,949
Capital assets, net	4,920,895	-	4,920,895	5,019,873	-	5,019,873
Total assets	5,975,305	5,788	5,981,093	5,716,603	10,219	5,726,822
Deferred outflow of resources	385,498	-	385,498	330,647	-	330,647
Liabilities:						
Current liabilities	13,558	-	13,558	15,695	-	15,695
Long-term liabilities outstanding	4,072,438	-	4,072,438	4,266,148	-	4,266,148
Total liabilities	4,085,996	-	4,085,996	4,281,843	-	4,281,843
Deferred inflow of resources	726,476	-	726,476	461,527	-	461,527
Net position:						
Net investment in capital assets	1,455,852	-	1,455,852	1,421,954	-	1,421,954
Restricted	15,627	-	15,627	12,976	-	12,976
Unrestricted	76,852	5,788	82,640	(131,050)	10,219	(120,831)
Total Net Position	<u>\$ 1,548,331</u>	<u>\$ 5,788</u>	<u>\$ 1,554,119</u>	<u>\$ 1,303,880</u>	<u>\$ 10,219</u>	<u>\$ 1,314,099</u>

The Charter School's combined net position was \$1,554,119 on June 30, 2022. This is a change of 18.26% from the previous year.

Table 2 provides a comparison analysis of Charter School's changes in net position from fiscal years June 30, 2022 and 2021.

Table 2
Changes in Net Position

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 10,383	\$ -	\$ 10,383	\$ 4,721	\$ 686	\$ 5,407
Operating and capital grants and contributions	254,646	118,589	373,235	255,288	118,648	373,936
General revenues:						
Tuition	1,666,950	-	1,666,950	1,596,239	-	1,596,239
Federal and state aid	1,841,512	-	1,841,512	1,669,312	-	1,669,312
Investment earnings	-	-	-	-	-	-
Miscellaneous	261,746	-	261,746	659,497	-	659,497
Total revenues	<u>4,035,237</u>	<u>118,589</u>	<u>4,153,826</u>	<u>4,185,057</u>	<u>119,334</u>	<u>4,304,391</u>
Expenses						
Instructional services	1,700,865	-	1,700,865	1,666,857	-	1,666,857
Support services	1,954,982	128,678	2,083,660	1,742,304	131,529	1,873,833
Interest on long-term liabilities	129,281	-	129,281	134,916	-	134,916
Total expenses	<u>3,785,128</u>	<u>128,678</u>	<u>3,913,806</u>	<u>3,544,077</u>	<u>131,529</u>	<u>3,675,606</u>
Change in net position before transfer	250,109	(10,089)	240,020	640,980	(12,195)	628,785
Transfer	<u>(5,658)</u>	<u>5,658</u>	<u>-</u>	<u>(75,935)</u>	<u>75,935</u>	<u>-</u>
Change in net position	<u>\$ 244,451</u>	<u>\$ (4,431)</u>	<u>\$ 240,020</u>	<u>\$ 565,045</u>	<u>\$ 63,740</u>	<u>\$ 628,785</u>

Government Activities

The tuition portion paid by the sending district is made up 41.31% of revenues for governmental activities for the fiscal year 2022. The Charter School's total revenues were \$4,035,237 for the year ended June 30, 2022. Federal, state and local grants accounted for another 58.69%.

The total cost of all programs and services was \$3,785,128. Instruction and instruction direct support comprises 63.05% of the Charter School's expenses.

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 \$10,089. The Operating fund transferred \$5,658 to the Enterprise Fund to cover costs.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches was \$118,589.

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

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,700,865	\$ 1,700,865	\$ 1,666,857	\$ 1,666,857
Support Services:				
Pupils and Instructional Staff	685,742	420,713	637,475	377,466
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,268,350	1,268,350	1,104,829	1,104,829
Pupil Transportation	890	890	-	-
Interest and Fiscal Charges	<u>129,281</u>	<u>129,281</u>	<u>134,916</u>	<u>134,916</u>
Total Expenses	<u>\$ 3,785,128</u>	<u>\$ 3,520,099</u>	<u>\$ 3,544,077</u>	<u>\$ 3,284,068</u>

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

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

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

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

The Charter School's Funds

Information about the Charter School's major funds starts with Exhibit B-1. These funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$4,035,237 and expenditures of \$3,885,475. The net change in fund balance for the year was most significant in the General Fund, with an increase of \$138,446.

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 and Special Revenue Fund revenues for the fiscal year ended June 30, 2022.

<u>Revenue</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,939,079	48.05 %	\$ 151,824	8.49 %
State Sources	1,629,919	40.39	(82,948)	(4.84)
Federal Sources	<u>466,239</u>	<u>11.56</u>	<u>254,506</u>	<u>120.20</u>
Total	<u>\$ 4,035,237</u>	<u>100.00 %</u>	<u>\$ 323,382</u>	<u>8.71 %</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2022.

<u>Expenditures</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 1,700,865	43.77 %	\$ 34,008	2.04 %
Undistributed Expenditures	1,842,475	47.42	215,497	13.25
Capital Outlay	85,636	2.20	(30,631)	(26.35)
Transfers	(5,658)	(0.14)	-	100.00
Debt Service:				
Principal	135,139	3.48	10,470	8.40
Interest	<u>127,018</u>	<u>3.27</u>	<u>4,984</u>	<u>4.08</u>
Total	\$ <u>3,885,475</u>	<u>100.00 %</u>	\$ <u>234,328</u>	<u>6.41 %</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 2022, 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, the Head of School and Board of Trustees. Transfers were necessitated by:

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

While the Charter School final budget for the General Fund anticipated that expenditures would exceed revenues by approximately \$42,000, the actual results for the year show a \$135,795 surplus.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2022, the Charter School had \$4,920,895 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 847,547	\$ 847,547	\$ -	\$ -	\$ 847,547	\$ 847,547
Building and Improvements	3,830,222	3,936,313	-	-	3,830,222	3,936,313
Machinery and Equipment	243,126	236,013	-	-	243,126	236,013
Total	\$ 4,920,895	\$ 5,019,873	\$ -	\$ -	\$ 4,920,895	\$ 5,019,873

During the current fiscal year, \$7,113 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, 2022</u>	<u>June 30, 2021</u>
Mortgages Payable (net)	\$ 3,505,784	\$ 3,640,923
Pension Liability-PERS	566,654	625,225
Total long-term liabilities	\$ <u>4,072,438</u>	\$ <u>4,266,148</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 2021-2022 school year, the Charter School was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 51.95% of the Charter School's revenue is from federal, state and local aid (restricted and not restricted), while 48.05% of total revenue is from local sources.

The \$76,852 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 2021-2022 budget was adopted in March 2021 based in part on the state education aid the Charter School anticipated receiving. 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 2022-2023 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 Charter School'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 Charter School'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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 485,158	\$ 393	\$ 485,551
Receivables - state	6,766	116	6,882
Receivables - federal	341,115	5,279	346,394
Lease receivable	221,371	-	221,371
Capital assets, non-depreciable	847,547	-	847,547
Capital assets, depreciable, net	4,073,348	-	4,073,348
Total assets	<u>5,975,305</u>	<u>5,788</u>	<u>5,981,093</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on mortgage refinancing	40,741	-	40,741
Deferred outflows - PERS	344,757	-	344,757
Total deferred outflows of resources	<u>385,498</u>	<u>-</u>	<u>385,498</u>
 LIABILITIES			
Accounts payable	1,024	\$ -	1,024
Accrued interest on mortgage	10,619	-	10,619
Other liabilities	1,915	-	1,915
Noncurrent liabilities:			
Due within one year	143,628	-	143,628
Due beyond one year	3,928,810	-	3,928,810
Total liabilities	<u>4,085,996</u>	<u>-</u>	<u>4,085,996</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	505,105	-	505,105
Deferred inflows - Lease	221,371	-	221,371
Total deferred outflows of resources	<u>726,476</u>	<u>-</u>	<u>726,476</u>
 NET POSITION			
Net Investment in Capital Assets	1,455,852	-	1,455,852
Restricted for:			
Student activities	15,627	-	15,627
Unrestricted	76,852	5,788	82,640
Total net position	<u>\$ 1,548,331</u>	<u>\$ 5,788</u>	<u>\$ 1,554,119</u>

RED BANK CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2022

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	\$ 1,593,375	\$ -	\$ -	\$ -	\$ (1,593,375)	\$ -	\$ (1,593,375)
Special Education instruction	-	-	-	-	-	-	-
Other special instruction	107,490	-	-	-	(107,490)	-	(107,490)
Support services and undistributed costs:							
Health services	269,855	-	-	-	(269,855)	-	(269,855)
Other support services	161,241	10,383	-	-	(150,858)	-	(150,858)
General administrative services	290,967	-	-	-	(290,967)	-	(290,967)
School administrative services	144,363	-	-	-	(144,363)	-	(144,363)
School central services	32,351	-	-	-	(32,351)	-	(32,351)
Other operation & maintenance of plant	462,736	-	-	-	(462,736)	-	(462,736)
Student transportation services	890	-	-	-	(890)	-	(890)
Unallocated employee benefits	337,933	-	-	-	(337,933)	-	(337,933)
Non-budgeted expenses	254,646	-	254,646	-	-	-	-
Interest expense	129,281	-	-	-	(129,281)	-	(129,281)
Total governmental activities	<u>3,785,128</u>	<u>10,383</u>	<u>254,646</u>	<u>-</u>	<u>(3,520,099)</u>	<u>-</u>	<u>(3,520,099)</u>
Business-type activities:							
Food Service	128,678	-	118,589	-	-	(10,089)	(10,089)
Total business-type activities	<u>128,678</u>	<u>-</u>	<u>118,589</u>	<u>-</u>	<u>-</u>	<u>(10,089)</u>	<u>(10,089)</u>
Total primary government	<u>\$ 3,913,806</u>	<u>\$ 10,383</u>	<u>\$ 373,235</u>	<u>\$ -</u>	<u>(3,520,099)</u>	<u>(10,089)</u>	<u>(3,530,188)</u>
General revenues:							
Tuition					1,666,950	-	1,666,950
Federal and state aid not restricted					1,841,512	-	1,841,512
Miscellaneous income					261,746	-	261,746
Total general revenues					<u>3,770,208</u>	<u>-</u>	<u>3,770,208</u>
Change in net position before transfers					250,109	(10,089)	240,020
Transfers					<u>(5,658)</u>	<u>5,658</u>	<u>-</u>
Change in net position					244,451	(4,431)	240,020
Net position—beginning					1,303,880	10,219	1,314,099
Net position—ending					<u>\$ 1,548,331</u>	<u>\$ 5,788</u>	<u>\$ 1,554,119</u>

RED BANK CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 810,646	\$ (325,488)	\$ 485,158
Receivables from state	6,766	-	6,766
Receivables from federal	-	341,115	341,115
Total assets	817,412	15,627	833,039
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,024	-	1,024
Payroll deductions and withholdings payable	1,915	-	1,915
Total liabilities	2,939	-	2,939
Fund Balances:			
Restricted for:			
Student activities	-	15,627	15,627
Assigned to:			
Other purposes	-	-	-
Unassigned to:			
General fund	814,473	-	814,473
Total fund balances	814,473	15,627	830,100
Total liabilities and fund balances	\$ 817,412	\$ 15,627	

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 \$7,018,853 and the accumulated depreciation is \$2,097,958.		4,920,895
Lease Receivable used in Governmental Activities are not financial resources and therefore are not reported in the funds.		221,371
Deferred outflows related to the PERS pension plan		344,757
Deferred inflows related to the PERS pension plan		(505,105)
Deferred inflows related to the lease		(221,371)
Mortgage issuance costs are being amortized over the life of the related mortgage. The amortization is not recorded in the funds. The original costs were \$45,267.		40,741
Interest due on the mortgage paid in the following period		(10,619)
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	(566,654)	
Mortgages Payable	(3,505,784)	(4,072,438)
Net position of governmental activities		\$ 1,548,331

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 1,666,950	\$ -	\$ 1,666,950
Lease income	24,000	-	24,000
Rent income	77,803	-	77,803
Miscellaneous	159,943	10,383	170,326
Total - Local sources	<u>1,928,696</u>	<u>10,383</u>	<u>1,939,079</u>
State sources	1,370,656	259,263	1,629,919
Federal sources	-	466,239	466,239
Total revenues	<u>3,299,352</u>	<u>735,885</u>	<u>4,035,237</u>
EXPENDITURES			
Current:			
Current expense:			
Instruction	1,088,350	505,025	1,593,375
Other special instruction	107,490	-	107,490
Undistributed - current:			
Health Services	63,895	205,960	269,855
Other support services	153,509	7,732	161,241
General administrative services	290,967	-	290,967
School administrative services	144,363	-	144,363
School central services	32,351	-	32,351
Other operation & maintenance of plant	278,122	-	278,122
Student transportation services	890	-	890
Unallocated employee benefits	410,040	-	410,040
Non-budgeted expenditures	254,646	-	254,646
Debt Service:			
Principal	135,139	-	135,139
Interest and other charges	127,018	-	127,018
Capital Outlay	71,119	14,517	85,636
Total expenditures	<u>3,157,899</u>	<u>733,234</u>	<u>3,891,133</u>
Excess (Deficiency) of revenues over expenditures	<u>141,453</u>	<u>2,651</u>	<u>144,104</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(5,658)	-	(5,658)
Total other financing sources and uses	<u>(5,658)</u>	<u>-</u>	<u>(5,658)</u>
Net change in fund balances	135,795	2,651	138,446
Fund balance—July 1	678,678	12,976	691,654
Fund balance—June 30	<u>\$ 814,473</u>	<u>\$ 15,627</u>	<u>\$ 830,100</u>

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, 2022

Total net change in fund balances - governmental funds (from B-2)	\$	138,446
<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	\$ (106,091)
	Capital outlays	<u>7,113</u>
		(98,978)
In the Statement of Activities payments made on Long Term Debt are uses of resources but are reductions of the liabilities on the Statement of Net Position.		135,139
The amortization of the mortgage costs are included in interest expense on the Statement of Activities.		(2,263)
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey.		<u>72,107</u>
Change in net position of governmental activities	\$	<u>244,451</u>

RED BANK CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 393	\$ 393
Receivables from state	116	116
Receivables from federal	5,279	5,279
Total current assets	5,788	5,788
Noncurrent assets:		
Furniture, machinery & equipment	8,250	8,250
Less accumulated depreciation	(8,250)	(8,250)
Total noncurrent assets	-	-
Total assets	\$ 5,788	\$ 5,788
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Total current liabilities	-	-
NET POSITION		
Unrestricted	5,788	5,788
Total net position	5,788	5,788
Total liabilities and net position	\$ 5,788	\$ 5,788

RED BANK CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating revenues:		
Local sources:		
Daily sales reimbursable programs		
School breakfast	\$ -	\$ -
Total daily sales reimbursable programs	-	-
Total operating revenues	-	-
Operating expenses:		
Salaries	35,838	35,838
Supplies and materials	3,322	3,322
Cost of sales - reimbursable programs	89,518	89,518
Cost of sales - non-reimbursable programs	-	-
Total operating expenses	128,678	128,678
Operating income (loss)	(128,678)	(128,678)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	2,242	2,242
Federal sources:		
Summer Food Service Program for Children	107,526	107,526
Emergency Operational Costs Program - Schools	7,579	7,579
P-EBT Admin Cost Reimbursement	1,242	1,242
Total nonoperating revenues (expenses)	118,589	118,589
Income (loss) before contributions & transfers	(10,089)	(10,089)
Transfers in (out)	5,658	5,658
Change in net position	(4,431)	(4,431)
Total net position—beginning	10,219	10,219
Total net position—ending	\$ 5,788	\$ 5,788

RED BANK CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and other funds	\$ -	\$ -
Payments to employees & benefits	(35,838)	(35,838)
Payments to suppliers	(92,840)	(92,840)
Net cash provided by (used in) operating activities	(128,678)	(128,678)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		-
State sources	2,545	2,545
Federal sources	120,425	120,425
Transfer	5,658	5,658
Net cash provided by (used in) non-capital financing activities	128,628	128,628
Net increase (decrease) in cash and cash equivalents	(50)	(50)
Balances—beginning of year	443	443
Balances—end of year	\$ 393	\$ 393
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (128,678)	\$ (128,678)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and net amortization	-	-
Total adjustments	(128,678)	(128,678)
Net cash used in operating activities	\$ (128,678)	\$ (128,678)

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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 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 activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the Statement of Activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022

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, 2022

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

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others if applicable.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022

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, 2022, the Charter School had accounts receivable of \$820 that represented amounts that had not been repaid based upon the current year final enrollment count.

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, 2022

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, 2022.

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, 2022

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, 2022

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. Lease Receivable

The lease receivable is measured at the present value of lease payments expected to be received during the lease term and amortized over the term of the agreement. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

K. 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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

L. Compensated Absences

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

The entire sick leave and vacation liabilities are reported on the 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 no compensated absence liability at the year end.

M. 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, 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.

N. 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.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2022

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

O. Unearned Revenue

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

P. Fund Balances

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3) Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the Charter School's highest level of decision-making authority.

4) Assigned - amounts intended to be used by the Charter School for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

5) Unassigned - includes all spendable amounts not contained in the other classifications.

R. Use of Estimates

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

S. 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.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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

S. Deferred Outflows/Inflows of Resources (Cont'd)

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. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease.

T. Change in Accounting Principles

On June 30, 2022, the Charter School implemented the Governmental Accounting Standards Boards (GASB) Statement No 87, Leases. GASB Statement 87 enhances the relevance and consistency of information of the Charter School's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing's of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were reviewed for the Charter School's June 30, 2022 financial statements. The Charter School will review new leases annually to determine proper disclosure.

U. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

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. 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, 2022

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

U. GASB Pronouncements (Cont'd)

Statement No. 100, *Accounting Changes and Error Corrections - An Amendment GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decision or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

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, 2022, the Charter School's bank balance of \$578,101 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	Bank Balance
Insured under FDIC and GUDPA	\$ 578,101
Uninsured and Uncollateralized	<u>-</u>
	<u>\$ 578,101</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 Charter School or bonds or other obligations of the local unit or units within which the Charter School 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, 2022, the Charter School had no investments.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

4. Receivables

Receivables at June 30, 2022, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	Charter School-Wide Financial Statements
State aid	\$ 6,766	\$ 6,882
Federal aid	341,115	346,394
Other	<u>-</u>	<u>-</u>
	347,881	353,276
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>
Total receivables, net	\$ <u>347,881</u>	\$ <u>353,276</u>

5. Lease Receivable

Lease receivable balances and activity for the year ended June 30, 2022 were as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Office	\$ <u>221,371</u>	\$ <u>19,136</u>	\$ <u>4,864</u>

On January 1, 2022, the Charter School entered into a five-year lease agreement with Red Bank Frameworks for the lease of office. Based on this agreement, the Charter School is receiving monthly payments through 2027. There are no renewal options included in this lease agreement.

Principal and interest due to Charter School under agreement are as follows:

Year ended June 30:	
2023	48,000
2024	49,830
2025	51,660
2026	52,290
2027	<u>52,920</u>
Total	\$ <u>254,700</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

6. Capital Asset

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Not being depreciated			
Sites (Land)	\$ 847,547	\$ -	\$ 847,547
Being Depreciated:			
Building and Improvements	5,928,180	-	5,928,180
Machinery and Equipment	<u>236,013</u>	<u>7,113</u>	<u>243,126</u>
	7,011,740	7,113	7,018,853
Less: Accumulated Depreciation	<u>(1,991,867)</u>	<u>(106,091)</u>	<u>(2,097,958)</u>
Net Assets	<u>\$ 5,019,873</u>	<u>\$ (98,978)</u>	<u>\$ 4,920,895</u>

Depreciation expense for governmental activities held assets was \$106,091 for 2022.

Enterprise Activities:	Beginning Balance	<u>Additions</u>	Ending Balance
Equipment	\$ 8,250	\$ -	\$ 8,250
Less: Accumulated Depreciation	<u>(8,250)</u>	<u>-</u>	<u>(8,250)</u>
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

7. Long-term Obligations

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	<u>Balance June 30, 2021</u>	<u>Issued/ Retired</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Mortgages Payable	\$ 3,640,923	\$ (135,139)	\$ 3,505,784	\$ 143,628
PERS Payable	<u>625,225</u>	<u>(58,571)</u>	<u>566,654</u>	<u>-</u>
	<u>\$ 4,266,148</u>	<u>\$ (193,710)</u>	<u>\$ 4,072,438</u>	<u>\$ 143,628</u>

For governmental activities, the mortgages payable and PERS Payable are liquidated from the general fund.

A. Mortgages Payable

In July 2020, the Charter School modified its three existing mortgage loans by issuing one new mortgage loan. The original loans were modified to reduce monthly payments and provide an infusion of cash to be used for capital expenditures. The modified loan was issued for \$3,750,000 with an interest rate of 3.50% for the first five years. The loan had the first payment due on September 1, 2020 with fixed principal and interest payments of \$21,850 due for 240 months. The final payment is due in August 2040.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

7. Long-term Obligations (Cont'd)

A. Mortgages Payable (Cont'd)

The principal and interest on this mortgage is due as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 143,628	\$ 120,378	\$ 264,006
2024	146,863	115,334	262,197
2025	152,086	110,111	262,197
2026	157,495	104,701	262,196
2027	163,097	99,100	262,197
2028-2032	906,736	404,248	1,310,984
2033-2037	1,079,872	231,113	1,310,985
2038-2041	756,007	42,064	798,071
	<u>\$ 3,505,784</u>	<u>\$ 1,227,049</u>	<u>\$ 4,732,833</u>

8. 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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.

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

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

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 2021, 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2022, the Charter School reported a liability of \$566,654 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021. The Charter School's proportion measured as of June 30, 2021, was .0047832998%, which was an increase of .0009493022% from its proportion measured as of June 30, 2020.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

For the year ended June 30, 2022, the Charter School recognized full accrual pension expense of \$53,713 in the government-wide financial statements consisting of employer contributions of \$56,018 and non-employer contributions of \$(2,305). This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022, 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	\$ 8,937	\$ 4,057
Changes of assumptions	2,951	201,732
Net difference between projected and actual earnings on pension plan investments	-	149,271
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	275,582	150,045
Charter School contributions subsequent to the measurement date	<u>57,287</u>	<u>-</u>
Total	<u>\$ 344,757</u>	<u>\$ 505,105</u>

\$57,287 reported as deferred outflows of resources resulting from Charter School contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:	
2022	\$ (84,795)
2023	(60,542)
2024	(41,280)
2025	(31,030)
2026	11
Thereafter	-
Total	<u>\$ (217,636)</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
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
June 30, 2020	5.00	5.00
June 30, 2021	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 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

8. 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, 2021) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2022

8. 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 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2021 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	779,893	566,654	396,856

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	1,164,738,169	2,347,583,337
Collective Deferred Inflows of Resources	8,339,123,762	7,849,949,467
Collective Net Pension Liability	11,972,782,878	16,435,616,426
Charter School's Portion	.0047832998%	.00383399767%

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her 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, 2022

8. 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 2021, 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, 2021 was \$-. The Charter School's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the TPAF net pension liability attributable to the Charter School was .0146001528%, which was an increase of .0003984958% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized a pension expense in the amount of \$593,433 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, 2021 measurement date.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2022

8. 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>
US Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions to the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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, 2021 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	8,320,395	7,019,051	5,950,396

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Pension Plans (Cont'd)

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

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 recognize when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	6,373,530,834	9,626,548,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
Charter School's Portion	.0146001528%	.014201657%

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, 2022

8. 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, 2022 were \$1,110. There was no liability for unpaid contributions at June 30, 2022.

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

9. 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, 2022

9. 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, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	150,427
Active plan members	<u>213,901</u>
Total	<u>364,328</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2022

9. Post-Retirement Benefits (Cont'd)

Total Nonemployer OPEB Liability (Cont'd)

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-4.45%
Thereafter	PERS 3.00%-7.00% PFRS - N/A TPAF 2.75%-5.65%
Discount Rate	2.16%
Healthcare Cost Trend Rates	4.5%-5.6%
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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantagetrend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Post-Retirement Benefits (Cont'd)

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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, 2021 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 (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability of the State for School Retirees	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$6,216,731	\$5,187,396	\$4,379,254

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

The following presents the June 30, 2021 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	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782
Total OPEB Liability of the State Associated with the Charter School for School Retirees	\$4,199,214	\$5,187,396	\$6,514,452

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Post-Retirement Benefits (Cont'd)

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

Balance at June 30, 2020	\$ 67,809,962,608
Changes for the year:	
Service cost	3,217,184,264
Interest on the total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Differences between expected and actual experiences	(11,385,071,658)
Changes in assumptions	59,202,105
Gross benefit payments by the state	(1,226,213,382)
Contributions from members	<u>39,796,196</u>
Net changes	<u>(7,802,311,638)</u>
Balance at June 30, 2021	<u>\$ 60,007,650,970</u>

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

For the year ended June 30, 2022, the Charter School recognized OPEB expense of \$138,650 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, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,045,886,863	\$ 18,009,362,976
Changes of assumptions	10,179,536,966	6,438,261,807
Contributions made in fiscal year ending 2022 after June 30, 2021 measurement date	TBD	-
Total	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

Red Bank Charter School

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Post-Retirement Benefits (Cont'd)

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

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:	
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
Total	<u><u>\$ (5,222,200,954)</u></u>

10. 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.

11. 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. The plan administrator is the AXA Equitable.

12. 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 Annual Comprehensive Financial Report. See J-20.

Red Bank Charter School
Notes to Financial Statements
For the Year Ended June 30, 2022

13. Interfund/Internal Balances and Transfers

There were no interfund balances at June 30, 2022.

14. Fund Balance Appropriated

General Fund - \$814,473 General Fund balance is unassigned and undesignated.

Special Revenue Fund - \$15,627 Special Revenue Fund balance is restricted for student activities.

15. 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.

16. Risks and Contingencies

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity and operations, suppliers, industry and workforce.

17. Subsequent Events

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, February 16, 2023. No such disclosures were required.

18. Uncertain Tax Positions

The Charter School had no unrecognized tax benefits at June 30, 2022. 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, 2019.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,675,646	\$ (34,353)	\$ 1,641,293	\$ 1,666,950	\$ 25,657
Lease income	-	-	-	24,000	24,000
Rental income	-	-	-	77,803	77,803
Miscellaneous	95,000	15,000	110,000	159,943	49,943
Total - local sources	<u>1,770,646</u>	<u>(19,353)</u>	<u>1,751,293</u>	<u>1,928,696</u>	<u>177,403</u>
State sources:					
Equalization aid (Local levies - state share)	644,310	1,239	645,549	640,783	(4,766)
Special Education Aid	109,012	(17,471)	91,541	106,728	15,187
Security aid	51,801	204	52,005	51,725	(280)
Adjustment aid	315,914	50,122	366,036	316,774	(49,262)
TPAF LTDI (on-behalf - non-budgeted)	-	-	-	316	316
TPAF post-retirement medical (on-behalf - Non-budgeted)	-	-	-	138,650	138,650
Teacher's pension and annuity fund (on-behalf - non-budgeted)	-	-	-	593,433	593,433
TPAF social security (reimbursed - non-budgeted)	-	-	-	115,680	115,680
Total state sources	<u>1,121,037</u>	<u>34,094</u>	<u>1,155,131</u>	<u>1,964,089</u>	<u>808,958</u>
Total revenues	<u>2,891,683</u>	<u>14,741</u>	<u>2,906,424</u>	<u>3,892,785</u>	<u>986,361</u>
EXPENDITURES:					
Current Expenditures:					
Regular programs - instruction					
Kindergarten - salaries of teachers	-	2,520	2,520	2,520	-
Grades 1-5 - salaries of teachers	1,102,688	(254,447)	848,241	829,369	18,872
Grades 6-8 - salaries of teachers	-	68,361	68,361	68,361	-
Other salaries for instruction	-	87,982	87,982	87,982	-
Purchased professional-educational services	4,000	(1,253)	2,747	2,747	-
Other purchased services	37,000	6,147	43,147	43,147	-
General supplies	25,950	25,854	51,804	51,804	-
Textbooks	8,500	(8,500)	-	-	-
Other objects	1,000	1,420	2,420	2,420	-
Total instruction	<u>1,179,138</u>	<u>(71,916)</u>	<u>1,107,222</u>	<u>1,088,350</u>	<u>18,872</u>
School-sponsored cocurricular activities - instruction					
Salaries	7,500	(7,500)	-	-	-
Total school-sponsored cocurricular activities - instruction	<u>7,500</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>1,186,638</u>	<u>(79,416)</u>	<u>1,107,222</u>	<u>1,088,350</u>	<u>18,872</u>
Undistributed expenditures:					
Health services					
Salaries	68,422	(4,527)	63,895	63,895	-
Supplies and materials	3,000	(2,000)	1,000	-	1,000
Total health services	<u>71,422</u>	<u>(6,527)</u>	<u>64,895</u>	<u>63,895</u>	<u>1,000</u>
Child study teams					
Salaries of other professional staff	111,617	840	112,457	112,457	-
Purchased professional-educational services	36,600	4,452	41,052	41,052	-
Total child study teams	<u>148,217</u>	<u>5,292</u>	<u>153,509</u>	<u>153,509</u>	<u>-</u>
Improvement of instructional services					
Salaries of Supervisors of Instruction	100,199	7,291	107,490	107,490	-
Total improvement of instructional services	<u>100,199</u>	<u>7,291</u>	<u>107,490</u>	<u>107,490</u>	<u>-</u>

RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration					
Salaries	\$ 138,098	\$ 6,525	\$ 144,623	\$ 143,665	\$ 958
Salaries of health services	-	37,438	37,438	37,438	-
Legal fees	7,000	26,100	33,100	33,100	-
Audit fees	15,000	-	15,000	12,900	2,100
Communications/telephone	18,745	11,104	29,849	29,849	-
Other purchased services	31,859	-	31,859	28,967	2,892
General supplies	7,000	-	7,000	5,048	1,952
Total support services	<u>217,702</u>	<u>81,167</u>	<u>298,869</u>	<u>290,967</u>	<u>7,902</u>
Support services - school administration					
Salaries of principals/assistant principals	125,828	12,663	138,491	138,491	-
Other objects	1,000	5,942	6,942	5,872	1,070
Total support services - school administration	<u>126,828</u>	<u>18,605</u>	<u>145,433</u>	<u>144,363</u>	<u>1,070</u>
Undistributed expenditures					
Central services					
Salaries	31,751	600	32,351	32,351	-
Interest on current loans	127,026	(8)	127,018	127,018	-
Total central services	<u>158,777</u>	<u>592</u>	<u>159,369</u>	<u>159,369</u>	<u>-</u>
Operation and maintenance of school facilities					
Cleaning, repair, and maint. Services	45,920	42,835	88,755	88,755	-
Total operation and maintenance of school facilities	<u>45,920</u>	<u>42,835</u>	<u>88,755</u>	<u>88,755</u>	<u>-</u>
Custodial Services					
Salaries	107,314	(8,069)	99,245	99,245	-
Insurance	14,319	5,495	19,814	19,814	-
General supplies	17,000	4,826	21,826	21,826	-
Energy (natural gas)	12,000	(3,333)	8,667	8,667	-
Energy (electricity)	32,000	2,908	34,908	34,908	-
Other objects	7,000	(2,093)	4,907	4,907	-
Total custodial services	<u>189,633</u>	<u>(266)</u>	<u>189,367</u>	<u>189,367</u>	<u>-</u>
Total operation and maintenance of plant services	<u>1,058,698</u>	<u>148,989</u>	<u>1,207,687</u>	<u>1,197,715</u>	<u>9,972</u>
Student transportation services					
Salaries - between home & school - regular	3,000	100	3,100	890	2,210
Total student transportation services	<u>3,000</u>	<u>100</u>	<u>3,100</u>	<u>890</u>	<u>2,210</u>
Unallocated Expenditures:					
Other Retirement Contributions - PERS	43,000	14,287	57,287	57,287	-
Unemployment Compensation	12,000	(11,926)	74	74	-
Workmen's Compensation	60,000	2,755	62,755	62,755	-
Health Benefits	384,400	(95,649)	288,751	288,751	-
Other Employee Benefits	-	1,173	1,173	1,173	-
Total unallocated benefits	<u>499,400</u>	<u>(89,360)</u>	<u>410,040</u>	<u>410,040</u>	<u>-</u>
On-behalf contributions:					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	316	(316)
On-behalf TPAF OPEB (post-retirement med) (non-budgeted)	-	-	-	138,650	(138,650)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	593,433	(593,433)
Reimbursed TPAF Social Security contributions (non-budgeted)	-	-	-	115,680	(115,680)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>848,079</u>	<u>(848,079)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>1,561,098</u>	<u>59,729</u>	<u>1,620,827</u>	<u>2,456,724</u>	<u>(835,897)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>2,747,736</u>	<u>(19,687)</u>	<u>2,728,049</u>	<u>3,545,074</u>	<u>(817,025)</u>

RED BANK CHARTER SCHOOL
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Non-instructional equipment	\$ -	\$ 3,947	\$ 3,947	\$ 3,947	\$ -
Construction Services	50,000	5,461	55,461	40,944	14,517
Mortgage Payments - Principal	134,132	1,007	135,139	135,139	-
Other Objects	25,000	1,228	26,228	26,228	-
Total budgeted capital outlay	<u>209,132</u>	<u>11,643</u>	<u>220,775</u>	<u>206,258</u>	<u>14,517</u>
Total general fund	<u>2,956,868</u>	<u>(8,044)</u>	<u>2,948,824</u>	<u>3,751,332</u>	<u>(802,508)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,185)	22,785	(42,400)	141,453	183,853
Other Financing Sources / Uses:					
Operating transfer out - deficit in food service	-	-	-	(5,658)	5,658
Total Other Financing Sources:	-	-	-	(5,658)	5,658
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(65,185)	22,785	(42,400)	135,795	178,195
Fund Balance, July 1	678,678	-	678,678	678,678	-
Fund Balance, June 30	<u>\$ 613,493</u>	<u>\$ 22,785</u>	<u>\$ 636,278</u>	<u>\$ 814,473</u>	<u>\$ 178,195</u>
Recapitulation:					
Assigned Fund Balance:					
Year-end encumbrances				-	
Restricted for other purposes				-	
Unassigned-Capital projects				-	
Unassigned				-	
Unassigned Fund Balance				<u>814,473</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				814,473	
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP) - B-1				<u>814,473</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 814,473</u>	

**RED BANK CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Private sources	\$ -	\$ -	\$ -	\$ 10,383	\$ 10,383
State sources	-	259,263	259,263	259,263	-
Federal sources	-	466,239	466,239	466,239	-
Total Revenues	<u>-</u>	<u>725,502</u>	<u>725,502</u>	<u>735,885</u>	<u>10,383</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	-	454,084	454,084	454,084	-
Purchased professional and technical services	-	15,000	15,000	15,000	-
General supplies	-	29,053	29,053	29,053	-
Professional services	-	6,888	6,888	6,888	-
Other objects	-	-	-	-	-
Total instruction	<u>-</u>	<u>505,025</u>	<u>505,025</u>	<u>505,025</u>	<u>-</u>
Support services:					
Salaries of Supervisors of Instruction	-	4,434	4,434	4,434	-
Salaries of Principal	-	11,509	11,509	11,509	-
Salaries of Other Professional Staff	-	5,421	5,421	5,421	-
Salaries of Secr. And Clerical Assistants	-	3,708	3,708	3,708	-
Other Salaries	-	83,132	83,132	83,132	-
Purchased professional and technical	-	6,761	6,761	6,761	-
Employee benefits	-	36,000	36,000	36,000	-
Rentals	-	-	-	-	-
Other purchased services	-	54,995	54,995	54,995	-
Supplies - materials	-	-	-	-	-
Student activities	-	-	-	7,732	Note 1 (7,732)
Total support services	<u>-</u>	<u>205,960</u>	<u>205,960</u>	<u>213,692</u>	<u>(7,732)</u>
Facilities acquisition and const. serv.:					
Regular programs instruction	-	14,517	14,517	14,517	-
Non-Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>14,517</u>	<u>14,517</u>	<u>14,517</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>725,502</u>	<u>725,502</u>	<u>733,234</u>	<u>(7,732)</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,651</u>	<u>\$ 2,651</u>
Fund Balance, July 1				<u>12,976</u>	
Fund Balance, June 30				<u>\$ 15,627</u>	

Note 1 - Not required to budget for these funds.

RED BANK CHARTER SCHOOL
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2022

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]	\$ 3,892,785	[C-2]	\$ 735,885
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(593,433)		
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>\$ 3,299,352</u>	[B-2]	<u>\$ 735,885</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the and changes in fund balances - governmental funds.	[C-1]	\$ 3,756,990	[C-2]	\$ 733,234
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(593,433)		-
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.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 3,163,557</u>	[B-2]	<u>\$ 733,234</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, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Charter School's proportion of the net pension liability	0.0058311306%	0.0025727791%	0.0032770675%	0.3651257400%	0.0043128577%	0.0049222507%	0.0038339976%	0.0047832998%
Charter School's proportionate share of the net pension liability	\$ 1,091,747	\$ 599,656	\$ 970,573	\$ 849,954	\$ 849,180	\$ 886,915	\$ 625,225	\$ 566,654
Charter School's covered-employee payroll	-	680,628	234,816	272,649	300,086	269,617	322,174	257,365
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%	231.89%	220.18%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions	\$ 49,259	\$ 23,315	\$ 30,928	\$ 36,544	\$ 44,694	\$ 49,679	\$ 43,503	\$ 57,287
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>	<u>43,503</u>	<u>57,287</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	257,365	329,636
Contributions as a percentage of covered-employee payroll	0.00%	9.93%	11.34%	13.40%	16.58%	15.42%	16.90%	17.38%

* 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, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the net pension liability associated with the District	0.0118021042%	0.0119803210%	0.1391169420%	0.0125940627%	0.0140659547%	0.0147083251%	0.0142016570%	0.0146001528%
State's proportionate share of the net pension liability associated with the District	\$ 6,307,841	\$ 7,572,074	\$ 10,943,824	\$ 8,491,371	\$ 8,948,458	\$ 9,026,638	\$ 9,351,620	\$ 7,019,051
Charter School's covered-employee payroll	1,180,568	1,716,656	1,449,585	1,572,524	1,572,829	1,506,852	1,610,326	1,577,724
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%	580.73%	444.88%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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 ACFR.

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, 2022
(Unaudited)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the OPEB liability associated with the Charter					
Service cost	\$ 369,926	\$ 307,538	\$ 296,706	\$ 313,397	\$ 565,802
Interest cost	108,738	130,555	122,965	123,008	134,567
Changes of benefit terms	-	-	-	-	(5,521)
Differences between expected and actual experiences	-	(474,485)	(49,489)	1,233,231	(1,307,893)
Changes in assumptions	(509,456)	(336,077)	48,465	1,077,341	5,118
Member contributions	2,880	2,707	2,958	3,112	3,440
Gross benefit payments	<u>(78,212)</u>	<u>(78,311)</u>	<u>(99,780)</u>	<u>(102,677)</u>	<u>(106,001)</u>
Net change in total OPEB liability	(106,124)	(448,073)	321,825	2,647,412	(710,488)
State's Total OPEB liability - beginning	<u>3,482,844</u>	<u>3,376,720</u>	<u>2,928,647</u>	<u>3,250,472</u>	<u>5,897,884</u>
State's Total OPEB liability - ending	<u>\$ 3,376,720</u>	<u>\$ 2,928,647</u>	<u>\$ 3,250,472</u>	<u>\$ 5,897,884</u>	<u>\$ 5,187,396</u>
Charter School's covered employee payroll	<u>\$ 2,127,780</u>	<u>\$ 2,154,087</u>	<u>\$ 2,070,437</u>	<u>\$ 2,098,302</u>	<u>\$ 2,203,135</u>
Total State's OPEB liability as a percentage of covered employee payroll	159%	136%	157%	281%	235%

* 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, 2022

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2020, to 7.00% as of June 30, 2021.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

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, 2022

	I.D.E.A Preschool Program Part B 21/22	I.D.E.A Regular Program Part B 21/22	Title I 21/22	Title II-A 21/22	Pre-School Education Aid 21/22
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	244,746
Federal sources	894	42,055	75,044	7,131	-
Total revenues	894	42,055	75,044	7,131	244,746
Expenditures:					
Instruction:					
Salaries	-	-	17,000	-	148,890
Other salaries - instruction	-	-	15,000	-	-
General supplies	-	-	25,044	-	4,009
Professional services	-	-	-	-	-
Other Objects	-	-	-	-	-
Total instruction	-	-	57,044	-	152,899
Support services:					
Other support services - students - special:					
Salaries of Supervisors of Instruction	-	-	-	-	4,434
Salaries of Principal	-	-	-	-	11,509
Salaries of Other Professional Staff	-	-	-	-	5,421
Salaries of Secr. And Clerical Assistants	-	-	-	-	3,708
Other Salaries	-	-	-	-	6,761
Salaries of Community Parent Involvement Spec.	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-
Purchased prof. and tech. services	894	42,055	18,000	7,131	5,019
Other purchased services	-	-	-	-	54,995
Employee benefits	-	-	-	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Student Activities	-	-	-	-	-
Total other support services - students - special	894	42,055	18,000	7,131	91,847
Total support services	894	42,055	18,000	7,131	91,847
Facilities acquisition and construction equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and construction equipment	-	-	-	-	-
Total expenditures	894	42,055	75,044	7,131	244,746
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

RED BANK CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

	SDA Emergency 21/22	ESSER II MH 21/22	ARP ESSER 21/22	ARP ESSER SUMMER 21/22	ARP ESSER BSD 21/22
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	14,517	-	-	-	-
Federal sources	-	6,888	244,194	40,000	40,000
Total revenues	14,517	6,888	244,194	40,000	40,000
Expenditures:					
Instruction:					
Salaries	-	-	208,194	40,000	40,000
Other salaries - instruction	-	-	-	-	-
General supplies	-	-	-	-	-
Professional services	-	6,888	-	-	-
Other Objects	-	-	-	-	-
Total instruction	-	6,888	208,194	40,000	40,000
Support services:					
Other support services - students - special:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Principal	-	-	-	-	-
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secr. And Clerical Assistants	-	-	-	-	-
Other Salaries	-	-	-	-	-
Salaries of Community Parent Involvement Spec.	-	-	-	-	-
Salaries of Master Teachers	-	-	-	-	-
Purchased prof. and tech. services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Employee benefits	-	-	36,000	-	-
Rentals	-	-	-	-	-
Travel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Student Activities	-	-	-	-	-
Total other support services - students - special	-	-	36,000	-	-
Total support services	-	-	36,000	-	-
Facilities acquisition and construction equipment:					
Regular programs instruction	14,517	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and construction equipment	14,517	-	-	-	-
Total expenditures	14,517	6,888	244,194	40,000	40,000
Excess (deficiency) of revenues					
Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

RED BANK CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

	ARP I.D.E.A Preschool 21/22	ARP I.D.E.A Basic 21/22	Student Activity 21/22	Total 2022
Revenues:				
Local sources	\$ -	\$ -	\$ 10,383	\$ 10,383
State sources	-	-	-	259,263
Federal sources	786	9,247	-	466,239
Total revenues	786	9,247	10,383	735,885
Expenditures:				
Instruction:				
Salaries	-	-	-	454,084
Other salaries - instruction	-	-	-	15,000
General supplies	-	-	-	29,053
Professional services	-	-	-	6,888
Other Objects	-	-	-	-
Total Instruction	-	-	-	505,025
Support services:				
Other support services - students - special:				
Salaries of Supervisors of Instruction	-	-	-	4,434
Salaries of Principal	-	-	-	11,509
Salaries of Other Professional Staff	-	-	-	5,421
Salaries of Secr. And Clerical Assistants	-	-	-	3,708
Other Salaries	-	-	-	6,761
Salaries of Community Parent Involvement Spec.	-	-	-	-
Salaries of Master Teachers	-	-	-	-
Purchased prof. and tech. services	786	9,247	-	83,132
Other purchased services	-	-	-	54,995
Employee benefits	-	-	-	36,000
Rentals	-	-	-	-
Travel	-	-	-	-
Supplies and materials	-	-	-	-
Student Activities	-	-	7,732	7,732
Total other support services - students - special	786	9,247	7,732	213,692
Total support services	786	9,247	7,732	213,692
Facilities acquisition and construction equipment:				
Regular programs instruction	-	-	-	14,517
Non-instructional equipment	-	-	-	-
Total facilities acquisition and construction equipment	-	-	-	14,517
Total expenditures	\$ 786	\$ 9,247	\$ 7,732	\$ 733,234
Excess (deficiency) of revenues Over (under) expenditures	-	-	2,651	2,651
Fund Balance, July 1	-	-	12,976	12,976
Fund Balance, June 30	\$ -	\$ -	\$ 15,627	\$ 15,627

RED BANK CHARTER SCHOOL
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Year Ended June 30, 2022

	Budget	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 148,890	\$ 148,890	\$ -
Other Salaries for Instruction	-	-	-
Purchased Professional & Technical Services	-	-	-
Other Purchased Services (400-500 series)	-	-	-
Tuition to Other LEAs Within the State - Regular	-	-	-
General Supplies	4,009	4,009	-
Other Objects	-	-	-
Total instruction	<u>152,899</u>	<u>152,899</u>	<u>-</u>
Support services:			
Salaries of Supervisors of Instruction	4,434	4,434	-
Salaries of Principals	11,509	11,509	-
Salaries of Other Professional Staff	5,421	5,421	-
Salaries of Secr. And Clerical Assistants	3,708	3,708	-
Other Salaries	6,761	6,761	-
Purchased prof. and tech. services	5,019	5,019	-
Other Purchased Services	54,995	54,995	-
Supplies & Materials	-	-	-
Other Objects	-	-	-
Total support services	<u>91,847</u>	<u>91,847</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>\$ 244,746</u>	<u>\$ 244,746</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2021-22 PreK/ECPA Aid Allocation	\$ 244,746
Add: Actual PreK/ECPA Aid Carryover June 30, 2021	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2021-22 Budget	<u>244,746</u>
Less: 2020-21 Budgeted PreK/ECPA (Including prior year budgeted carryover)	<u>244,746</u>
Available & Unbudgeted Funds as of June 30, 2022	-
Add: June 30, 2021 Unexpended PreK Aid	-
2022- Actual Carryover - PreK Aid	<u>\$ -</u>
2021-22 PreK Aid Carryover Budgeted in 2022-FY	<u>\$ -</u>

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

RED BANK CHARTER SCHOOL
Long-Term Debt
Mortgage on Building
For the Year Ended June 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest rate	Balance July 1, 2021	Issued	Retired	Balance June 30, 2022
Mortgage - Building	7/21/2020	\$ 3,750,000							
			2023	143,628	3.50%				
			2024	146,863	3.50%				
			2025	152,086	3.50%				
			2026	157,495	3.50%				
			2027	163,097	3.50%				
			2028	168,898	3.50%				
			2029	174,905	3.50%				
			2030	181,126	3.50%				
			2031	187,568	3.50%				
			2032	194,239	3.50%				
			2033	201,148	3.50%				
			2034	208,302	3.50%				
			2035	215,711	3.50%				
			2036	223,383	3.50%				
			2037	231,328	3.50%				
			2038	239,556	3.50%				
			2039	248,076	3.50%				
			2040	256,899	3.50%				
			2041	11,476	3.50%				
						3,640,923	-	135,139	3,505,784
						<u>\$ 3,640,923</u>	<u>\$ -</u>	<u>\$ 135,139</u>	<u>\$ 3,505,784</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>	92-97
<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>	98-102

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 947,328	\$ 824,711	\$ 847,766	\$ 925,901	\$ 1,013,898	\$ 1,280,294	\$ 1,593,888	\$ 1,670,125	\$ 1,421,954	\$ 1,455,852
Restricted	-	82,614	-	24,896	402,578	11,390	7,598	-	12,976	15,627
Unrestricted	304,574	565,656	(426,983)	(11,308)	(289,793)	(338,156)	(666,019)	(940,589)	(131,050)	76,852
Total governmental activities net position	<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>	<u>1,303,880</u>	<u>1,548,331</u>
Business-type activities										
Net investment in capital assets	-	-	6,600	5,421	4,242	3,063	1,884	705	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	29,173	1,802	(44,702)	16,224	(18,971)	(48,710)	(50,961)	(54,226)	10,219	5,788
Total business-type activities net position	<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>	<u>10,219</u>	<u>5,788</u>
Charter school-wide										
Net investment in capital assets	947,328	824,711	854,366	931,322	1,018,140	1,283,357	1,595,772	1,670,830	1,421,954	1,455,852
Restricted	-	82,614	-	24,896	402,578	11,390	7,598	-	12,976	15,627
Unrestricted	333,747	567,458	(471,685)	4,916	(308,764)	(386,866)	(716,980)	(994,815)	(120,831)	82,640
Total charter school-wide net position	<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>	<u>\$ 1,314,099</u>	<u>\$ 1,554,119</u>

Source: ACFR Schedule A-1 and Charter School records.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,894,183	\$ 1,522,941	\$ 1,510,776	\$ 1,444,478	\$ 1,446,944	\$ 1,442,695	\$ 1,503,141	\$ 1,422,395	\$ 1,546,973	\$ 1,593,375
Special Education instruction	-	-	48,780	-	-	-	-	-	-	-
Other special instruction	-	-	151,493	172,114	165,635	129,618	115,316	135,703	119,884	107,490
Support Services:										
Health services	-	-	237,101	224,645	216,048	163,883	163,832	225,604	225,724	269,855
Other support services	-	-	51,381	33,725	70,468	126,310	77,215	58,326	156,463	161,241
General administrative services	-	-	129,487	109,772	254,843	380,226	196,563	206,436	213,486	290,967
School administrative services	-	-	68,921	31,591	176,946	154,175	158,736	120,754	112,476	144,363
School central services	-	-	163,107	74,970	44,305	73,704	50,053	89,766	25,916	32,351
Other operation & Maintenance of plant	-	-	260,720	375,899	265,721	414,758	495,995	389,741	382,632	462,736
Student transportation services	-	-	520	1,010	3,652	4,736	1,120	876	-	890
Unallocated employee benefits	-	-	229,173	(18,664)	300,871	371,649	382,455	477,771	370,319	337,933
Non-budgeted expenditures	-	-	271,733	236,969	223,253	260,147	251,133	230,260	255,288	254,646
Interest expense	-	-	-	90,637	86,200	115,259	155,205	161,870	134,916	129,281
School Support services	593,092	1,195,668	-	-	-	-	-	-	-	-
General administration	625,646	512,429	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>3,112,921</u>	<u>3,231,038</u>	<u>3,123,192</u>	<u>2,837,146</u>	<u>3,254,886</u>	<u>3,637,160</u>	<u>3,550,764</u>	<u>3,519,502</u>	<u>3,544,077</u>	<u>3,785,128</u>
Business-type activities:										
Food service	65,958	87,247	94,821	92,193	90,237	96,541	105,936	85,616	131,529	128,678
Total business-type activities expense	<u>65,958</u>	<u>87,247</u>	<u>94,821</u>	<u>92,193</u>	<u>90,237</u>	<u>96,541</u>	<u>105,936</u>	<u>85,616</u>	<u>131,529</u>	<u>128,678</u>
Total charter school-wide expenses	<u>3,178,879</u>	<u>3,318,285</u>	<u>3,218,013</u>	<u>2,929,339</u>	<u>3,345,123</u>	<u>3,733,701</u>	<u>3,656,700</u>	<u>3,605,118</u>	<u>3,675,606</u>	<u>3,913,806</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Central and other support services	-	-	-	-	-	-	-	-	4,721	10,383
Operating grants and contributions	106,907	342,083	271,733	236,969	223,253	260,147	251,133	230,260	255,288	254,646
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>106,907</u>	<u>342,083</u>	<u>271,733</u>	<u>236,969</u>	<u>223,253</u>	<u>260,147</u>	<u>251,133</u>	<u>230,260</u>	<u>260,009</u>	<u>265,029</u>
Business-type activities:										
Charges for services										
Food service	17,105	14,267	10,793	13,605	10,688	13,622	14,672	18,346	686	-
Child Care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	49,655	45,608	44,124	44,300	43,175	52,001	64,639	49,429	118,648	118,589
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>66,760</u>	<u>59,875</u>	<u>54,917</u>	<u>57,905</u>	<u>53,863</u>	<u>65,623</u>	<u>79,311</u>	<u>67,775</u>	<u>119,334</u>	<u>118,589</u>
Total charter school-wide program revenues	<u>\$ 173,667</u>	<u>\$ 401,958</u>	<u>\$ 326,650</u>	<u>\$ 294,874</u>	<u>\$ 277,116</u>	<u>\$ 325,770</u>	<u>\$ 330,444</u>	<u>\$ 298,035</u>	<u>\$ 379,343</u>	<u>\$ 383,618</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (3,006,014)	\$ (2,888,955)	\$ (3,123,192)	\$ (2,600,177)	\$ (3,031,633)	\$ (3,377,013)	\$ (3,299,631)	\$ (3,289,242)	\$ (3,284,068)	\$ (3,520,099)
Business-type activities	802	(27,372)	(94,821)	(34,288)	(36,374)	(30,918)	(26,625)	(17,841)	(12,195)	(10,089)
Total charter school-wide net expense	<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>	<u>(3,296,263)</u>	<u>(3,530,188)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Tuition from taxes	1,337,629	1,336,401	1,345,557	1,377,958	1,324,230	1,306,126	1,481,786	1,347,257	1,596,239	1,666,950
Tuition charges	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	1,638,681	1,626,977	1,589,873	1,738,753	2,030,843	1,806,242	1,672,634	1,615,784	1,669,312	1,841,512
Federal and State Aid Restricted	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	34,412	146,656	35,469	96,207	87,007	91,490	150,345	133,667	659,497	261,746
Transfers	-	-	-	(94,035)	-	-	(23,195)	(13,397)	(75,935)	(5,658)
Total governmental activities	<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>	<u>3,849,113</u>	<u>3,764,550</u>
Business-type activities:										
Transfers	-	-	-	34,035	-	-	23,195	13,397	75,935	5,658
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,035</u>	<u>-</u>	<u>-</u>	<u>23,195</u>	<u>13,397</u>	<u>75,935</u>	<u>5,658</u>
Total charter school-wide	<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>	<u>3,925,048</u>	<u>3,770,208</u>
Change in Net Position										
Governmental activities	4,708	221,079	119,440	518,706	410,447	(173,155)	(18,061)	(205,931)	565,045	244,451
Business-type activities	802	(27,372)	(39,904)	59,747	(36,374)	(30,918)	(3,430)	(4,444)	63,740	(4,431)
Total charter school-wide	<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>	<u>\$ 628,785</u>	<u>\$ 240,020</u>

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	11,390	7,598	-	-	-
Unassigned	-	-	-	-	-	171,918	138,954	362,514	678,678	814,473
Unreserved	202,467	580,655	626,641	819,131	415,545	-	-	-	-	-
Reserved	117,107	82,614	-	24,896	2,578	-	-	-	-	-
Total general fund	<u>319,574</u>	<u>663,269</u>	<u>626,641</u>	<u>844,027</u>	<u>418,123</u>	<u>183,308</u>	<u>146,552</u>	<u>362,514</u>	<u>678,678</u>	<u>814,473</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Special revenue fund	-	-	-	-	-	-	-	-	12,976	15,627
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,976</u>	<u>\$ 15,627</u>

Source: ACFR 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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tuition charges	\$ 1,337,629	\$ 1,336,401	\$ 1,345,557	\$ 1,377,958	\$ 1,324,230	\$ 1,306,126	\$ 1,481,786	\$ 1,347,257	\$ 1,596,239	\$ 1,666,950
Miscellaneous	34,412	146,654	35,469	96,207	87,007	91,490	150,345	133,667	191,016	272,129
Local sources	18,743	8,446	-	-	-	-	-	-	-	-
State sources	1,638,681	1,816,138	1,775,212	1,859,688	1,920,233	1,941,618	1,794,224	1,717,318	1,712,867	1,629,919
Federal sources	88,164	144,476	86,394	116,034	110,610	124,771	129,543	128,726	211,733	466,239
Total revenue	3,117,629	3,452,115	3,242,632	3,449,887	3,442,080	3,464,005	3,555,898	3,326,968	3,711,855	4,035,237
Expenditures										
Instruction										
Regular Instruction	1,408,620	1,358,323	1,236,783	1,442,978	1,446,944	1,440,970	1,521,366	1,422,395	1,546,973	1,593,375
Nonpublic school programs	-	-	48,780	-	-	-	-	-	-	-
Other special instruction	-	-	151,493	172,114	165,635	129,618	115,316	135,703	119,884	107,490
Support Services:										
Health Services	-	-	237,101	224,645	216,048	163,883	163,832	225,604	225,724	269,855
Other support services	-	-	51,381	33,725	70,468	126,310	77,215	58,326	156,463	161,241
General administrative services	-	-	129,487	109,772	254,843	380,226	196,563	206,436	213,486	290,967
School administrative services	-	-	68,921	91,591	176,946	154,175	158,736	120,754	112,476	144,363
School central services	-	-	163,107	74,970	44,305	73,704	50,053	89,766	25,916	32,351
Other operation & maintenance of plant	-	-	260,720	289,422	193,726	250,276	300,290	223,840	236,514	278,122
Student transportation services	-	-	520	1,010	3,652	4,736	1,120	876	-	890
Unallocated employee benefits	-	-	371,501	313,191	325,972	368,638	369,331	452,843	401,111	410,040
Non-budgeted expenditures	-	-	271,733	236,969	223,253	260,147	251,133	230,260	255,288	254,646
General administrative services	854,014	811,078	-	-	-	-	-	-	-	-
Capital outlay	109,168	124,555	180,563	255,249	346,192	746,137	641,855	404,008	362,970	347,793
Total expenditures	2,371,802	2,293,956	3,172,090	3,245,636	3,467,984	4,098,820	3,846,810	3,570,811	3,656,805	3,891,133
Excess (Deficiency) of revenues over (under) expenditures	45,890	343,695	70,542	204,251	(25,904)	(634,815)	(290,912)	(243,843)	55,050	144,104
Other Financing sources (uses)										
Mortgage refinancing-net	-	-	-	-	-	-	277,351	-	340,726	-
Transfers out	-	-	-	(94,035)	-	-	(23,195)	(13,397)	(75,935)	(5,658)
Total other financing sources (uses)	-	-	-	(94,035)	-	-	254,156	(13,397)	264,791	(5,658)
Net change in fund balances	\$ 45,890	\$ 343,695	\$ 70,542	\$ 110,216	\$ (25,904)	\$ (634,815)	\$ (36,756)	\$ (257,240)	\$ 319,841	\$ 138,446
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	4.59%	5.46%	5.68%	102.60%	39.91%

Source: ACFR Schedule B-2 and Charter School records

Note: Noncapital expenditures are total expenditures less capital outlay.

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 Proceeds	Refund of Prior Year Expenditures	Use of Facilities	Study Buddies & Summer Institute	E-Rate	Miscellaneous	Annual Totals
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
2021	-	50,311	340,726	-	95,683	500	-	16,674	503,894
2022	-	159,943	-	-	77,803	-	-	-	237,746

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	17.0	19.0
Special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other instruction	6.0	6.0	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>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>	<u>37.0</u>	<u>39.0</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				
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%
2021	198.0	2,822,009	14,253	1.48%	28.0	7.07	-	0.0	0.0	-100.00%	0.00%
2022	197.0	2,824,623	14,338	2.01%	30.0	6.57	-	0.0	0.0	-100.00%	0.00%

Sources: Charter School records

Note: Enrollment based on annual October charter school count A for FYE 2022.

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>										
<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	200	200	200	200	200	200	200	200	200
Enrollment	177	193	193	193	181	199	198	196	198	197

Number of Schools at June 30, 2022

 Elementary and Middle School combined = 1

Source: Charter School Records

RED BANK CHARTER SCHOOL
Insurance Schedule
June 30, 2022

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

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

	2014 Audit	2015 Audit	2016 Audit	2017 Audit	2018 Audit	2019 Audit	2020 Audit	2021 Audit	2022 Audit
Cash	690,917	751,308	909,868	720,699	151,854	50,651	244,542	608,904	485,551
Current Assets	763,730	2,231	8,059	72,753	8,844	9,290	11,180	98,045	353,276
Total Assets	4,327,606	4,319,570	4,377,914	4,341,938	5,539,242	5,309,981	5,413,579	5,726,822	5,981,093
Current Liabilities	106,083	79,627	79,627	-	31,800	-	-	152,643	156,162
Total Liabilities	2,852,823	79,627	3,202,497	3,411,719	4,689,466	4,467,798	4,794,578	3,656,618	3,518,318
Net Position	1,474,783	382,681	961,134	1,111,954	907,881	886,390	676,015	1,314,099	1,554,119
Total Revenue	3,452,117	3,025,816	3,507,792	3,495,943	3,203,858	3,304,765	3,096,708	4,304,391	4,153,826
Total Expenses	3,231,037	2,852,850	2,929,339	3,031,633	3,377,013	3,299,631	3,289,242	3,675,606	3,913,806
Change in Net Position	221,079	172,966	578,453	464,310	(173,155)	5,134	(192,534)	628,785	240,020
Depreciation Expense	151,537	93,430	95,048	71,995	100,289	103,665	103,665	104,788	106,091
Interest Expense	123,998	93,504	90,637	86,200	115,259	155,205	161,870	134,916	129,281
Principal Payments	90,401	116,484	123,540	128,139	153,950	175,124	179,902	124,669	135,139
Interest Payments	-	93,504	90,637	86,200	115,259	155,205	161,870	124,297	118,662
Final Average Daily Enrollment	194	196	200	181	200	200	196	198	197
March 30th Budgeted Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RATIO ANALYSIS

Near Term Indicators

1a	Current Ratio	7.20	9.46	11.53	n/a	5.05	n/a	n/a	3.99	3.11
1b	Unrestricted Days Cash	1,892.92	96.12	113.37	113.37	16.41	5.60	27.14	60.47	45.28
1c	Enrollment Variance	960.00%	0.00%	2.04%	2.04%	2.04%	2.00%	2.00%	1.02%	0.51%
1d	Default	NO	NO	NO	NO	NO	NO	NO	NO	NO

Sustainability Indicators

2a	Total Margin	6%	6%	16%	16%	-5%	0%	-6%	15%	6%
2b	Debt to Asset	0.66	0.02	0.73	0.73	0.85	0.84	0.89	0.64	0.59
2c	Cash Flow	335,830	384,364	158,560	158,560	(568,845)	(670,048)	(476,157)	364,362	241,009
2d	Debt Service Coverage Ratio	N/A	1.71	3.57	3.57	0.16	0.80	0.21	3.35	1.80

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, 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, 2022, and the related notes to the financial statements, which collectively comprise of the Red Bank Charter School basic financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red Bank Charter School'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 Red Bank Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Red Bank Charter School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on 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 disclosed no 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

February 16, 2023



**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 Federal and State Program
Opinion on Each Major Federal and 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 federal and state programs for the year ended June 30, 2022. Red Bank Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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* (Uniform Guidance) and the New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Red Bank Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Red Bank Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Red Bank Charter School's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Red Bank Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Red Bank Charter School's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Red Bank Charter School's, compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Red Bank Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Red Bank Charter School's, internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 federal and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 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

February 16, 2023

RED BANK CHARTER SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2021</u>	<u>Adjustments</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2022</u>	<u>Accounts Receivable at June 30, 2022</u>	<u>Due to Grantor at June 30, 2022</u>
U.S. Department of Education										
Passed-through State Department of Education:										
Special Revenue Fund:										
Title I, Part A	84.010A	7/1/21-6/30/22	\$ 75,044	\$ -	\$ -	\$ 75,044	\$ (75,044)	\$ -	\$ -	\$ -
Title I, Part A	84.010A	7/1/20-6/30/21	88,233	(46,760)	-	46,760	-	-	-	-
Title II, Part A	84.367A	7/1/20-6/30/21	10,179	(10,179)	-	10,179	-	-	-	-
Title II, Part A	84.367A	7/1/21-6/30/22	7,131	-	-	7,131	(7,131)	-	-	-
Elementary and Secondary Education Cluster:										
ESSER II - CR Mental Health	84.425D	3/13/20-9/30/23	45,000	-	-	-	(6,888)	-	(6,888)	-
ARP ESSER	84.425U	3/13/20-9/30/24	498,660	-	-	-	(244,194)	-	(244,194)	-
ARP ESSER Summer Learning	84.425U	3/13/20-9/30/24	40,000	-	-	-	(40,000)	-	(40,000)	-
ARP ESSER Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	-	-	-	(40,000)	-	(40,000)	-
Subtotal Elementary and Secondary Education Cluster				-	-	-	(331,082)	-	(331,082)	-
Special Education Cluster:										
ARP - I.D.E.A. Part B, Basic Regular	84.027X	7/1/21-6/30/22	9,427	-	-	-	(9,247)	-	(9,247)	-
ARP - IDEA Preschool	84.173X	7/1/21-6/30/22	786	-	-	-	(786)	-	(786)	-
I.D.E.A. Part B Basic Regular	84.027	7/1/21-6/30/22	42,055	-	-	42,055	(42,055)	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/21-6/30/22	894	-	-	894	(894)	-	-	-
Subtotal of Special Education Cluster:				-	-	42,949	(52,982)	-	(10,033)	-
Total U.S. Department of Education				(56,939)	-	182,063	(466,239)	-	(341,115)	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
P-EBT Administrative Cost Grant										
	10.649	7/1/21-6/30/22	1,242	-	-	1,242	(1,242)	-	-	-
Food Service Enterprise Fund:										
Child Nutrition Cluster:										
Emergency Operational Cost Program	10.555	7/1/21-6/30/22	7,579	-	-	7,579	(7,579)	-	-	-
Summer Food Service Program for Children	10.559	7/1/20-6/30/21	115,587	(9,357)	-	9,357	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/21-6/30/22	107,526	-	-	102,247	(107,526)	-	(5,279)	-
Subtotal of Child Nutrition Cluster				(9,357)	-	119,183	(115,105)	-	(5,279)	-
Total Enterprise (Food Service) Fund				(9,357)	-	120,425	(116,347)	-	(5,279)	-
Total Expenditures of Federal Awards				\$ (66,296)	\$ -	\$ 302,488	\$ (582,586)	\$ -	\$ (346,394)	\$ -

RED BANK CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2022

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2022	(Accounts Receivable) at June 30, 2022	Due to Grantor at June 30, 2022
New Jersey Department of Education										
General Fund:										
Special Education Categorial Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 106,728	\$ -	\$ 106,728	\$ (106,728)	\$ -	\$ -	\$ -	\$ -
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	51,725	-	51,725	(51,725)	-	-	-	-
Adjustment Aid	21-495-034-5120-085	7/1/20-6/30/21	534,922	(16,341)	16,341	-	-	-	-	-
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22	316,774	-	315,954	(316,774)	-	-	(820)	-
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	640,783	-	640,783	(640,783)	-	-	-	-
On-Behalf TPAF Pension Contribution	22-100-034-5095-002	7/1/21-6/30/22	593,433	-	593,433	(593,433)	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	22-100-034-5095-001	7/1/21-6/30/22	138,650	-	138,650	(138,650)	-	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	22-100-034-5095-004	7/1/21-6/30/22	316	-	316	(316)	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	21-495-034-5094-003	7/1/20-6/30/21	119,366	(6,011)	6,011	-	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	22-495-034-5094-003	7/1/21-6/30/22	115,680	-	109,734	(115,680)	-	-	(5,946)	-
Total General Fund				(22,352)	1,979,675	(1,964,089)	-	-	(6,766)	-
Special Revenue Fund:										
SDA Emergency	22-100-034-5120-519	7/1/21-6/30/22	14,517	-	14,517	(14,517)	-	-	-	-
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	244,746	-	244,746	(244,746)	-	-	-	-
Total Special Revenue Fund				-	259,263	(259,263)	-	-	-	-
Enterprise Fund:										
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	3,061	(419)	419	-	-	-	-	-
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	2,242	-	2,126	(2,242)	-	-	(116)	-
Total Enterprise Fund				(419)	2,545	(2,242)	-	-	(116)	-
Total Expenditures of State Awards for testing				(22,771)	2,241,483	(2,225,594)	-	-	(6,882)	-
State Financial Assistance Not Subject to Single Audit Determination										
General fund:										
On-Behalf TPAF Pension Contribution	22-100-034-5095-002	7/1/21-6/30/22	593,433	-	593,433	(593,433)	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	22-100-034-5095-001	7/1/21-6/30/22	138,650	-	138,650	(138,650)	-	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	22-100-034-5095-004	7/1/21-6/30/22	316	-	316	(316)	-	-	-	-
State Financial Assistance Not Subject to Single Audit Determination				-	732,399	(732,399)	-	-	-	-
Total State Financial Assistance				\$ (22,771)	\$ 1,509,084	\$ (1,493,195)	\$ -	\$ -	\$ (6,882)	\$ -

See accompanying notes to schedules of expenditures.

Red Bank Charter School

Notes to the Schedules of Awards and Financial Assistance

June 30, 2022

1. General

The accompanying schedules of expenditures of awards 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 2 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 (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

Red Bank Charter School

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2022

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(593,433) for the general fund and \$- 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	\$ -	\$ 1,370,656	\$ 1,370,656
Special Revenue Fund	466,239	259,263	725,502
Food Service Fund	<u>116,347</u>	<u>2,242</u>	<u>118,589</u>
Total awards and financial assistance	<u>\$ 582,586</u>	<u>\$ 1,632,161</u>	<u>\$ 2,214,747</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

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, 2022.

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, 2022

Section I - Summary of Auditor's Results
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section - N/A

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of 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, 2022

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? X 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 X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

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

Red Bank Charter School

Schedule of Findings and Questioned Costs (continued)

June 30, 2022

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

Red Bank Charter School
Summary Schedule of Prior Audit Findings
June 30, 2022

Summary Schedule of Prior Audit Findings - N/A