

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Newark, New Jersey

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

of the

Robert Treat Academy Charter School, Inc.

Newark, New Jersey

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION



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Stephen N. Adubato Campus

Paul Parada - Principal
Jackie Robinson Campus

February 10, 2023

Honorable President and
Members of the Board of Trustees
Robert Treat Academy Charter School, Inc.
County of Essex
Newark, New Jersey

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Robert Treat Academy Charter School, Inc. (the "School" or "Academy") for the fiscal year ended June 30, 2022, is hereby submitted. This ACFR includes the School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Robert Treat Academy Charter School, Inc. Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School's organizational chart, roster of officials, and a list of consultants and advisors. The financial section includes Management's Discussion and Analysis, the basic financial statements and notes providing an overview of the School's financial position and operating results, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The School is required to undergo an annual single audit in conformity with the provisions of the single Audit Act of 1984, as amended, 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08)*. Information related to this single audit, including the auditor's 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 School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board. All funds of the School are included in this report. Robert Treat Academy Charter School, Inc. and its two schools constitute the School's reporting entity.

The School provides a full range of educational services appropriate to grade levels k through 8. These include regular as well as special education for disabled youngsters.



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2) ECONOMIC CONDITION AND OUTLOOK

The School area has remained constant. Business and residential areas are relatively the same as the prior year. The School's outlook remains good since its programs exceed those in surrounding areas.

3) MAJOR INITIATIVES

Robert Treat Academy Charter School completed its twenty-fifth year of operation in June 2022.

Robert Treat Academy has two campuses. Our Stephen N. Adubato campus located at 443 Clifton Avenue has an enrollment of 472 students. Our Jackie Robinson campus located at 180 William Street has an enrollment of 2227 students. Total enrollment is 699 students.

Robert Treat Academy offers an eleven-month school year with a seven-hour instructional day and an eight-hour professional day. Early care which begins at 7:30 a.m. and an extended school day running until 5:30 p.m. accommodate working parents and provide time for extracurricular activities. Our remediation services in English/Language Arts and Math as well as remedial and guided reading, tutoring and homework help, take place during the extended day minimizing the amount of time students are pulled out of class during regular instruction.

The extended day program offers extracurricular enrichment activities as well, including Coding Clubs, Architecture, recreational sports, and an award-winning arts program that has included: Instrumental Music Instruction, Chorus, Step Dancing, Arts and Crafts, and Creative Writing.

Parent participation continues to be a key element of our focus as witnessed by the high levels of attendance, we consistently record at monthly parent meetings. Parents also serve on the Board of Trustees and the Parent Teacher Organization, an autonomous organization, sponsors a variety of events for teachers, parents and students. Parent representatives also volunteer in other areas (coaching, recreational activities, and chaperoning students on trips, attending and assisting at school-wide events, plays and performances).

In the nine subject areas, including English/Language Arts and Mathematics, Science (NJSLA for 5th and 8th grades), Social Studies, Technology, World Languages (Spanish), Visual and Fine Arts, Physical Education and Health, and 21st Century Life & Careers our curricula are aligned to the NJ student Learning Standards.

In key subject areas, staff development remains crucial to meeting the Academy's overall mission. Our training schedule included workshops in math, English/language arts, reading, science, and behavior management. In the area of technology, staff development was offered to help teachers become more effective users of technology in the classroom.

Efforts to prepare our students for the NJSLA test remain a main area of attention and will continue to be foremost on our list of goals. We are also focused on learning loss activities and Saturday Academy. The Federal Department of Ed waived testing for the 2019-2020 and 2020-2021 School Year. Our focus then became putting into place our remote and hybrid learning programs. The Academy has been able to return to normal operating procedures this year which has raised the community's overall spirit quite a bit. The experience of the pandemic is one we can learn from. We are now ready to implement the remote or hybrid program immediately if the need for either should ever occur again.

As the emotional wellbeing of our students is of paramount importance, administrators, the school social worker, and school psychologist are continuously still on-call to provide emotional support to our students. Along with internal



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supports for students the Academy provides parents with additional outside support resources. This continues as student's transition back to "normal" and we are committed to helping students and families through this transition.

At the end of the school year, parents and staff were surveyed regarding their satisfaction levels with the remote learning plan, hybrid plan, and other aspects of the academy including student discipline, school communication, etc. Overwhelmingly, all entities were very satisfied with the swift implementation and execution of the different learning plans and the general operation of the school from a parent perspective.

In June 2022, our eighteenth class of eighth grade students graduated from the Academy. Those students were prepared for the admissions process for secondary school by our High School Placement Program. The program is responsible for working with our students and their families to place graduates in the most appropriate setting for their secondary school education. Those graduates earned in excess of \$8 million dollars in financial aid and merit scholarships over a four-year period to attend some of the most prestigious private, independent schools in the nation. While the previous year was only 3.3 million and we expected a bounce back to normal, the 8 million dollar figure is a new high water mark for a graduating class.

We were able to hold our traditional graduation ceremony and the Cathedral Basilica of the Sacred Heart. Attendance was unlimited.

Our first group of alumni to complete college graduated in 2013. We have maintained relationships with many of these students and will continue to maintain contact with them. Several graduates have joined the staff of the Academy as either instructional assistants/teachers or clerks and it is our hope that many of our former students will return to Newark as productive citizens of the community.

The Academy also continued its relationships with community-based organizations. These groups included the Academy's founding organization, The North Ward Center, Just One Soccer which made sports activities available, as well as the John Hopkins Center for Talented Youth which provided summer enrichment programs for students as well as online courses for gifted and talented students. The Academy also maintained its membership in the New Jersey Charter Schools association and the New Jersey School Boards Association.

The major educational challenge continues to be maintaining the academic achievement and growth of our students measured by the New Jersey Student Learning Assessment (NJSLA) test. As previously stated the NJSLA was not administered in the 2019-2020 or 2020-2021 school years and our results from the Spring of 2022 were above the state average but not quite as far above the state average as we are used to. We hope to be back to where we have usually been this coming spring.

The overall long term goal for Academic Achievement set by the New Jersey Department of Education ESSA Accountability Profile is 80% of students achieving levels 4 or 5 in English Language Arts (ELA) and Mathematics by 2030. Each school is given targets based on previous year's performance until the long term goal of 80% is met. The Student Growth Percentile (SGP) standard is 40%-58.5% to meet target and 60% + to exceed target for all schools annually.

The long term educational goal in ELA is to ensure instructional supports are in place for students to be successful readers and writers. In 2014, we introduced STEP (Strategic Teaching and Evaluation of Progress) along with strategic guided reading instruction. This initiative has proved effective in the targeted grades of Kindergarten through third. In 2017-18, we introduced the dynamic Indicators Basic Early Literacy Skills (DIBELS) and the Woodcock Johnson Reading Mastery Test. The DIBELS is given each school year to all first graders. The Woodcock Johnson Reading Mastery Test is given to students who are "flagged" for possible reading issues on the DIBELS and new students entering the Academy beyond 3rd grade.

STEPHEN N. ADUBATO CAMPUS: 443 Clifton Avenue, Newark, New Jersey 07104-1339 (973) 482-8811-Tel (973) 482-7681-Fax
JACKIE ROBINSON CAMPUS: 180 William Street, Newark, New Jersey 07103-3004 (973) 286-1020-Tel (973) 286-1050-Fax



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Besides emotional wellbeing of the students the biggest question for schools after the emergency school closure and hybrid learning era is the question of learning loss. At the academy we are confident that given our dedication to data driven instruction we will be able to successfully address the learning loss in one or two years for most students.

The educational goal in mathematics is to eventually have the majority of our 8th grade students take Algebra 1 (usually taken freshman year in high school). Toward that goal we have leveled our 6th, 7th and 8th grade students. In our middle school grades we have grade level and advanced curriculum. In the 2020-21 school year, Twenty-one 8th grade students were placed in our Algebra 1 Course. In the 21-22 school year we had 29 students enrolled in Algebra 1.

Small group targeted instruction continues to be the cornerstone of our instructional program. This is instruction based on data from a variety of sources. This data gives teachers the information to personalize student learning, monitor their growth over time, and predict student proficiency on the NJSLA.

In terms of future facility plans we are hoping to add to the kitchen at the SNA campus so that we may one day provide freshly cooked meals to the students. The plan will be the same for the JRC campus in the future when we can expand the footprint of that building. We are currently in conversations to acquire the property we currently rent from The North Ward Center and hope to take possession of the building and expand our building to serve an additional 225 students in grades K-8. We hope to be able to break ground and start expanding in the next several years.

INTERNAL ACCOUNTING CONTROLS

Management of the School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Perfect-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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



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ACCOUNTING SYSTEM AND REPORTS

The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

CASH MANAGEMENT

The investment policy of the School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The School has adopted a cash management plan which 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.

RISK MANAGEMENT

The Board 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, and fidelity bonds.

OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, LLP, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08)*. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Robert Treat Academy Charter School, Inc.'s Board for the concern in providing fiscal accountability to the citizens and taxpayers of the School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Marcelino Trillo
 Principal/Charter School Lead Administrator

Robert T. Clark
 Business Administrator/Board Secretary



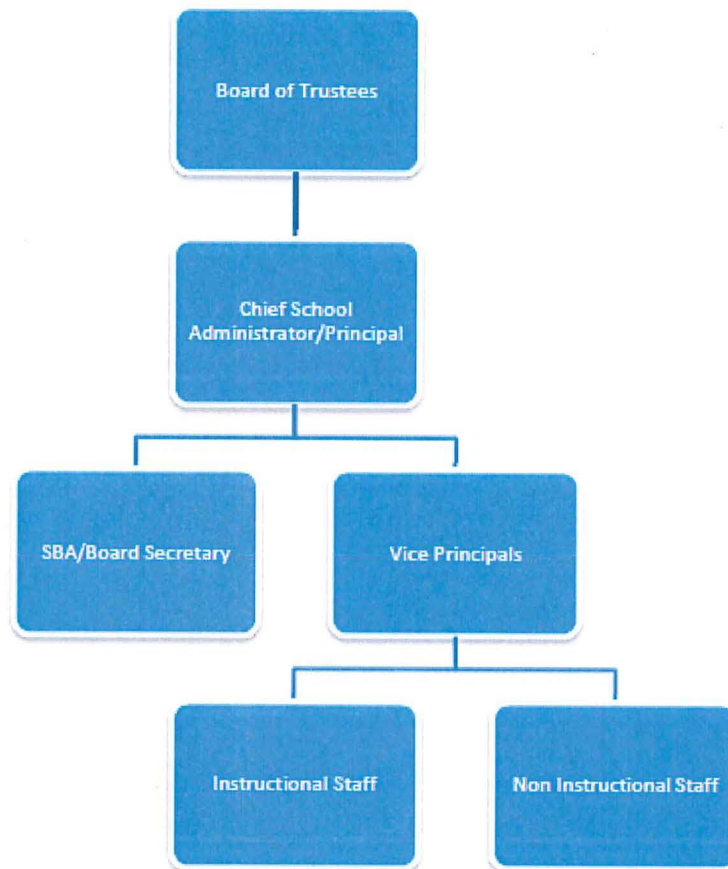
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**Robert Treat Academy Charter School
Organizational Chart**





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ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
ROSTER OF OFFICIALS
June 30, 2022

Members of the Board of Trustees	Term Expires
Philip B. Alagia	June 2022
Robert R. Detore (President)	June 2022
Adrienne Davis (Vice President)	June 2022
Tahira Strand	June 2024
Calvin Souder, Esq.	June 2023
Wilfredo Caraballo, Esq.	June 2024
Emil Garruto	June 2023
Wilson Pichardo	June 2024
Zarala Zabala de Kelly	June 2023

Other Officials

Theresa Aduabato, Principal/Chief School Administrator

Robert Clark, Business Administrator/Board Secretary

Marcelino Trillo, Vice Principal

Paul Parada, Vice Principal

R. Scott Eveland, Board Attorney



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**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
CONSULTANTS AND ADVISORS
JUNE 30, 2022**

Audit Firm

Lerch, Vinci and Bliss, LLP
17-17 NJ-208
Fair Lawn, NJ 07410

Attorney

R. Scott Eveland
Inglesino, Webster, Wyciskala & Taylor, LLC
600 Parsippany Road # 204
Parsippany, NJ 07054

Tom Johnston
Johnston Law Firm, LLC
P.O. Box 645
Montclair, NJ 07042

Fiscal Agent

The North Ward Center, Inc.
346 Mt. Prospect Avenue
Newark, NJ 07104

Official Depositories

Valley National Bank
167 Bloomfield Avenue
Newark, NJ 07104

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Report on 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 the Robert Treat Academy Charter School, Inc., as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the 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 the Robert Treat Academy Charter School, Inc. as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the Robert Treat Academy Charter School, Inc. 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 the 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 misstatements, 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 the Robert Treat Academy Charter School, Inc.'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 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, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 the Robert Treat Academy Charter School, Inc.'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 the Robert Treat Academy Charter School, Inc.'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, pension information and other postemployment benefits information 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 the Robert Treat Academy Charter School, Inc.'s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, 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 (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Robert Treat Academy Charter School, Inc. Such information is the responsibility of management and was derived from and relate 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, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section 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 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 10, 2023 on our consideration of the Robert Treat Academy Charter School, Inc.'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 Robert Treat Academy Charter School, Inc.'s 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 the Robert Treat Academy Charter School, Inc.'s internal control over financial reporting and compliance.



LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Andrew D. Parente
Public School Accountant
PSA Number CS00224600

Fair Lawn, New Jersey
February 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

This section of the Robert Treat Academy Charter School, Inc.'s annual comprehensive financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the School's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year are as follows:

- The liabilities and deferred inflows of resources of the Robert Treat Academy Charter School, Inc. exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$(498,348) (net position deficit).
- The School's total net position increased \$1,370,969.
- Overall school revenues were \$15,737,962. General revenues accounted for \$9,871,961 or 63% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,866,001 or 37% of total revenues.
- The school had \$13,752,963 in expenses for governmental activities; only \$4,905,225 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly state aid) of \$9,871,961 were adequate to provide for these programs.
- As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$2,073,182. Of this amount \$1,972,019 is available for spending at the School's discretion (unassigned fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Robert Treat Academy Charter School, Inc..

- The first two statements are charter-wide financial statements that provide both short-term and long-term information about the Robert Treat Academy Charter School, Inc.'s overall financial status.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Robert Treat Academy Charter School, Inc.’s, reporting the School’s operation in more detail than the charter-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary Fund statements offer short- and long-term financial information about the activities the School operates similar to private businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Charter-wide and Fund Financial Statements

	Charter-wide Statements	Charter-wide Governmental Funds
Scope	Entire school	The activities of the school that are not proprietary or fiduciary, such as special education and building maintenance and administration
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability/deferred inflows/outflows of resources information	All assets, liabilities, and deferred inflows/outflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Charter-Wide Statements

The charter-wide statements report information about the Robert Treat Academy Charter School, Inc. as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the school’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two charter-wide statements report the School’s net position and how they have changed. Net position – the difference between the School’s assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School’s financial health or position.

- Over time, increases or decreases in the School’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the charter-wide financial statements the school’s activities are shown in two categories:

- *Governmental activities*- Most of the school’s basic services are included here, such as regular and special education, administration and support services. Local charter school aid and state aid finance most of these activities.
- *Business-type activities*- The School charges fees to customers to help it cover the costs of certain services it provides. The School’s Food Service and Before and After Care Funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the school’s funds – focusing on its most significant or “major” funds – not the school as a whole. Funds are accounting devices the school uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The school uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes or to show that it is properly using certain revenues (e.g., federal funds).

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

The school has two kinds of funds:

- *Governmental funds*- Most of the School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the charter-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- *Proprietary funds*- Services for which the School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the charter-wide statements.

FINANCIAL ANALYSIS OF THE ROBERT TREAT ACADEMY CHARTER SCHOOL, INC. AS A WHOLE

The school's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school's net position for 2022 and 2021.

Net position. The school's combined net position was a deficit of \$498,348 on June 30, 2022. (See Table A-1).

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Table A-1
Net Position
as of June 30, 2022 and 2021

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$ 2,873,065	\$ 2,390,147	\$ 593,659	\$ 205,519	\$ 3,466,724	\$ 2,595,666
Capital assets, net	<u>607,740</u>	<u>354,667</u>	<u>79,592</u>	<u>86,620</u>	<u>687,332</u>	<u>441,287</u>
Total Assets	<u>3,480,805</u>	<u>2,744,814</u>	<u>673,251</u>	<u>292,139</u>	<u>4,154,056</u>	<u>3,036,953</u>
Deferred Outflows of Resources						
	<u>794,033</u>	<u>950,748</u>	<u>-</u>	<u>-</u>	<u>794,033</u>	<u>950,748</u>
Total Assets and Deferred Outflows of Resources	<u>4,274,838</u>	<u>3,695,562</u>	<u>673,251</u>	<u>292,139</u>	<u>4,948,089</u>	<u>3,987,701</u>
Liabilities						
Non-Current liabilities	2,709,559	3,364,391			2,709,559	3,364,391
Other liabilities	<u>799,883</u>	<u>788,762</u>	<u>47,238</u>	<u>25,475</u>	<u>847,121</u>	<u>814,237</u>
Total Liabilities	<u>3,509,442</u>	<u>4,153,153</u>	<u>47,238</u>	<u>25,475</u>	<u>3,556,680</u>	<u>4,178,628</u>
Deferred Inflows of Resources						
	<u>1,887,862</u>	<u>1,675,228</u>	<u>1,895</u>	<u>3,162</u>	<u>1,889,757</u>	<u>1,678,390</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,397,304</u>	<u>5,828,381</u>	<u>49,133</u>	<u>28,637</u>	<u>5,446,437</u>	<u>5,857,018</u>
Net Position						
Net Investment in capital assets	607,740	354,667	79,592	86,620	687,332	441,287
Restricted	75,000	75,000			75,000	75,000
Unrestricted	<u>(1,805,206)</u>	<u>(2,562,486)</u>	<u>544,526</u>	<u>176,882</u>	<u>(1,260,680)</u>	<u>(2,385,604)</u>
Total Net Position	<u>\$ (1,122,466)</u>	<u>\$ (2,132,819)</u>	<u>\$ 624,118</u>	<u>\$ 263,502</u>	<u>\$ (498,348)</u>	<u>\$ (1,869,317)</u>

Table A-2 on the following page shows changes in net position for fiscal year 2022 and 2021.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for Services			\$ 773	\$ 1,786	\$ 773	\$ 1,786
Operating Grants and Contributions	\$ 4,905,225	\$ 4,474,206	960,003	236,909	5,865,228	4,711,115
General Revenues						
Local Levy - Charter School Aid	1,451,314	1,388,335			1,451,314	1,388,335
State Aid	8,154,447	7,971,143			8,154,447	7,971,143
Miscellaneous	266,200	104,588	-	-	266,200	104,588
Total Revenues	<u>14,777,186</u>	<u>13,938,272</u>	<u>960,776</u>	<u>238,695</u>	<u>15,737,962</u>	<u>14,176,967</u>
Expenses						
Instruction						
Regular	6,701,671	6,175,646			6,701,671	6,175,646
Special Education	278,063	190,190			278,063	190,190
Other Instruction	825,983	784,491			825,983	784,491
School Sponsored Activities	89,975	35,099			89,975	35,099
Support Services						
Student and Instruction Related	1,146,950	1,050,169			1,146,950	1,050,169
General Administrative Services	278,270	298,581			278,270	298,581
School Administrative Services	1,238,935	1,469,351			1,238,935	1,469,351
Central Services	286,587	415,733			286,587	415,733
Admin. Info. Tech Services	326,503	333,675			326,503	333,675
Plant Operations and Maintenance	2,550,999	2,418,637			2,550,999	2,418,637
Pupil Transportation	27,207				27,207	-
Food Services			600,160	206,613	600,160	206,613
Before and After Care	-	-	13,870	7,184	13,870	7,184
Interest on Debt	1,820	-	-	-	1,820	-
Total Expenses	<u>13,752,963</u>	<u>13,171,572</u>	<u>614,030</u>	<u>213,797</u>	<u>14,366,993</u>	<u>13,385,369</u>
Change in Net Position Before Transfers	1,024,223	766,700	346,746	24,898	1,370,969	791,598
Transfers	(13,870)	(7,085)	13,870	7,085	-	-
Change in Net Position Before Transfers	1,010,353	759,615	360,616	31,983	1,370,969	791,598
Net Position, Beginning of Year	(2,132,819)	(2,892,434)	263,502	231,519	(1,869,317)	(2,660,915)
Prior Period Adjustment	-	-	-	-	-	-
Net Position, End of Year	<u>\$ (1,122,466)</u>	<u>\$ (2,132,819)</u>	<u>\$ 624,118</u>	<u>\$ 263,502</u>	<u>\$ (498,348)</u>	<u>\$ (1,869,317)</u>

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Governmental Activities. The School's total revenues were \$14,777,186. The local share of the revenues, that included the local levy, and miscellaneous revenue, amounted to \$1,717,514 or 12% of total revenues. Funding from state and federal sources amounted to \$13,059,672 or 88%. (See Figure A-2)

The School's expenses are predominantly related to instruction and other support services. Instruction totaled \$7,895,692 (57%) and student support services and interest on debt totaled \$5,857,271 (43%) of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities
For Fiscal Year 2022

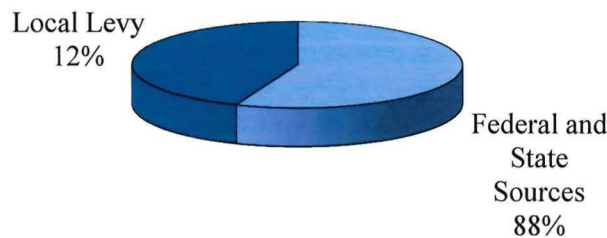
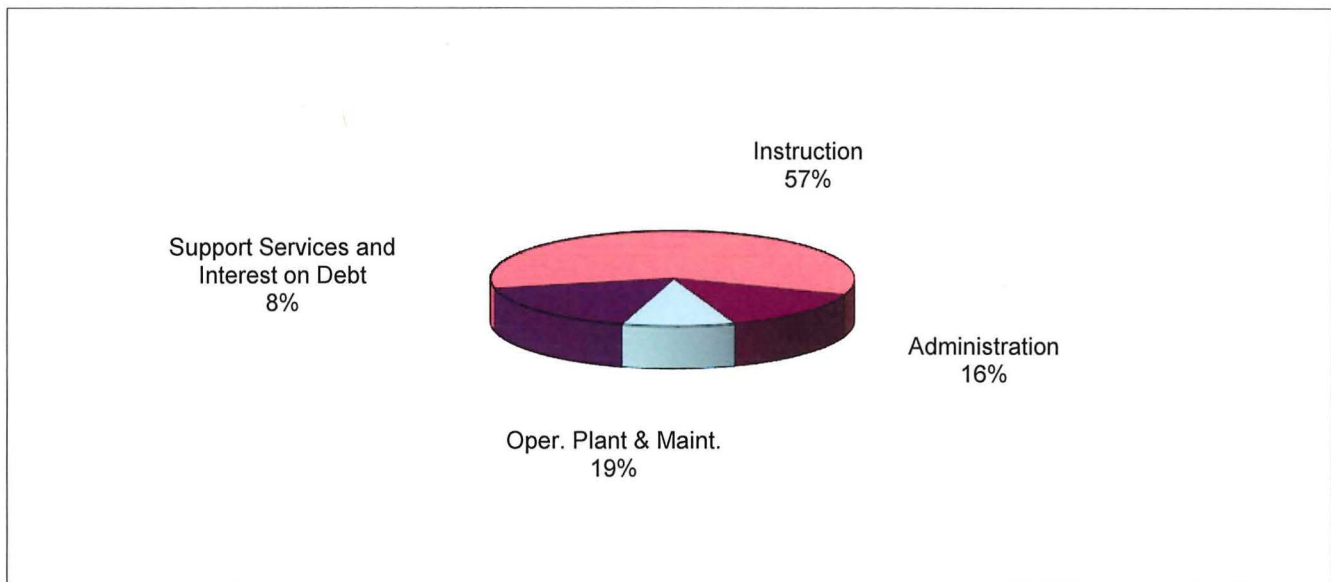


Figure A-3 Expenses by Function – Governmental Activities
For Fiscal Year 2022



Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Governmental Activities (Continued)

Table A-3
Cost and Net Cost of Services for Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Instruction				
Regular Education	6,701,671	6,175,646	\$ 4,207,756	\$ 3,932,065
Special Education	278,063	190,190	(231,480)	(213,186)
Other Instruction	825,983	784,491	24,488	13,480
School Sponsored Activities	89,975	35,099	65,783	31,887
Support Services				
Student and Instruction Related	1,146,950	1,050,169	830,108	796,148
General Administrative Services	278,270	298,581	278,270	298,581
School Administrative Services	1,238,935	1,469,351	977,239	1,120,333
Central Services	286,587	415,733	251,279	381,847
Admin. Info. Tech Services	326,503	333,675	283,149	297,496
Plant Operations and Maintenance	2,550,999	2,418,637	2,132,119	2,038,715
Pupil Transportation	27,207		27,207	
Interest on Debt	1,820	-	1,820	-
	<u>\$ 13,752,963</u>	<u>\$ 13,171,572</u>	<u>\$ 8,847,738</u>	<u>\$ 8,697,366</u>
Total Governmental Activities				

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2022 was \$614,030. These costs were funded by operating grants and charges for services (Detailed on Table A-2).

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

The financial performance of the School as a whole is reflected in its governmental funds as well. As the School completed the year, its governmental funds reported a combined fund balance of \$2,073,182. At June 30, 2021, the fund balance was \$1,601,385.

Revenues and other financing sources for the School's governmental funds were \$14,257,622, while total expenditures and other financing uses were \$13,758,085.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Governmental Funds (Continued)

General Fund - The General Fund is the chief operating fund of the School and includes the primary operations in providing educational services to students for grades K through 8.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2022 and 2021.

	Fiscal Year Ended <u>6/30/2022</u>	Fiscal Year Ended <u>6/30/2021</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Local Levy Charter School Aid	\$ 1,451,314	\$ 1,388,335	\$ 62,979	4.5%
Miscellaneous	266,200	104,588	161,612	154.5%
Intergovernmental State Sources	<u>10,512,070</u>	<u>9,951,718</u>	<u>560,352</u>	5.6%
 Total Revenues	 <u>\$ 12,229,584</u>	 <u>\$ 11,444,641</u>	 <u>\$ 784,943</u>	 6.9%

The General Fund revenues increased by \$784,943 or 7.6% from the previous year.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2022 and 2021.

	Fiscal Year Ended <u>6/30/2022</u>	Fiscal Year Ended <u>6/30/2021</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 5,981,101	\$ 5,157,624	\$ 823,477	16%
Support Services	5,601,727	5,330,748	270,979	5%
Debt Service	24,466	12,778	11,688	100%
Capital Outlay	<u>132,819</u>	<u>55,799</u>	<u>77,020</u>	100%
 Total Expenditures	 <u>\$ 11,740,113</u>	 <u>\$ 10,556,949</u>	 <u>\$ 1,183,164</u>	 11%

Total General Fund expenditures increased by \$1,183,164 or 11% from the previous year.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

Governmental Funds (Continued)

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal sources utilized in the operations of the school in providing educational services to students.

Revenues of the Special Revenue Fund were 2,028,038 for the year ended June 30, 2022. Federal sources accounted for 98% of Special Revenue Fund's revenue for the year.

Expenditures of the Special Revenue Fund were \$2,031,842. Instructional expenditures were 84% of the expenditures.

Proprietary Funds

The School maintains an Enterprise Funds to account for activities which are supported in part through user fees.

Enterprise Fund - The School uses an Enterprise Fund to report activities related to the Food Service and Before and After Care programs. The School's Enterprise Funds provide the same type of information found in the charter-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the School's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the School revised the annual operating budget several times. These budget amendments were mainly the result of budget transfers.

Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022

CAPITAL ASSETS

At the end of the fiscal year 2022, the school had invested in leasehold improvements and furniture and equipment as stated in Table A-4 as follows:

Table A-4
Capital Assets
(net of depreciation) at June 30

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Leasehold Improvements	\$ 677,934	\$ 609,074			\$ 677,934	\$ 609,074
Furniture and Equipment	<u>1,281,818</u>	<u>1,022,682</u>	<u>\$ 192,608</u>	<u>\$ 192,608</u>	<u>1,474,426</u>	<u>1,215,290</u>
Total	1,959,752	1,631,756	192,608	192,608	2,152,360	1,824,364
Less: Accumulated Depreciation	<u>(1,352,012)</u>	<u>(1,277,089)</u>	<u>(113,016)</u>	<u>(105,988)</u>	<u>(1,465,028)</u>	<u>(1,383,077)</u>
Total	<u>\$ 607,740</u>	<u>\$ 354,667</u>	<u>\$ 79,592</u>	<u>\$ 86,620</u>	<u>\$ 687,332</u>	<u>\$ 441,287</u>

Additional information about the School's capital assets can be found in Note 4 of this report.

LONG TERM LIABILITIES

As of June 30, 2022 the school had long-term debt and outstanding long-term liabilities in the amount of \$2,709,559.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities

	<u>2022</u>	<u>2021</u>
Lease Purchase Payable	\$ 34,681	\$ 57,327
Net Pension Liability	<u>2,674,878</u>	<u>3,307,064</u>
Total	<u>\$ 2,709,559</u>	<u>\$ 3,364,391</u>

Additional information about the School's long-term debt can be found in Note 4 of this report.

**Robert Treat Academy Charter School, Inc.
Newark, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2022**

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School's parents and supporters with a general overview of the School's finances and to demonstrate the School's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the office of the Business Administrator at 443 Clifton Avenue, Newark, New Jersey 07104.

BASIC FINANCIAL STATEMENTS

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,891,323	\$ 521,107	\$ 2,412,430
Receivables, net			
Receivables from Other Governments	795,038	64,528	859,566
Other	111,682	-	111,682
Internal Balances			
Other Assets			-
Inventory		8,024	8,024
Restricted			
Cash With Escrow Agent	75,022		75,022
Capital Assets Being Depreciated, net of depreciation	<u>607,740</u>	<u>79,592</u>	<u>687,332</u>
 Total Assets	 <u>3,480,805</u>	 <u>673,251</u>	 <u>4,154,056</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Net Pension Liability	<u>794,033</u>	<u>-</u>	<u>794,033</u>
 Total Deferred Outflows of Resources	 <u>794,033</u>	 <u>-</u>	 <u>794,033</u>
 Total Assets and Deferred Outflows of Resources	 <u>4,274,838</u>	 <u>673,251</u>	 <u>4,948,089</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	528,595	41,902	570,497
Unearned Revenue	271,288	5,336	276,624
Noncurrent Liabilities			
Due within one year	23,352		23,352
Due beyond one year	<u>2,686,207</u>	<u>-</u>	<u>2,686,207</u>
 Total Liabilities	 <u>3,509,442</u>	 <u>47,238</u>	 <u>3,556,680</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Net Pension Liability	1,887,862		1,887,862
Deferred Commodities Revenue	<u>-</u>	<u>1,895</u>	<u>1,895</u>
 Total Deferred Inflows of Resources	 <u>1,887,862</u>	 <u>1,895</u>	 <u>1,889,757</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>5,397,304</u>	 <u>49,133</u>	 <u>5,446,437</u>
NET POSITION			
Investment in Capital Assets	607,740	79,592	687,332
Restricted for:			
Charter School Escrow Reserve	75,000		75,000
Unrestricted	<u>(1,805,206)</u>	<u>544,526</u>	<u>(1,260,680)</u>
 Total Net Position	 <u>\$ (1,122,466)</u>	 <u>\$ 624,118</u>	 <u>\$ (498,348)</u>

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
Instruction						
Regular	\$ 6,701,671		\$ 2,493,915	\$ (4,207,756)		\$ (4,207,756)
Special Education	278,063		509,543	231,480		231,480
Other Instruction	825,983		801,495	(24,488)		(24,488)
School Sponsored Activities	89,975		24,192	(65,783)		(65,783)
Support Services						
Student and Instruction Related Services	1,146,950		316,842	(830,108)		(830,108)
General Administrative Services	278,270			(278,270)		(278,270)
School Administrative Services	1,238,935		261,696	(977,239)		(977,239)
Central Services	286,587		35,308	(251,279)		(251,279)
Admin. Info Tech Services	326,503		43,354	(283,149)		(283,149)
Plant Operations and Maintenance	2,550,999		418,880	(2,132,119)		(2,132,119)
Pupil Transportation	27,207	-	-	(27,207)	-	(27,207)
Interest on Debt	1,820	-	-	(1,820)	-	(1,820)
Total Governmental Activities	13,752,963	-	4,905,225	(8,847,738)	-	(8,847,738)
Business-Type Activities						
Food Service	600,160	\$ 773	960,003	-	\$ 360,616	360,616
Before and After Care	13,870	-	-	-	(13,870)	(13,870)
Total Business-Type Activities	614,030	773	960,003	-	346,746	346,746
Total Primary Government	\$ 14,366,993	\$ 773	\$ 5,865,228	(8,847,738)	346,746	(8,500,992)
General Revenues						
Local Tax Levy - Charter School Aid				1,451,314		1,451,314
State Aid - Unrestricted				8,154,447		8,154,447
Miscellaneous Income				266,200		266,200
Transfers				(13,870)	13,870	-
Total General Revenues				9,858,091	13,870	9,871,961
Change in Net Position				1,010,353	360,616	1,370,969
Net Position, Beginning of Year				(2,132,819)	263,502	(1,869,317)
Net Position, End of Year				\$ (1,122,466)	\$ 624,118	\$ (498,348)

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,889,998	\$ 1,325	\$ 1,891,323
Receivables			
Intergovernmental	286,938	508,100	795,038
Other	101,682	10,000	111,682
Due from Other Funds	95,611		95,611
Restricted Assets			
Cash With Escrow Agent	<u>75,022</u>	<u>-</u>	<u>75,022</u>
 Total Assets	 <u>\$ 2,449,251</u>	 <u>\$ 519,425</u>	 <u>\$ 2,968,676</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 333,623	\$ 151,201	\$ 484,824
Payroll Deduction and Withholding	43,771		43,771
Due to Other Funds		95,611	95,611
Unearned Revenue		271,288	271,288
Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>377,394</u>	 <u>518,100</u>	 <u>895,494</u>
Fund Balances			
Restricted Fund Balance			
Charter School Escrow Reserve	75,000		75,000
Student Activities		1,325	1,325
Assigned			
Year End Encumbrances	24,838		24,838
Unassigned Fund Balance	<u>1,972,019</u>	<u>-</u>	<u>1,972,019</u>
 Total Fund Balances	 <u>2,071,857</u>	 <u>1,325</u>	 <u>2,073,182</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,449,251</u>	 <u>\$ 519,425</u>	

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 \$1,959,752, and the accumulated depreciation is \$1,352,012. 607,740

Certain amounts resulting from the calculation of liabilities are reported as deferred outflows and deferred inflows of resources on the statement of net position and amortized over future years. (See Note 2A) (1,093,829)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2B) (2,709,559)

Net position of governmental activities \$ (1,122,466)

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Local Sources			
Local - Charter School Aid	\$ 1,451,314		\$ 1,451,314
Interest	1,891		1,891
Miscellaneous	<u>264,309</u>	<u>\$ 26,318</u>	<u>290,627</u>
Total - Local Sources	1,717,514	26,318	1,743,832
State Sources	10,512,070	11,855	10,523,925
Federal Sources	<u>-</u>	<u>1,989,865</u>	<u>1,989,865</u>
Total Revenues	<u>12,229,584</u>	<u>2,028,038</u>	<u>14,257,622</u>
EXPENDITURES			
Current			
Instruction			
Regular Instruction	5,635,972	869,443	6,505,415
Special Education Instruction	60,471	217,553	278,024
Other Special Instruction	222,679	585,482	808,161
School Sponsored Activities and Athletics/Other	61,979	25,184	87,163
Support Services and Undistributed Costs			
Student and Instruction Related Services	985,399	139,003	1,124,402
General Administrative Services	278,270		278,270
School Administrative Services	1,232,382		1,232,382
Central Services	285,871		285,871
Administrative Info. Tech	320,079		320,079
Plant Operations and Maintenance	2,472,519		2,472,519
Student Transportation	27,207		27,207
Debt Service			
Principal	22,646		22,646
Interest	1,820		1,820
Capital Outlay	<u>132,819</u>	<u>195,177</u>	<u>327,996</u>
Total Expenditures	<u>11,740,113</u>	<u>2,031,842</u>	<u>13,771,955</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>489,471</u>	<u>(3,804)</u>	<u>485,667</u>
OTHER FINANCING SOURCES(USES)			
Lease Proceeds			
Transfers Out - Enterprise Fund	<u>(13,870)</u>	<u>-</u>	<u>(13,870)</u>
Total Other Financing Sources and Uses	<u>(13,870)</u>	<u>-</u>	<u>(13,870)</u>
Excess (Deficiency) of Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Financing Uses	475,601	(3,804)	471,797
Fund Balance, Beginning of Year	<u>1,596,256</u>	<u>5,129</u>	<u>1,601,385</u>
Fund Balance, End of Year	<u>\$ 2,071,857</u>	<u>\$ 1,325</u>	<u>\$ 2,073,182</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE CHARTER-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds (Exhibit B-2)	\$	471,797
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay expenditures exceeds depreciation expense in the current period.

Capital Outlay	\$ 327,996	
Depreciation Expense	<u>(74,923)</u>	
		253,073

In the statement of activities, a certain operating expense - pension expense - is measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial sources (used) paid:

Decrease in Pension Expense		262,837
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Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities

Leases Purchase Agreements		<u>22,646</u>
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Change in net position of governmental activities (Exhibit A-2)	\$	<u><u>1,010,353</u></u>
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ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Non-Major Before and After Care</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash	\$ 521,107		\$ 521,107
Intergovernmental Receivable			
State	922		922
Federal	63,606		63,606
Inventories	<u>8,024</u>	<u>-</u>	<u>8,024</u>
Total Current Assets	<u>593,659</u>	<u>-</u>	<u>593,659</u>
Capital Assets			
Equipment	192,608		192,608
Less: Accumulated Depreciation	<u>(113,016)</u>	<u>-</u>	<u>(113,016)</u>
Total Capital Assets	<u>79,592</u>	<u>-</u>	<u>79,592</u>
Total Assets	<u>673,251</u>	<u>-</u>	<u>673,251</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	41,902		41,902
Unearned Revenue	<u>5,336</u>	<u>-</u>	<u>5,336</u>
Total Current Liabilities	<u>47,238</u>	<u>-</u>	<u>47,238</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>1,895</u>	<u>-</u>	<u>1,895</u>
Total Liabilities and Deferred Inflows of Resources	<u>49,133</u>	<u>-</u>	<u>49,133</u>
NET POSITION			
Invested in Capital Assets	79,592		79,592
Unrestricted	<u>544,526</u>	<u>-</u>	<u>544,526</u>
Total Net Position	<u>\$ 624,118</u>	<u>\$ -</u>	<u>\$ 624,118</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Non-Major Before and After Care</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 773	-	\$ 773
Total Operating Revenues	<u>773</u>	<u>-</u>	<u>773</u>
OPERATING EXPENSES			
Salaries and Benefits	175,953		175,953
Cost of Sales - Reimbursable Programs	347,757		347,757
Management Fee	30,300		30,300
Purchased Professional & Technical Services	33,906		33,906
Other Purchased Services	2,035		2,035
Depreciation Expense	7,028		7,028
Miscellaneous	3,181	\$ 13,870	17,051
Total Operating Expenses	<u>600,160</u>	<u>13,870</u>	<u>614,030</u>
Operating Income (Loss)	<u>(599,387)</u>	<u>(13,870)</u>	<u>(613,257)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	12,285		12,285
Federal Sources			
P-EBT Administrative	1,242		1,242
OEM Reimbursement	50,527		50,527
School Breakfast Program	251,475		251,475
National Lunch Program	521,071		521,071
Snack Program	81,644		81,644
Food Distribution Program	41,759	-	41,759
Total Nonoperating Revenues	<u>960,003</u>	<u>-</u>	<u>960,003</u>
Transfers In	-	13,870	13,870
Change in Net Position	360,616	-	360,616
Net Position, Beginning of Year	<u>263,502</u>	<u>-</u>	<u>263,502</u>
Net Position, End of Year	<u>\$ 624,118</u>	<u>\$ -</u>	<u>\$ 624,118</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Non-Major Before and After Care</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Other Operating Activities	\$ 354	-	\$ 354
Cash Payments for Employees - Salaries and Benefits	(175,953)	-	(175,953)
Cash Payments to Suppliers for Goods and Services	(347,701)	\$ (13,870)	(361,571)
Net Cash (Used For) by Operating Activities	(523,300)	(13,870)	(537,170)
Cash Flows from Noncapital Financing Activities			
Cash Received from State, Federal and Local Subsidy Reimbursements	895,271		895,271
Transfers from/(to) Other Funds	-	13,870	13,870
Net Cash Provided by Noncapital Financing Activities	895,271	13,870	909,141
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	-	-	-
Net Cash (Used) by capital and related financing activities	-	-	-
Net Increase in Cash and Cash Equivalents	371,971	-	371,971
Cash, Beginning of Year	149,136	-	149,136
Cash, End of Year	\$ 521,107	\$ -	\$ 521,107
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (599,387)	\$ (13,870)	\$ (613,257)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used For) by Operating Activities			
Depreciation Expense	7,028		7,028
Non-Cash Federal Assistance-Food Distribution Program	41,759		41,759
Change in Assets, Liabilities and Deferred Inflows of Resources			
Increase/(Decrease) in Accounts Payable	22,182		22,182
(Increase)/Decrease in Inventory	233		233
Increase/(Decrease) in Unearned Revenue	(419)		(419)
(Increase)/Decrease in Accounts Receivable		3,239	3,239
Increase/(Decrease) in Due to Other Funds		(3,239)	(3,239)
(Increase)/Decrease in Due from Other Funds	6,571		6,571
Increase/(Decrease) in Deferred Commodities Revenue	(1,267)	-	(1,267)
Total Adjustments	76,087	-	76,087
Net Cash (Used) by Operating Activities	\$ (523,300)	\$ (13,870)	\$ (537,170)
Non-Cash Investing, Capital and Financing Activities			
Value Received - Food Distribution Program	\$ 40,492		

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Robert Treat Academy Charter School, Inc. (the “Board” or the “School”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine trustees who each serve three year terms and is responsible for the fiscal control of the School. A Chief School Administrator is appointed by the Board and is responsible for the administrative control of the School. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the School. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Kindergarten through grade eight (8) School.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The School Chief Administrative Officer of the School who is responsible for general supervision of all schools, planning and operational functions of the School. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Chief School Administrator to the Board

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School. For the Robert Treat Academy Charter School, Inc. this includes general operations, food service, before and after school child care and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization’s governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization’s resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the School has no component units. Furthermore, the School is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2022, the School adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

Other accounting standards that the School is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*, the section applicable to the School will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. 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. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

C. Basis of Presentation - Financial Statements

The financial statements include both charter-wide financial statements (based on the School as a whole) and fund financial statements (based on specific School activities or objectives). Both the charter-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate Charter-wide and fund financial statements are presented, they are interrelated. In the charter-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the School's enterprise funds. Fiduciary funds are excluded from the charter-wide financial statements. Currently, the School has no fiduciary funds.

Charter-wide Financial Statements

The charter-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by local levy aid and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Local levy aid, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the charter-wide financial statements. Exceptions to this general rule are charges between the School's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the charter-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The School considers all of its governmental funds, as well as the Food Service Fund to be major funds.

The School reports the following major governmental funds:

The *general fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations.

The School reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

The School reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *before and after care fund* accounts for the activities of the School's extended before and after school program which provides child care and remediation services for students.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the charter-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The charter-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Local levy aid is recognized as revenues in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Local levy aid, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the School.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state regulations.

5. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the charter-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The School was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the School constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the School is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	7-15
Furniture	7-10
Office and Computer Equipment	5-10
Other Equipment	5-20

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The one item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the charter-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial 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 School has two types of items that qualify for reporting in this category. The first item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the charter-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The second item is the deferred commodities revenue, reported in both the Charter-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. *Pensions*

In the charter-wide financial statements and proprietary fund types in the fund financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. *Financing Agreements*

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the School by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the Charter-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

9. *Long-Term Obligations*

In the charter-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

10. *Net Position/Fund Balance*

Charter-wide Statements

In the charter-wide statements, there are three classes of net position:

- **Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the School's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Charter School Escrow Reserve – This restriction was created in accordance with New Jersey Department of Education in Paragraph 2.17 of the Charter School Agreement to be utilized in the event of dissolution of the Charter.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds it is the School's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The School has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the charter-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all local levy aid, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Revenues from District of Residence – Local Levy Aid*

The School’s primary source of revenue is from the district of residence from which its students are enrolled in the School. The amounts are calculated from the most recent budget data of the student’s district.

Local Levy Aid – Equalization Aid State and Local Share: The School’s funding is pursuant to the School Funding Reform Act of 2008, which states the district of residence shall pay directly to the charter school, for each student enrolled in the charter school who resides in the district, an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

Special Education/Security Aid/State Adjustment Aid – The district of residence shall pay directly to the School the security aid attributable to the student and a percentage of the district’s special education categorical aid equal to the percentage of the district’s special education students enrolled in the School. Additionally, the School receives Adjustment Aid and a portion of Equalization Aid and Security Aid directly from the State of New Jersey. Adjustment Aid is intended to maintain funding levels.

3. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the before and after care enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 RECONCILIATION OF CHARTER-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the Charter-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the Charter-wide statement of net position. One element of that reconciliation explains that “deferred outflows and inflows related to net pension liability are amortized over future years and therefore are not reported in the funds.” The details of this \$(1,093,829) difference are as follows:

Deferred Outflows on Net Pension Liability	\$ 794,033
Deferred Inflows on Net Pension Liability	<u>(1,887,862)</u>
Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (1,093,829)</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 RECONCILIATION OF CHARTER-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund balance sheet and the charter-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the charter-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including capital financing agreements, other financing agreements and net pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(2,709,559) difference are as follows:

Capital Financing Agreements	\$ (22,966)
Other Financing Agreements	(11,715)
Net Pension Liability	<u>(2,674,878)</u>
 Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ (2,709,559)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the School annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue.

Budget adoptions and amendments are recorded in the School's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$3,745,989. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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, with the exception of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The School’s deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The School is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2022, the book value of the School’s deposits were \$2,487,452 and bank and brokerage firm balances of the School’s deposits amounted to \$3,140,720. The School’s deposits which are displayed on the various fund balance sheets as "cash" or “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 3,088,135
Uninsured and Collateralized	<u>52,585</u>
	<u>\$ 3,140,720</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The School does not have a policy for custodial credit risk. As of June 30, 2022 the School’s bank balance of \$52,585 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 52,585</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The School 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the School or bonds or other obligations of the local unit or units within which the School is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey Schools, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by Schools; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2022, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2022 for the School’s individual major funds and nonmajor including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service Enterprise Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 508,100	\$ 63,606	\$ 571,706
State	\$ 18,124		922	19,046
Local	268,814			268,814
Other	101,682	10,000	-	111,682
Gross Receivables	388,620	518,100	64,528	971,248
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 388,620</u>	<u>\$ 518,100</u>	<u>\$ 64,528</u>	<u>\$ 971,248</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 9,698
Grant Drawdowns Reserved for Encumbrances	<u>261,590</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 271,288</u>

D. Capital Assets

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

	<u>Balance,</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2022</u>
Governmental activities:				
Capital assets, being depreciated:				
Leashold Improvements	\$ 609,074	\$ 68,860		\$ 677,934
Furniture and equipment	<u>1,022,682</u>	<u>259,136</u>	-	<u>1,281,818</u>
Total capital assets being depreciated	<u>1,631,756</u>	<u>327,996</u>	-	<u>1,959,752</u>
Less accumulated depreciation for:				
Leashold Improvements	(322,707)	(29,517)		(352,224)
Furniture and equipment	<u>(954,382)</u>	<u>(45,406)</u>	-	<u>(999,788)</u>
Total accumulated depreciation	<u>(1,277,089)</u>	<u>(74,923)</u>	-	<u>(1,352,012)</u>
Total capital assets, being depreciated, net	<u>354,667</u>	<u>253,073</u>	-	<u>607,740</u>
Governmental activities capital assets, net	<u>\$ 354,667</u>	<u>\$ 253,073</u>	<u>\$ -</u>	<u>\$ 607,740</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ 192,608	-	-	\$ 192,608
Total capital assets being depreciated	<u>192,608</u>	<u>-</u>	<u>-</u>	<u>192,608</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(105,988)</u>	\$ (7,028)	-	<u>(113,016)</u>
Total accumulated depreciation	<u>(105,988)</u>	<u>(7,028)</u>	<u>-</u>	<u>(113,016)</u>
Total capital assets, being depreciated, net	<u>86,620</u>	<u>(7,028)</u>	<u>-</u>	<u>79,592</u>
Business-type activities capital assets, net	<u>\$ 86,620</u>	<u>\$ (7,028)</u>	<u>\$ -</u>	<u>\$ 79,592</u>

Depreciation expense was charged to functions/programs of the School as follows:

Governmental Activities:

Instruction		
Regular Instruction		\$ 21,851
Total Instruction		<u>21,851</u>
Support Services		
Student and Instruction Related Services		13,580
School Administration		8,727
Plant Operations and Maintenance of Plant		<u>30,765</u>
Total Support Services		<u>53,072</u>
Total depreciation expense - governmental activities		<u>\$ 74,923</u>
Business-Type Activities:		
Food Service		<u>\$ 7,028</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 95,611
		<u>\$ 95,611</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The School expects all interfund balances to be liquidated within one year.

F. Short Term Leases Payable

The School also rents its two (2) facilities in Newark, NJ under a one year operating leases from the North Ward Center Inc., a related party not-for-profit organization. The rent expense for the year ended June 30, 2022 was \$1,263,000.

G. Financing Agreements

Capital Financing Agreements

The School entered into the following agreement to finance other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the School’s approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$34,960, fiscal year 2021. Agreement for the acquisition of two copiers for a term of three years due in annual principal installments of \$10,931 to \$11,329 through May 25, 2024 interest at 6.290%	\$ 22,966
Total	<u>\$ 22,966</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Financing Agreements (Continued)

Other Financing Agreements

The School entered into the following agreement to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under this financing agreement is subject to the annual appropriation of funds in the School’s approved budget.

Other financing agreements at June 30, 2022 are comprised of the following:

\$46,860 , Fiscal year 2020 Agreement for
the purchase of 110 Chromebooks for a term
of four years due in annual principal installments
of \$11,715 through February 1, 2023 \$ 11,715

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 11,637	\$ 1,110	\$ 11,715		\$ 24,462
2025	<u>11,329</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>11,689</u>
Total	<u>\$ 22,966</u>	<u>\$ 1,470</u>	<u>\$ 11,715</u>	<u>\$ -</u>	<u>\$ 36,151</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
Governmental activities:					
Capital Financing Agreements	\$ 33,897		\$ 10,931	\$ 22,966	\$ 11,637
Other Financing Agreements	23,430		11,715	11,715	11,715
Net Pension Liability	<u>3,307,064</u>	<u>-</u>	<u>632,186</u>	<u>2,674,878</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 3,364,391</u>	<u>\$ -</u>	<u>\$ 654,832</u>	<u>\$ 2,709,559</u>	<u>\$ 23,352</u>

For the governmental activities, the liabilities for capital financing agreements, other financing agreements, lease purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The School has obtained commercial insurance coverage to guard against these events to minimize the exposure to the School should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The School is a member of the New Jersey Schools Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the School and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The School is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by the various grantor agencies but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the School.

C. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, School, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

Tier	Definition
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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

Tier	Definition
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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2022.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2022 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 the Board was required to contribute for PERS and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>
2022	\$ 264,432	\$ 1,270,599
2021	221,848	907,600
2020	212,205	655,938

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2022, 2021 and 2020 the School contributed \$0, \$0 and \$1,977, respectively for PERS and the State contributed \$810, \$889 and \$971, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85).

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School \$239,570 during the fiscal year ended June 30, 2022 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the charter-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2020 through June 30, 2021. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the School reported in the statement of net position (accrual basis) a liability of \$2,674,878 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The School's proportionate share of the net pension liability was based on the ratio of the School's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2021. At June 30, 2021, the School's proportionate share was 0.02258 percent, which was an increase of 0.0023 percent from its proportionate share measured as of June 30, 2020 of 0.02028 percent.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2022, the School recognized in the charter-wide statement of activities (accrual basis) pension expense of \$1,595 for PERS. The pension contribution made by the School during the current 2021/2022 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 42,186	\$ 19,149
Changes of Assumptions	13,931	952,274
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		704,633
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>737,916</u>	<u>211,806</u>
Total	<u>\$ 794,033</u>	<u>\$ 1,887,862</u>

At June 30, 2022, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (289,248)
2024	(316,302)
2025	(327,764)
2026	(169,043)
2027	8,528
Thereafter	<u>-</u>
	<u>\$ (1,093,829)</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The School's 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 actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
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%

Mortality Rates

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 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.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the 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>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The discount rate used to measure the total pension liability for PERS 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 in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the School's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00, as well as what the School's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,642,641</u>	<u>\$ 2,674,878</u>	<u>\$ 1,853,594</u>

The sensitivity analysis was based on the proportionate share of the School's net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the School's net pension liability at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2020 through June 30, 2021. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2021, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the School is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the School. Accordingly, the School's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the School for TPAF. Therefore, in addition, the School does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2022, the School recognized in the charter-wide statement of activities (accrual basis) pension expense of \$346,604 for TPAF. This amount has been included in the charter-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2022 the State's proportionate share of the net pension liability attributable to the School is \$14,730,020. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the School adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the School was 0.03064 percent, which was an increase of 0.00126 percent from its proportionate share measured as of June 30, 2020 of 0.02938 percent.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF'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>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 in determining the total pension liability.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State’s proportionate share of the TPAF net pension liability attributable to the School calculated using the discount rate of 7.00%, as well as what the State’s proportionate share of the TPAF net pension liability attributable to the School that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 17,428,074</u>	<u>\$ 14,730,020</u>	<u>\$ 12,463,824</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the School as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the School at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school Schools.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local School employees, including those Board employees and retirees eligible for coverage.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plan is prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School for the fiscal years ended June 30, 2022, 2021 and 2020 were \$296,863, \$284,428 and \$243,341, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2020 through June 30, 2021. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the School is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the School. Accordingly, the School's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the School. Therefore, in addition, the School does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2022, the School recognized in the charter-wide statement of activities (accrual basis) OPEB expense of \$1,740,422. This amount has been included in the charter-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2022 the State’s proportionate share of the OPEB liability attributable to the School is \$13,189,131. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the School at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the School was .01945 percent, which was a decrease of .00187 percent from its proportionate share measured as of June 30, 2020 of .02132 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) 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 disables retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) 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 the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 Advantage trend 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%

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.

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the School for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2020 Measurement Date	\$ 14,456,016
Changes Recognized for the Fiscal Year:	
Service Cost	1,430,498
Interest on the Total OPEB Liability	342,140
Changes of Benefit Terms	(14,038)
Differences Between Expected and Actual Experience	(2,777,734)
Changes of Assumptions	13,012
Gross Benefit Payments	(269,510)
Contributions from the Member	8,747
Net Changes	<u>\$ (1,266,885)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 13,189,131</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% percent in 2020 to 2.16% percent in 2021.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the School at June 30, 2021.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the School calculated using the discount rate of 2.16%; as well as what the State's proportionate share of the OPEB liability attributable to the School that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>15,798,508</u>	\$ <u>13,189,131</u>	\$ <u>11,134,403</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the School calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>10,676,644</u>	\$ <u>13,189,131</u>	\$ <u>16,563,215</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the School at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the School at June 30, 2021 were not provided by the pension system.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School has been awarded up to \$5,526,821 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, or if there will be any impact on the assessed values of property within the School or deferral of tax payments to municipalities. The School cannot predict costs associated with this or any other potential infectious disease outbreak including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. To date the School has not been materially and adversely affected financially due to the virus.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Levy - Charter School Aid - Local Share	\$ 1,451,314	-	\$ 1,451,314	\$ 1,451,314	
Interest		\$ 1,800	1,800	1,891	\$ 91
Miscellaneous	74,280	219,583	293,863	264,309	(29,554)
Total Local Sources	1,525,594	221,383	1,746,977	1,717,514	(29,463)
State Sources					
Equalization Aid	8,404,450	(283,429)	8,121,021	8,121,021	-
Adjustment Aid		33,426	33,426	33,426	-
Special Education Categorical Aid	263,025	(18,817)	244,208	244,208	-
Security Aid	331,521	(20,286)	311,235	305,573	5,662
On-behalf TPAF Pension - Normal Contribution (Non-Budgeted)				1,252,922	1,252,922
On-behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)				17,677	17,677
On-behalf TPAF - Post Retirement Medical Contributions (Non-Budgeted)				296,863	296,863
On-behalf TPAF- Long-Term Disability Insurance (Non-Budgeted)				810	810
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	239,570	239,570
Total State Sources	8,998,996	(289,106)	8,709,890	10,512,070	1,802,180
Total Revenues	10,524,590	(67,723)	10,456,867	12,229,584	1,772,717
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	171,690	(9,126)	162,564	162,564	-
Grades 1-5 - Salaries of Teachers	1,671,560	(162,962)	1,508,598	1,508,551	47
Grades 6-8 Salaries of Teachers	987,400	48,315	1,035,715	1,035,492	223
Regular Programs - Home Instruction					
Purchased Professional - Educational Services	24,350	(13,200)	11,150	2,450	8,700
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	365,383	(111,888)	253,495	251,835	1,660
Purchased Technical Services	241,555	(75,501)	166,054	161,559	4,495
General Supplies	142,895	306,695	449,590	415,248	34,342
Textbooks	151,500	(14,900)	136,600	135,313	1,287
Total Regular Programs - Instruction	3,756,333	(32,567)	3,723,766	3,673,012	50,754
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	13,784	(3,284)	10,500	9,474	1,026
Total Resource Room/Resource Center	13,784	(3,284)	10,500	9,474	1,026
Total Special Education - Instruction	13,784	(3,284)	10,500	9,474	1,026
Bilingual Education					
Salaries of Teachers	-	11,100	11,100	9,850	1,250
Total Bilingual Education	-	11,100	11,100	9,850	1,250

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Before and After School Programs					
Salaries of Teachers	\$ 205,000	\$ (198,737)	\$ 6,263	\$ 6,263	-
Other Objects	-	3,073	3,073	-	\$ 3,073
Total Before and After School Programs	205,000	(195,664)	9,336	6,263	3,073
School-Spon. Cocurricular/Extracurricular Activities					
Purchased Services	18,000	(3,500)	14,500	10,866	3,634
Other Objects	2,751	23,850	26,601	26,447	154
Total School-Spon. Cocurricular/Extracurricular Activities	20,751	20,350	41,101	37,313	3,788
School-Spon. Athletics					
Salaries		12,800	12,800	12,800	-
Supplies and Materials	15,000	(3,000)	12,000	7,561	4,439
Other Objects	2,751	3,000	5,751	4,136	1,615
Total School-Spon. Athletics	17,751	12,800	30,551	24,497	6,054
Total Instruction	4,013,619	(187,265)	3,826,354	3,760,409	65,945
Undist. Expend. - Health Services					
Salaries	156,034	(1,521)	154,513	154,512	1
Purchased Professional and Technical Services	9,260	5,359	14,619	6,000	8,619
Supplies and Materials	4,000.00	10,500	14,500	10,632	3,868
Total Undist. Expend. - Health Services	169,294	14,338	183,632	171,144	12,488
Undist. Expend. - Speech, OT, PT & Related Svcs					
Salaries	96,600	(25,600)	71,000	70,635	365
Purchased Professional - Educational Services	11,000	(7,800)	3,200		3,200
Supplies and Materials	-	-	-	-	-
Total Undist. Expend. - Speech, OT, PT & Related Svcs	107,600	(33,400)	74,200	70,635	3,565
Other Support Svc - Extraordinary Svcs.					
Salaries - Other Professional Staff	94,500	(94,500)			-
Purchased Professional - Educational Services	-	39,000	39,000	38,544	456
Total Other Support Svc - Extraordinary Svcs.	94,500	(55,500)	39,000	38,544	456
Child Study Team					
Salaries - Other Professional Staff	243,475	(27,146)	216,329	216,233	96
Other Purchased Services	12,700	26,200	38,900	38,833	67
Supplies and Materials	3,000	(375)	2,625	2,600	25
Total Child Study Team	259,175	(1,321)	257,854	257,666	188
Undist. Expend. - Improvement of Inst. Serv.					
Other Salaries	50,792	47,848	98,640	97,454	1,186
Purchased Professional - Educational Services	-	75	75	75	-
Total Undist. Expend. - Improvement of Inst. Serv	50,792	47,923	98,715	97,529	1,186
Undist. Expend. - Instructional Staff Training Serv					
Other Purchased Professional and Technical Services	42,400	(22,100)	20,300	5,010	15,290
Other Purchased Services	10,000	-	10,000	115	9,885
Total Undist. Expend. - Instructional Staff Training	52,400	(22,100)	30,300	5,125	25,175

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undist. Expend. - Supp Serv. General Admin.					
Legal Services	\$ 59,845	-	\$ 59,845	\$ 53,317	\$ 6,528
Audit Fees	42,700	-	42,700	41,362	1,338
Other Purchased Professional Services	47,650	\$ 13,000	60,650	50,382	10,268
Purchased Technical Services	24,500	2,000	26,500	22,609	3,891
Communications/Telephone	99,012	15,200	114,212	114,078	134
General Supplies	30,950	(14,100)	16,850	13,533	3,317
BOE Membership Dues and Fees	12,050	10,000	22,050	20,915	1,135
Total Undist. Expend. - Supp Serv. General Admin	316,707	26,100	342,807	316,196	26,611
Undist. Expend. - School Admin					
Salaries of Principals/Assistant Principals	496,419	(149,219)	347,200	327,200	20,000
Salaries of Secretarial and Clerical Assistants	360,294	65,517	425,811	410,192	15,619
Total Undist. Expend. - School Admin	856,713	(83,702)	773,011	737,392	35,619
Undist. Expend. - Central Services					
Salaries	176,607	(15,903)	160,704	160,700	4
Purchased Technical Services	21,000	500	21,500	21,454	46
Interest on Current Loans	-	-	-	-	-
Total Undist. Expend. - Central Services	197,607	(15,403)	182,204	182,154	50
Undist. Expend. - Admin Info. Technology					
Salaries	180,943	31,812	212,755	197,324	15,431
Purchased Technical Services	-	11,689	11,689	11,689	-
Supplies and Materials	7,000	18,637	25,637	-	25,637
Total Undist. Expend. - Admin Info. Technology	187,943	62,138	250,081	209,013	41,068
Undist. Expend. - Custodial Services					
Salaries	282,469	89,082	371,551	370,111	1,440
Cleaning Repair and Maintenance Services	125,000	60,319	185,319	153,118	32,201
Rental of Land, Building & Other than Lease Purchases	1,263,000	-	1,263,000	1,263,000	-
Insurance	53,178	2,383	55,561	54,149	1,412
General Supplies	35,000	30,500	65,500	57,042	8,458
Energy (Electricity)	210,000	-	210,000	207,761	2,239
Other Objects	23,000	-	23,000	22,296	704
Total Undist. Expend. - Custodial Services	1,991,647	182,284	2,173,931	2,127,477	46,454
Undist. Expend. - Security					
Salaries	131,455	14,200	145,655	145,600	55
Purchased Professional and Technical Services	2,000	-	2,000	-	2,000
Total Undist. Expend. - Security	133,455	14,200	147,655	145,600	2,055

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undist. Expend. - Student Transportation Services					
Contract Services (Other than Between Home & School) -Vendors	\$ 43,550	\$ (15,900)	\$ 27,650	\$ 27,207	\$ 443
Other Objects	1,000	-	1,000	-	1,000
Total Undist. Expend. - Student Transportation Services	44,550	(15,900)	28,650	27,207	1,443
Unallocated Benefits					
Social Security Contributions	251,604	(20,600)	231,004	185,907	45,097
Other Retirement Contributions - TPAF	1,000	-	1,000	-	1,000
Other Retirement Contributions - PERS	264,754	-	264,754	264,432	322
Unemployment Compensation	48,000	(10,900)	37,100	36,955	145
Workmen's Compensation	52,300	(1,100)	51,200	49,656	1,544
Health Benefits	1,422,430	(87,355)	1,335,075	1,122,670	212,405
Other Employee Benefits	-	50,000	50,000	31,667	18,333
Total Unallocated Benefits	2,040,088	(69,955)	1,970,133	1,691,287	278,846
On-behalf TPAF Pension - Normal Contribution (Non-Budgeted)				1,252,922	(1,252,922)
On-behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)				17,677	(17,677)
On-behalf TPAF - Post Retirement Medical Contributions (Non-Budgeted)				296,863	(296,863)
On-behalf TPAF- Long-Term Disability Insurance (Non-Budgeted)				810	(810)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	239,570	(239,570)
Total On Behalf Contributions	-	-	-	1,807,842	(1,807,842)
Total Undistributed Expenditures	6,502,471	49,702	6,552,173	7,884,811	(1,332,638)
Total Expenditures - Current Expenditures	10,516,090	(137,563)	10,378,527	11,645,220	(1,266,693)
CAPITAL OUTLAY					
Instructional Equipment	8,500	(8,500)			-
Non-Instructional Equipment		38,465	38,465	37,470	995
Facilities Acquisition and Construction Services Construction Services	-	67,281	67,281	57,423	9,858
Total Equipment and Construction Services	8,500	97,246	105,746	94,893	10,853
Total Capital Outlay	8,500	97,246	105,746	94,893	10,853
Total Expenditures	10,524,590	(40,317)	10,484,273	11,740,113	(1,255,840)
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	(27,406)	(27,406)	489,471	516,877
Other Financing Sources/(Uses) Transfer Out - Enterprise Funds	-	(13,870)	(13,870)	(13,870)	-
Total Other Financing Sources/(Uses)	-	(13,870)	(13,870)	(13,870)	-

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	-	\$ (41,276)	\$ (41,276)	\$ 475,601	\$ 516,877
Fund Balance, Beginning of Year	\$ 1,596,256	-	1,596,256	1,596,256	-
Fund Balance, End of Year	\$ 1,596,256	\$ (41,276)	\$ 1,554,980	\$ 2,071,857	\$ 516,877
Restricted Fund Balance					
Charter School Reserve				\$ 75,000	
Assigned Fund Balance					
Reserve for Encumbrances				24,838	
Unassigned Fund Balance				1,972,019	
Fund Balance Per Governmental Funds (Budgetary)				\$ 2,071,857	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,071,857	

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Federal Sources	\$ 2,309,824	\$ 3,702,601	\$ 6,012,425	\$ 1,902,343	\$ (4,110,082)
State Sources	-	56,769	56,769	56,769	-
Miscellaneous	-	13,066	13,066	26,318	13,252
Total Revenues	<u>2,309,824</u>	<u>3,772,436</u>	<u>6,082,260</u>	<u>1,985,430</u>	<u>(4,096,830)</u>
EXPENDITURES					
Instruction					
Salaries for Instruction	2,307,136	(43,152)	2,263,984	1,399,724	864,260
Purchased Professional/Educational Services		38,000	38,000	13,216	24,784
General Supplies		376,554	376,554	103,249	273,305
Co-Curricular Activities	-	-	-	25,184	(25,184)
Total Instruction	<u>2,307,136</u>	<u>371,402</u>	<u>2,678,538</u>	<u>1,541,373</u>	<u>1,137,165</u>
Support Services					
Salaries	2,688	21,095	23,783	23,783	-
Purchased Professional/Educational Services		208,721	208,721	52,335	156,386
Employee Benefits	-	169,307	169,307	111,764	57,543
Purchased Property Services	-	187,311	187,311	128,311	59,000
General Supplies	-	30,042	30,042	23,310	6,732
Total Support Services	<u>2,688</u>	<u>616,476</u>	<u>619,164</u>	<u>339,503</u>	<u>279,661</u>
Facilities Acquisition and Construction Services					
Construction Services	-	40,602	40,602	40,602	-
Buildings	-	2,458,892	2,458,892	-	2,458,892
Equipment	-	15,750	15,750	15,750	-
Instructional Equipment	-	269,314	269,314	52,006	217,308
Total Facilities Acquisition and Const. Services	<u>-</u>	<u>2,784,558</u>	<u>2,784,558</u>	<u>108,358</u>	<u>2,676,200</u>
Total Expenditures/Outflows	<u>2,309,824</u>	<u>3,772,436</u>	<u>6,082,260</u>	<u>1,989,234</u>	<u>4,093,026</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(3,804)	(3,804)
Fund Balances, Beginning of Year	<u>5,129</u>	<u>-</u>	<u>5,129</u>	<u>5,129</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,129</u>	<u>\$ -</u>	<u>\$ 5,129</u>	<u>\$ 1,325</u>	<u>\$ (3,804)</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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.

The following presents a reconciliation of the General and Special Revenue Funds 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 the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 12,229,584	(C-2)	\$ 1,985,430
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2021				304,198
Encumbrances, June 30, 2022		-		(261,590)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 12,229,584</u>	(B-2)	<u>\$ 2,028,038</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 11,740,113	(C-2)	\$ 1,989,234
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.				
Encumbrances, June 30, 2021				304,198
Encumbrances, June 30, 2022		-		(261,590)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 11,740,113</u>	(B-2)	<u>\$ 2,031,842</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**PENSION INFORMATION
AND
POST-EMPLOYMENT BENEFITS INFORMATION**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Nine Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Position Liability (Asset)	0.02258 %	0.02028 %	0.02182 %	0.01992 %	0.00892 %	0.00743 %	0.00601 %	0.00575 %	0.00600 %
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,674,878	\$ 3,307,064	\$ 3,930,867	\$ 3,921,661	\$ 4,365,134	\$ 4,381,566	\$ 2,775,000	\$ 2,233,868	\$ 2,303,926
School's Covered Payroll	1,521,250	1,498,787	1,054,060	1,368,032	1,369,354	1,100,895	925,548	849,075	803,082
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	176%	221%	373%	287%	319%	398%	300%	263%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the School will only present information for those years for which information is available.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 264,432	\$ 221,848	\$ 212,205	\$ 198,115	\$ 173,716	\$ 131,428	\$ 106,280	\$ 98,360	\$ 101,142
Contributions in Relation to the Contractually Required Contributions	<u>264,432</u>	<u>221,848</u>	<u>212,205</u>	<u>198,115</u>	<u>173,716</u>	<u>131,428</u>	<u>106,280</u>	<u>98,360</u>	<u>101,142</u>
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
School's Covered Payroll	1,645,965	1,521,250	1,498,787	1,054,060	1,368,032	1,369,354	1,100,895	925,548	849,075
Contributions as a Percentage of Covered Payroll	16.07%	14.58%	14.16%	18.80%	12.70%	9.60%	9.65%	10.63%	11.91%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the School will only present information for those years for which information is available.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

TEACHERS PENSION AND ANNUITY FUND
Last Nine Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Position Liability (Asset)	%	%	%	%	%	%	%	%	%
School's Proportionate Share of the Net Pension Liability (Asset)									
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the School	\$ 14,730,020	\$ 19,345,542	\$ 18,600,445	\$ 18,604,640	\$ 21,295,969	\$ 24,195,725	\$ 17,236,202	\$ 14,274,990	\$ 11,811,232
Total	\$ 14,730,020	\$ 19,345,542	\$ 18,600,445	\$ 18,604,640	\$ 21,295,969	\$ 24,195,725	\$ 17,236,202	\$ 14,274,990	\$ 11,811,232
School's Covered Payroll	3,344,452	3,262,935	3,304,780	3,106,941	3,103,502	2,901,438	3,128,921	3,079,579	2,493,375
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.53%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the School will only present information for those years for which information is available.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF SCHOOL CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SCHOOL'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY

Postemployment Health Benefit Plan

Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 1,430,498	\$ 796,269	\$ 789,381	\$ 829,861	\$ 1,012,437
Interest on Total OPEB Liability	342,140	314,396	348,927	368,139	311,850
Changes of Benefit Terms	(14,038)				
Differences Between Expected and Actual Experiences	(2,777,734)	2,641,318	(1,056,644)	(1,235,111)	
Changes of Assumptions	13,012	2,640,617	123,865	(958,133)	(1,586,381)
Gross Benefit Payments	(269,510)	(251,667)	(255,014)	(223,259)	(221,434)
Contribution from the Member	8,747	7,628	7,559	7,716	8,154
Net Change in Total OPEB Liability	(1,266,885)	6,148,561	(41,926)	(1,210,787)	(475,374)
Total OPEB Liability - Beginning	14,456,016	8,307,455	8,349,381	9,560,168	10,035,542
Total OPEB Liability - Ending	\$ 13,189,131	\$ 14,456,016	\$ 8,307,455	\$ 8,349,381	\$ 9,560,168
School's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	13,189,131	14,456,016	8,307,455	8,349,381	9,560,168
Total OPEB Liability - Ending	\$ 13,189,131	\$ 14,456,016	\$ 8,307,455	\$ 8,349,381	\$ 9,560,168
School's Covered Payroll	\$ 4,865,702	\$ 4,761,722	\$ 4,358,840	\$ 4,474,973	\$ 4,472,856
School's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll		0%	0%	0%	0%

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

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the School will only present information for those years for which information is available.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SCHOOL'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF SCHOOL PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA	IDEA	NCLB	NCLB	CARES	CRRSA			Total	Total
	Part B Basic	Part B Preschool	Title I	Title II-A	Act ESSER I	ESSER II	Learning Accel.	Mental Health	Page - 2	2022
REVENUES										
Intergovernmental										
Federal	\$ 146,356	\$ 2,871	\$ 526,048	\$ 43,618	\$ 142,073	\$ 811,604	\$ 15,855	\$ 13,216	\$ 200,702	\$ 1,902,343
State									56,769	56,769
Local	-	-	-	-	-	-	-	-	26,318	26,318
Total Revenues	\$ 146,356	\$ 2,871	\$ 526,048	\$ 43,618	\$ 142,073	\$ 811,604	\$ 15,855	\$ 13,216	\$ 283,789	\$ 1,985,430
EXPENDITURES										
Instruction										
Salaries for Instruction	\$ 95,583		\$ 526,048	\$ 43,618	\$ 142,073	\$ 586,216			\$ 6,186	\$ 1,399,724
Purchased Professional/Educational Services								\$ 13,216	-	13,216
General Supplies									103,249	103,249
Co-Curricular Activities	-	-	-	-	-	-	-	-	25,184	25,184
Total Instruction	95,583	-	526,048	43,618	142,073	586,216	-	13,216	134,619	1,541,373
Support Services										
Salaries		\$ 1,875							21,908	23,783
Employee Benefits	50,773	996				45,071			14,924	111,764
Other Purchased Services							\$ 15,855		36,480	52,335
Purchased Property Services						128,311			-	128,311
General Supplies	-	-	-	-	-	-	-	-	23,310	23,310
Total Support Services	50,773	2,871	-	-	-	173,382	15,855	-	96,622	339,503
Facilities acquisition and construction services:										
Construction services									40,602	40,602
Building									-	-
Non-Instructional Equipment									15,750	15,750
Instructional Equipment	-	-	-	-	-	52,006	-	-	-	52,006
Total Facilities Acquisition and Construction Services	-	-	-	-	-	52,006	-	-	56,352	108,358
Total Expenditures	146,356	2,871	526,048	43,618	142,073	811,604	15,855	13,216	287,593	1,989,234
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	-	-	-	(3,804)	(3,804)
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	5,129	5,129
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,325	\$ 1,325

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP IDEA Part B		ARP		Charter School Emergent and Capital Needs	Local Grants	Student Activities	Total Page 2 2022
	Basic	Preschool	ESSER III	After School				
REVENUES								
Intergovernmental								
Federal	\$ 39,658	\$ 3,360	\$ 133,134	\$ 24,550				\$ 200,702
State					\$ 56,769			56,769
Local	-	-	-	-	-	\$ 4,938	\$ 21,380	26,318
Total Revenues	<u>\$ 39,658</u>	<u>\$ 3,360</u>	<u>\$ 133,134</u>	<u>\$ 24,550</u>	<u>\$ 56,769</u>	<u>\$ 4,938</u>	<u>\$ 21,380</u>	<u>\$ 283,789</u>
EXPENDITURES								
Instruction								
Salaries for Instruction	\$ 6,186							\$ 6,186
Purchased Professional/Educational Services						\$ 1,000		-
General Supplies			\$ 77,699	\$ 24,550				103,249
Co-Curricular Activities	-	-	-	-	-	-	\$ 25,184	25,184
Total Instruction	<u>6,186</u>	<u>-</u>	<u>77,699</u>	<u>24,550</u>	<u>-</u>	<u>1,000</u>	<u>25,184</u>	<u>134,619</u>
Support Services								
Salaries	19,714	\$ 2,194						21,908
Employee Benefits	13,758	1,166						14,924
Other Purchased Services			36,480					36,480
Purchased Property Services								-
General Supplies	-	-	18,955	-	\$ 4,355	-	-	23,310
Total Support Services	<u>33,472</u>	<u>3,360</u>	<u>55,435</u>	<u>-</u>	<u>4,355</u>	<u>-</u>	<u>-</u>	<u>96,622</u>
Facilities acquisition and construction services:								
Construction Services					36,664	3,938		40,602
Building								-
Non-Instructional Equipment					15,750			15,750
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,414</u>	<u>3,938</u>	<u>-</u>	<u>56,352</u>
Total Expenditures	<u>39,658</u>	<u>3,360</u>	<u>133,134</u>	<u>24,550</u>	<u>56,769</u>	<u>4,938</u>	<u>25,184</u>	<u>287,593</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	-	(3,804)	(3,804)
Fund Balance, Beginning of Year	-	-	-	-	-	-	5,129	5,129
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,325</u>	<u>\$ 1,325</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL ALL PROGRAMS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF SERIAL BONDS**

THIS SCHEDULE IS NOT APPLICABLE

**SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
<u>Capital Financing Agreements</u>						
Copier Lease (2) - 2020/2021	\$ 34,960	6.290%	\$ 33,897	\$ -	\$ 10,931	\$ 22,966
Total Capital Financing Agreements			\$ 33,897	\$ -	\$ 10,931	\$ 22,966
<u>Other Financing Agreements</u>						
Chromebooks(110) - 2019/2020	46,860	0.00%	23,430	-	11,715	11,715
Total Other Financing Agreements			\$ 23,430	\$ -	\$ 11,715	\$ 11,715
Total			\$ 57,327	\$ -	\$ 22,646	\$ 34,681

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

THIS SCHEDULE IS NOT APPLICABLE

STATISTICAL SECTION

This part of the Robert Treat Academy Charter School, Inc.'s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity - Not Applicable

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

J-6 to J-9

Debt Capacity - Not Applicable

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

J-10 to J-13

Demographic and Economic Information - Not Applicable

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-21

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets	\$ 564,771	\$ 600,515	\$ 458,226	\$ 336,608	\$ 222,412	\$ 454,092	\$ 383,648	\$ 304,522	\$ 354,667	\$ 607,740
Restricted		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Unrestricted (Deficit)	514,178	424,068	(1,589,064)	(1,639,838)	(1,920,095)	(2,647,913)	(3,268,099)	(3,271,956)	(2,562,486)	(1,805,206)
Total governmental activities net position	<u>\$ 1,078,949</u>	<u>\$ 1,099,583</u>	<u>\$ (1,055,838)</u>	<u>\$ (1,228,230)</u>	<u>\$ (1,622,683)</u>	<u>\$ (2,118,821)</u>	<u>\$ (2,809,451)</u>	<u>\$ (2,892,434)</u>	<u>\$ (2,132,819)</u>	<u>\$ (1,122,466)</u>
Business-type activities										
Invested in capital assets	\$ 4,315	\$ 3,082	\$ 2,201	\$ 1,320	\$ 117,789	\$ 111,970	\$ 110,736	\$ 90,156	\$ 86,620	\$ 79,592
Unrestricted				87,843	46,052	114,682	183,565	141,363	176,882	544,526
Total business-type activities net position	<u>\$ 4,315</u>	<u>\$ 3,082</u>	<u>\$ 2,201</u>	<u>\$ 89,163</u>	<u>\$ 163,841</u>	<u>\$ 226,652</u>	<u>\$ 294,301</u>	<u>\$ 231,519</u>	<u>\$ 263,502</u>	<u>\$ 624,118</u>
School-wide										
Invested in capital assets	\$ 569,086	\$ 603,597	\$ 460,427	\$ 337,928	\$ 340,201	\$ 566,062	\$ 494,384	\$ 394,678	\$ 441,287	\$ 687,332
Restricted	-	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Unrestricted (Deficit)	514,178	424,068	(1,589,064)	(1,551,995)	(1,874,043)	(2,533,231)	(3,084,534)	(3,130,593)	(2,385,604)	(1,260,680)
Total school net position	<u>\$ 1,083,264</u>	<u>\$ 1,102,665</u>	<u>\$ (1,053,637)</u>	<u>\$ (1,139,067)</u>	<u>\$ (1,458,842)</u>	<u>\$ (1,892,169)</u>	<u>\$ (2,515,150)</u>	<u>\$ (2,660,915)</u>	<u>\$ (1,869,317)</u>	<u>\$ (498,348)</u>

Note 1 - Net Position at June 30, 2015 reflects the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Note 2 - Net Position at June 30, 2020 was restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities" and a correction of an error for compensated absences liability.

Source: School financial statements

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction	\$ 4,922,483	\$ 5,315,182	\$ 6,028,461	\$ 6,272,638	\$ 7,199,835	\$ 7,863,199				
Regular Instruction							\$ 7,002,111	\$ 6,141,448	\$ 6,175,646	\$ 6,701,671
Special Education							170,645	178,112	190,190	278,063
Other Instruction							750,760	344,359	784,491	825,983
School Sponsored Activities									35,099	89,975
Administrative	964,745	991,462	1,593,117	1,875,598	2,033,720	2,087,608	1,915,802	2,060,038	2,101,607	2,130,295
Support Services	3,045,008	3,490,033	2,927,008	3,168,237	3,536,994	3,963,836	2,226,095	1,699,791	1,465,902	1,146,950
Plant Operation and Maintenance							1,358,568	2,139,971	2,418,637	2,550,999
Pupil Transportation							2,975	94,506		27,207
Interest on Debt										1,820
Unallocated Depreciation	123,372	160,619	149,989	152,017	143,618	102,114				
Total governmental activities expenses	9,055,608	9,957,296	10,698,575	11,468,490	12,914,167	14,016,757	13,426,956	12,658,225	13,171,572	13,752,963
Business-type activities:										
Food Service	266,350	238,504	249,005	383,723	446,254	445,070	449,865	457,010	206,613	600,160
Before and After Care	157,277	202,143	218,557	213,170	218,576	293,523	332,226	282,132	7,184	13,870
Total business-type activities expense	423,627	440,647	467,562	596,893	664,830	738,593	782,091	739,142	213,797	614,030
Total school expenses	\$ 9,479,235	\$ 10,397,943	\$ 11,166,137	\$ 12,065,383	\$ 13,578,997	\$ 14,755,350	\$ 14,209,047	\$ 13,397,367	\$ 13,385,369	\$ 14,366,993
Program Revenues										
Governmental activities:										
Charges for Services:										
Operating grants and contributions	\$ 929,396	\$ 980,304	\$ 1,559,587	\$ 1,898,605	\$ 2,620,762	\$ 3,823,982	\$ 3,384,347	\$ 3,309,301	\$ 4,474,206	\$ 4,905,225
Total governmental activities program revenues	929,396	980,304	1,559,587	1,898,605	2,620,762	3,823,982	3,384,347	3,309,301	4,474,206	4,905,225
Business-type activities:										
Charges for services										
Food service	25,795	21,808	25,070	85,999	103,073	94,991	114,736	81,958	1,687	773
Operating grants and contributions	207,934	209,392	218,750	384,686	417,859	412,890	548,996	332,270	236,909	960,003
Before and After Care	157,277	202,143	218,557	213,170	218,576	293,523	186,008	167,136	99	-
Total business type activities program revenues	391,006	433,343	462,377	683,855	739,508	801,404	849,740	581,364	238,695	960,776
Total school program revenues	\$ 1,320,402	\$ 1,413,647	\$ 2,021,964	\$ 2,582,460	\$ 3,360,270	\$ 4,625,386	\$ 4,234,087	\$ 3,890,665	\$ 4,712,901	\$ 5,866,001
Net (Expense)/Revenue										
Governmental activities	\$ (8,126,212)	\$ (8,976,992)	\$ (9,138,988)	\$ (9,569,885)	\$ (10,293,405)	\$ (10,192,775)	\$ (10,042,609)	\$ (9,348,924)	\$ (8,697,366)	\$ (8,847,738)
Business-type activities	(32,621)	(7,304)	(5,185)	86,962	74,678	62,811	67,649	(157,778)	24,898	346,746
Total school-wide net expense	\$ (8,158,833)	\$ (8,984,296)	\$ (9,144,173)	\$ (9,482,923)	\$ (10,218,727)	\$ (10,129,964)	\$ (9,974,960)	\$ (9,506,702)	\$ (8,672,468)	\$ (8,500,992)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local tax levy aid for general purposes	\$ 1,062,179	\$ 1,185,138	\$ 1,241,491	\$ 1,273,255	\$ 1,323,693	\$ 1,404,955	\$ 1,358,342	\$ 1,401,314	\$ 1,388,335	\$ 1,451,314
Unrestricted grants and contributions	7,108,175	7,716,559	8,016,584	8,113,292	8,572,049	8,286,189	7,988,329	7,960,854	7,971,143	8,154,447
Investment earnings										
Miscellaneous income	167,412	102,000	33,722	10,946	3,210	5,493	5,308	51,899	104,588	266,200
Transfers	(70,000)	(6,071)	(4,304)					(114,996)	(7,085)	(13,870)
Total governmental activities	8,267,766	8,997,626	9,287,493	9,397,493	9,898,952	9,696,637	9,351,979	9,299,071	9,456,981	9,858,091
Business-type activities:										
Transfers	70,000	6,071	4,304					114,996	7,085	13,870
Total business-type activities	70,000	6,071	4,304	-	-	-	-	114,996	7,085	13,870
Total school-wide	\$ 8,337,766	\$ 9,003,697	\$ 9,291,797	\$ 9,397,493	\$ 9,898,952	\$ 9,696,637	\$ 9,351,979	\$ 9,414,067	\$ 9,464,066	\$ 9,871,961
Change in Net Position										
Governmental activities	\$ 141,554	\$ 20,634	\$ 148,505	\$ (172,392)	\$ (394,453)	\$ (496,138)	\$ (690,630)	\$ (49,853)	\$ 759,615	\$ 1,010,353
Business-type activities	37,379	(1,233)	(881)	86,962	74,678	62,811	67,649	(42,782)	31,983	360,616
Total school	\$ 178,933	\$ 19,401	\$ 147,624	\$ (85,430)	\$ (319,775)	\$ (433,327)	\$ (622,981)	\$ (92,635)	\$ 791,598	\$ 1,370,969

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund											
Restricted											
Charter School Reserve			\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Committed	\$ 33,500	\$ 33,500	33,500	41,900	30,380	33,740	36,900				
Assigned				57,502	66,481	90,684			74,904	41,276	24,838
Unassigned	438,026	480,678	390,568	628,231	666,589	743,219	499,074	236,782	530,785	1,479,980	1,972,019
Total General fund	<u>\$ 471,526</u>	<u>\$ 514,178</u>	<u>\$ 499,068</u>	<u>\$ 802,633</u>	<u>\$ 838,450</u>	<u>\$ 942,643</u>	<u>\$ 610,974</u>	<u>\$ 311,782</u>	<u>\$ 680,689</u>	<u>\$ 1,596,256</u>	<u>\$ 2,071,857</u>
All Other Governmental Funds											
Restricted									\$ 16,661	\$ 5,129	\$ 1,325
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,661</u>	<u>\$ 5,129</u>	<u>\$ 1,325</u>

Note 1 - Fund Balances as of June 30, 2020 have been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 1,062,179	\$ 1,185,138	\$ 1,241,491	\$ 1,273,255	\$ 1,323,693	\$ 1,404,955	\$ 1,358,342	\$ 1,401,314	\$ 1,388,335	\$ 1,451,314
Miscellaneous	167,412	102,000	33,722	10,946	3,210	5,493	5,308	51,899	135,880	292,518
State sources	7,646,726	8,254,515	8,630,315	8,947,427	9,467,361	9,479,881	9,609,507	9,637,828	9,951,718	10,523,925
Federal sources	390,845	442,348	559,215	551,523	560,841	672,962	664,001	627,031	1,072,040	1,989,865
Total revenue	<u>9,267,162</u>	<u>9,984,001</u>	<u>10,464,743</u>	<u>10,783,151</u>	<u>11,355,105</u>	<u>11,563,291</u>	<u>11,637,158</u>	<u>11,718,072</u>	<u>12,547,973</u>	<u>14,257,622</u>
Expenditures										
Instruction	3,928,425	4,264,031	4,545,985	4,415,022	4,545,022	4,543,497				
Regular Instruction							6,120,034	5,434,513	5,377,466	6,505,415
Special Education Instruction							146,501	155,720	160,274	278,024
Other Instruction							644,539	241,159	660,301	808,161
School Sponsored Activities								34,172	35,099	87,163
Administrative	2,166,669	2,267,831	2,977,387	3,518,881	3,756,892	3,866,383	1,704,023	2,008,469	2,125,455	2,116,602
Support Services	2,837,142	3,264,815	2,625,802	2,783,032	2,919,576	3,151,286	2,018,200	1,303,095	885,885	1,124,402
Plant Operation and Maintenance							1,298,000	2,071,656	2,358,756	2,472,519
Student Transportation							2,975	20,530		27,207
Capital Outlay	222,274	196,363	7,700	30,399	29,422	333,794	2,078		55,799	327,996
Debt Service										
Principal								11,715	12,778	22,646
Interest									-	1,820
Total expenditures	<u>9,154,510</u>	<u>9,993,040</u>	<u>10,156,874</u>	<u>10,747,334</u>	<u>11,250,912</u>	<u>11,894,960</u>	<u>11,936,350</u>	<u>11,281,029</u>	<u>11,671,813</u>	<u>13,771,955</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>112,652</u>	<u>(9,039)</u>	<u>307,869</u>	<u>35,817</u>	<u>104,193</u>	<u>(331,669)</u>	<u>(299,192)</u>	<u>437,043</u>	<u>876,160</u>	<u>485,667</u>
Other Financing sources (uses)										
Lease Proceeds								46,860	34,960	-
Transfers out	(70,000)	(6,071)	(4,304)					(114,996)	(7,085)	(13,870)
Total other financing sources (uses)	<u>(70,000)</u>	<u>(6,071)</u>	<u>(4,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,136)</u>	<u>27,875</u>	<u>(13,870)</u>
Net change in fund balances	<u>\$ 42,652</u>	<u>\$ (15,110)</u>	<u>\$ 303,565</u>	<u>\$ 35,817</u>	<u>\$ 104,193</u>	<u>\$ (331,669)</u>	<u>\$ (299,192)</u>	<u>\$ 368,907</u>	<u>\$ 904,035</u>	<u>\$ 471,797</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Contributions</u>	<u>Rentals</u>	<u>Prior Year's Refunds</u>	<u>Insurance Recovery</u>	<u>Parent Fees</u>	<u>Miscellaneous</u>	<u>E Rate</u>	<u>Total</u>
2022			\$ 150,213			\$ 2,138	\$ 111,958	\$ 264,309
2021	\$ 49,633		6,287			1,543	46,375	103,838
2020			7,653			5,852	35,305	48,810
2019	3,201	\$ 620	1,110			377		5,308
2018	2,000	1,400	2,093					5,493
2017	2,510	710						3,220
2016	9,896	1,050						10,946
2015	33,372	350						33,722
2014	100,250	1,750						102,000
2013	166,362	1,050						167,412

* Source: School's Financial Statements

EXHIBITS J-6 THROUGH J-15

NOT APPLICABLE

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 FULL-TIME EQUIVALENT SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Employees:										
Certified	55.0	57.0	57.0	57.0	55.0	64.0	61.0	65.0	63.0	60.0
Other	47.0	44.0	47.0	48.0	47.0	45.0	45.0	36.0	36.0	37.0
Total	<u>102.0</u>	<u>101.0</u>	<u>104.0</u>	<u>105.0</u>	<u>102.0</u>	<u>109.0</u>	<u>106.0</u>	<u>101.0</u>	<u>99.0</u>	<u>97.0</u>

Source: School Personnel Records

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	\$ 8,932,236	\$ 15,594	1.63%	572.8	549.0	4.07%	95.84%
2014	8,796,677	16,344	4.81%	599.4	573.0	4.64%	95.60%
2015	10,149,174	16,236	-0.66%	625.1	600.0	4.29%	95.98%
2016	10,716,935	16,485	1.53%	650.1	626.0	4.00%	96.29%
2017	11,221,490	16,466	-0.12%	681.5	653.0	4.83%	95.82%
2018	11,561,166	17,050	3.55%	678.1	652.0	-0.50%	96.15%
2019	11,934,272	17,453	2.36%	683.8	656.8	0.84%	96.05%
2020	11,269,314	16,480	-5.57%	683.8	656.8	0.00%	96.05%
2021	11,571,605	16,935	2.76%	683.3	665.1	-0.07%	97.34%
2022	13,419,493	19,426	14.71%	690.8	647.7	1.10%	93.76%

Sources: School records

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 OPERATING STATISTICS (Continued)
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year</u>	<u>Kindergarten</u>	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 3</u>	<u>Grade 4</u>	<u>Grade 5</u>	<u>Grade 6</u>	<u>Grade 7</u>	<u>Grade 8</u>
2013	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.5
2014	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.5
2015	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.5
2016	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.5
2017	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.5
2018	01:13.0	01:13.3	01:13.2	01:12.2	01:12.7	01:12.5	01:12.0	01:12.2	01:11.2
2019	01:11.7	01:13.3	01:13.3	01:13.0	01:12.1	01:12.6	01:12.5	01:11.2	01:12.5
2020	01:11.7	01:13.3	01:13.3	01:13.0	01:12.1	01:12.6	01:12.5	01:11.2	01:12.5
2021	01:11.7	01:13.3	01:13.3	01:13.0	01:12.1	01:12.6	01:12.5	01:11.2	01:12.5
2022	01:11.7	01:13.3	01:13.3	01:13.0	01:12.1	01:12.6	01:12.5	01:11.2	01:12.5

Sources: School records

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
(Unaudited)**

Robert Treat Academy Charter School, Inc. rents 49,896 square feet of space and 21,000 square feet of space in school buildings from the North Ward Center, Inc. at 443 Clifton Avenue and 180 William Street, respectively.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS

School Facilities	Project #	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
North	N/A	\$ 372,823	\$ 346,272	\$ 271,588	\$ 170,086	\$ 149,435	\$ 138,208	\$ 119,746	\$ 131,752	\$ 183,324	\$ 94,258
Central	N/A	<u>141,416</u>	<u>134,661</u>	<u>108,787</u>	<u>61,291</u>	<u>117,278</u>	<u>115,733</u>	<u>53,221</u>	<u>51,667</u>	<u>53,499</u>	<u>52,810</u>
		<u>\$ 514,239</u>	<u>\$ 480,933</u>	<u>\$ 380,375</u>	<u>\$ 231,377</u>	<u>\$ 266,713</u>	<u>\$ 253,941</u>	<u>\$ 172,967</u>	<u>\$ 183,419</u>	<u>\$ 236,823</u>	<u>\$ 147,068</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF INSURANCE
JUNE 30, 2022
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability - New Jersey School Insurance Group:		
Personal Property/Fire Damage	\$ 2,000,000	\$ 1,000
General Liability:		
Bodily Injury and Property Damage - Each Occurrence	11,000,000	
Products and Completed Operations - Annual Aggregate	11,000,000	
Sexual Abuse - Per Occurrence	11,000,000	
Personal Advertising Injury - Per Occurrence/Annual Aggregate	11,000,000	
Employee Benefits Liability - Each Claim/Annual Aggregate	11,000,000	1,000
Premises Medical Payments - Per Accident	10,000	
Business Auto	11,000,000	
Commercial Inland Marine/Blanket Hardware and Software	150,000	1,000
Boiler and Machinery	100,000,000	1,000
Environmental Liability	1,000,000	50,000
Privacy and Network Security Liability - Beazley	2,000,000	2,500
Crime:		
Employee Dishonesty	250,000	1,000
Public Official Bond (Board Secretary) - Selective	205,000	
Money and Securities	25,000	500
Money Orders/Counterfeit	25,000	500
Forgery and Alteration	25,000	500
Computer Fraud	25,000	500
School Legal Liability - New Jersey Schools Insurance Group		
Coverage A	11,000,000	5,000
Workers Compensation - New Jersey Schools Insurance Group:		
Statutory:		
Each Accident	3,000,000	
Disease - Policy Limit/Employee	3,000,000	
Compulsory Student Accident - Berkley Life and Health Insurance Company	1,000,000	
Catastrophic Student Accident - United States Fire Insurance Company	500,000	

Source: Robert Treat Academy Charter School, Inc. records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE, FISCAL RATIOS
(Unaudited)

	2020	2021	2022	Source
Cash	1,587,266	1,941,106	2,487,452	Audit: Exhibit A-1
Current Assets	1,860,060	2,595,666	3,466,724	Audit: Exhibit A-1
Total Assets	2,254,738	3,036,953	4,154,056	Audit: Exhibit A-1
Current Liabilities	1,034,886	814,237	847,121	Audit: Exhibit A-1
Total Liabilities	1,070,031	871,564	881,802	Audit: Exhibit A-1***
Net Position	(2,677,576)	(1,869,317)	(498,348)	Audit: Exhibit A-1
Total Revenue	13,301,732	14,176,967	15,737,962	Audit: Exhibit A-2
Total Expenses	13,397,367	13,385,369	14,366,993	Audit: Exhibit A-2
Change in Net Position	(92,635)	791,598	1,370,969	Audit: Exhibit A-2
Depreciation Expense	36,014	44,313	81,951	Financial Statements/Audit Workpapers
Interest Expense				Financial Statements/Audit Workpapers
Principal Payments	11,715	12,778	22,646	Financial Statements/Audit Workpapers
Interest Payments	-	-	1,820	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	686.0	686.3	690.8	DOE Enrollment Reports
March 30th Budgeted Enrollment	689	696	695	Charter School Budget

Near Term Indicators	2020	2021	2022	3 YR CUM	Source:
1a. Current Ratio	1.80	3.19	4.09		Current Assets/Current Liabilities
1b. Unrestricted Days Cash	43.20	52.90	63.2		Cash/(Total Expenses/365)
1c. Enrollment Variance	99.56%	98.61%	99.40%		Average Daily Enrollment/Budgeted Enrollment
1d.* Default on Loans	No	No	No		Audit
Sustainability Indicators					
2a. Total Margin	4.21%	5.58%	8.71%		Change in Net Assets/Total Revenue
2b. Debt to Asset	47%	29%	21%		Total Liabilities/Total Assets
2c.** Cash Flow	1,034,507	353,840	546,346		Net Change in Cash Flow from Prior Years
2d. Debt Service Coverage Ratio	48	65	64		(Change in Net Assets + Depreciation+Interest Expense)/(Principal & Interest Payments)

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

** 2021=2021 Cash - 2020 Cash; Cash 2020=2020 Cash - 2018 Cash; 2018=2018 Cash - 2017.Cash

*** Total Liabilities without Net Pension Liability

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Robert Treat Academy Charter School, Inc.
Newark, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements 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 Robert Treat Academy Charter School, Inc. as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Robert Treat Academy Charter School, Inc.'s basic financial statements and have issued our report thereon dated February 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 Robert Treat Academy Charter School, Inc.'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 Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Robert Treat Academy Charter School, Inc. in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 10, 2023.

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 Robert Treat Academy Charter School, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Robert Treat Academy Charter School, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Andrew D. Parente
Public School Accountant
PSA Number CS00224600

Fair Lawn, New Jersey
February 10, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Robert Treat Academy Charter School, Inc.
Newark, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Robert Treat Academy Charter School, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Robert Treat Academy Charter School, Inc.’s major federal and state programs for the fiscal year ended June 30, 2022. The Robert Treat Academy Charter School, Inc.’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, the Robert Treat Academy Charter School, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal 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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Robert Treat Academy Charter School, Inc. 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 and state program. Our audit does not provide a legal determination of the Robert Treat Academy Charter School, Inc.’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, regulation, rules, and provisions of contracts or grant agreements applicable to the Robert Treat Academy Charter School, Inc.'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 the Robert Treat Academy Charter School, Inc.'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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. 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 omission, misrepresentation, 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 the Robert Treat Academy Charter School, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 the Robert Treat Academy Charter School, Inc.'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 the Robert Treat Academy Charter School, Inc.'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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Robert Treat Academy Charter School, Inc.'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. Uniform Guidance which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Robert Treat Academy Charter School, Inc.'s responses to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Robert Treat Academy Charter School, Inc.'s responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 or 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 or 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 or 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.

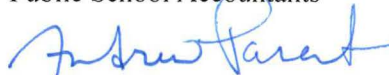
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Robert Treat Academy Charter School, Inc., as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We have issued our report thereon dated February 10, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Andrew D. Parente
Public School Accountant
PSA Number CS00224600

Fair Lawn, New Jersey
February 10, 2023

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021			Carryover/ (Walkover) Δ/R	Carryover/ (Walkover) Def. Rev.	Cash Received	Budgetary Expenditures	A/R Rev. Adj.	Balance, June 30, 2022			GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture Passed-through State Department of Education																	
National School Lunch Program																	
Cash Assistance - Breakfast	10.553	221NJ304N1099	N/A	7/1/21-6/30/22	\$ 251,475					\$ 234,235	\$ 251,475				\$ (17,240)	\$ (17,240)	
Cash Assistance - Breakfast	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	80,029	\$ (15,357)				15,357							
Cash Assistance - Lunch	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	521,071					481,008	521,071				(40,063)	(40,063)	
Cash Assistance - Lunch	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	125,400	(23,989)				23,989							
Cash Assistance - PB Lunch	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	2,479	(476)				476							
Cash Assistance - Snacks	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	81,644					75,341	81,644				(6,303)	(6,303)	
Non-Cash Assistance	10.555	221NJ304N1098	N/A	7/1/21-6/30/22	40,492					40,492	38,597			\$ 1,895			
Non-Cash Assistance	10.555	211NJ304N1098	N/A	7/1/20-6/30/21	21,141	\$ 3,162				-	3,162						
COVID Emergency Operations	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	50,527					50,527	50,527						
Covid Pandemic PEBT	10.649	2022225900941	N/A	7/1/21-6/30/22	1,242					1,242	1,242						
Total U.S. Department of Agriculture/Child Nutrition Cluster						3,162	(39,822)	-	-	922,667	947,718	-	-	1,895	(63,606)	(63,606)	
U.S. Department of Education Passed-through State Department of Education																	
I.D.E.A. Part B, Basic	84.027A	H027A210100	IDEA-7730-22	7/1/21-9/30/22	146,356					77,641	146,356				(68,715)	(68,715)	
I.D.E.A. Part B, Basic	84.027A	H027A200100	IDEA-7730-21	7/1/20-9/30/21	151,097	(69,731)				69,731							
I.D.E.A. Part B, Preschool	84.173A	H173A210114	IDEA-7730-22	7/1/21-9/30/22	2,871					1,674	2,871				(1,197)	(1,197)	
I.D.E.A. Part B, Preschool	84.173A	H173A201014	IDEA-7730-21	7/1/20-9/30/21	2,688	(1,028)				1,028							
ARP - I.D.E.A. Part B, Basic	84.027X	H027X210100	IDEA	7/1/21-9/30/22	39,658					23,145	39,658				(16,513)	(16,513)	
ARP - I.D.E.A. Part B, Preschool	84.173X	H173X210114	IDEA	7/1/21-9/30/22	3,360					1,961	3,360				(1,399)	(1,399)	
Total Special Education Cluster (IDEA)						-	(70,759)	-	-	175,180	192,245	-	-	-	(87,824)	(87,824)	
NCLB Title I	84.010A	S010A210030	EASA-7730-22	7/1/21-9/30/22	494,060			\$ (31,988)	\$ 31,988	453,850	526,048				(72,198)	(72,198)	
NCLB Title I	84.010A	S010A200030	EASA-7730-21	7/1/20-9/30/21	496,306	31,988	(101,900)		31,988	(31,988)	69,912						
NCLB Title II A	84.367A	S367A210029	EASA-7730-22	7/1/21-9/30/22	43,618					43,618	43,618						
Elementary and Secondary School Emergency Relief Fund (Esser)																	
ESSER I - CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	352,773	122,802	(156,476)			153,584	142,073	\$ (19,271)	\$ 19,271		(22,163)	(2,892)	
ESSER II - Coronavirus Supplemental Approp	84.425D	S425D210027	N/A	3/13/20-9/30/23	1,472,976	1,154,317	(1,472,976)			884,568	811,604			342,713	(588,408)	(245,693)	
ESSER II - Learning Acceleration	84.425D	S425D210027	N/A	3/13/20-9/30/23	94,528	94,528	(94,528)			14,580	15,855			78,673	(79,948)	(1,275)	
ESSER II - Mental Health	84.425D	S425D210027	N/A	3/13/20-9/30/23	45,000	45,000	(45,000)			13,216	13,216			31,784	(31,784)	-	
ARP ESSER III	84.425U	S425U210027	N/A	3/13/20-9/30/24	3,310,417					55,435	133,134			3,177,283	(3,254,982)	(77,699)	
ARP Accelerated Learning	84.425U	S425U210027	N/A	3/13/20-9/30/24	83,109					-	-			83,109	(83,109)	-	
ARP Summer Learning	84.425U	S425U210027	N/A	3/13/20-9/30/24	40,000					-	-			40,000	(40,000)	-	
ARP After School	84.425U	S425U210027	N/A	3/13/20-9/30/24	40,000					23,304	24,550			15,450	(16,696)	(1,246)	
ARP Mental Health	84.425U	S425U210027	N/A	3/13/20-9/30/24	45,000					-	-			45,000	(45,000)	-	
Total Elementary and Secondary School Emergency Relief Fund (Esser Cluster)						1,416,647	(1,768,980)	-	-	1,144,687	1,140,432	(19,271)	19,271	3,814,012	(4,162,090)	(328,807)	
Total U.S. Department of Education						1,448,635	(1,941,639)	-	-	1,887,247	1,902,343	(19,271)	19,271	3,814,012	(4,322,112)	(488,829)	
Total Federal Financial Assistance						\$ 1,451,797	\$ (1,981,461)	\$ -	\$ -	\$ 2,809,914	\$ 2,850,061	\$ (19,271)	\$ 19,271	\$ 3,815,907	\$ (4,385,718)	\$ (552,435)	

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021			Balance, June 30, 2022			MEMO			
				Accounts Receivable	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
Equalization Aid - State Aid (State and Local)	22-495-034-5120-078	7/1/21-6/30/22	\$ 9,572,335				\$ 9,303,521	\$ 9,572,335		\$ (268,814)		\$ (268,814)	\$ 9,572,335
Equalization Aid - State Aid	21-495-034-5120-078	7/1/20-6/30/21	8,671,567	\$ (31,290)			31,290						
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	244,208				244,208	244,208					244,208
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	311,235				305,573	305,573					305,573
Adjustment Aid	22-495-034-5120-085	7/1/21-6/30/22	33,426	-	-	-	33,426	33,426	-	-	-	-	33,426
Total State Aid Public - Cluster				(31,290)	-	-	9,918,018	10,155,542	-	(268,814)	-	(268,814)	10,155,542
On-Behalf TPAF Pension - Normal Cost	22-495-034-5094-002	7/1/21-6/30/22	1,252,922				1,252,922	1,252,922					1,252,922
On-Behalf TPAF Pension - NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	17,677				17,677	17,677					17,677
On Behalf TPAF Post Retirement Medical Benefits	22-495-034-5094-001	7/1/21-6/30/22	296,863				296,863	296,863					296,863
On Behalf TPAF Long Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	810				810	810					810
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	239,570	-	-	-	221,446	239,570	-	(18,124)	-	(18,124)	239,570
Total General Fund State Aid				(31,290)	-	-	11,707,736	11,963,384	-	(286,938)	-	(286,938)	11,963,384
Special Revenue Funds													
Charter School Emergent & Capital Needs		7/1/21-6/30/22	56,769	-	-	-	56,769	56,769	-	-	-	-	-
Total Special Revenue Fund State Aid				-	-	-	56,769	56,769	-	-	-	-	-
Enterprise Funds													
National School Lunch Program (State Share)	22-100-010-3350-023	7/1/21-6/30/22	12,285				11,363	12,285		(922)		(922)	12,285
National School Lunch Program (State Share)	21-100-010-3350-023	7/1/20-6/30/21	7,900	(1,733)	-	-	1,733	-	-	-	-	-	-
Total Enterprise Fund/Child Nutrition Cluster				(1,733)	-	-	13,096	12,285	-	(922)	-	(922)	12,285
Total State Financial Assistance Subject to Single Audit Determination				(33,023)	-	-	11,777,601	12,032,438	-	(287,860)	-	(287,860)	11,975,669
Less:													
State Financial Assistance Programs Not Subject to Major Program Determination													
Charter School Emergent & Capital Needs		7/1/21-6/30/22	56,769				(56,769)	(56,769)					
On-Behalf TPAF Pension - Normal Cost	22-495-034-5094-002	7/1/21-6/30/22	890,654				(1,252,922)	(1,252,922)					(1,252,922)
On-Behalf TPAF Pension - NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	16,946				(17,677)	(17,677)					(17,677)
On Behalf TPAF Post Retirement Medical Benefits	22-495-034-5094-001	7/1/21-6/30/22	284,428				(296,863)	(296,863)					(296,863)
On Behalf TPAF Long Term Disability Insurance	22-495-034-5094-001	7/1/21-6/30/22	889	-	-	-	(810)	(810)	-	-	-	-	(810)
State Financial Assistance Amount Utilized for Calculation to Determine Single Audit and Major Programs.				\$ (33,023)	\$ -	\$ -	\$ 10,152,560	\$ 10,407,397	\$ -	\$ (287,860)	\$ -	\$ (287,860)	\$ 10,407,397

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Robert Treat Academy Charter School, Inc. The Board of Education is defined in Note 1(A) to the School's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the School's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

There is no adjustment to reconcile from the budgetary basis to the GAAP basis for the general fund and an increase of \$42,608 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 10,512,070	\$ 10,512,070
Special Revenue Fund	\$ 1,989,865	11,855	2,001,720
Food Service Fund	<u>947,718</u>	<u>12,285</u>	<u>960,003</u>
Total Financial Assistance	<u>\$ 2,937,583</u>	<u>\$ 10,536,210</u>	<u>\$ 13,473,793</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the School's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$239,570 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$1,270,599, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$296,863 and TPAF Long-Term Disability Insurance in the amount of \$810 represents the amount paid by the State on behalf of the School for the fiscal year ended June 30, 2022.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 1 – Summary of Auditor’s Results

<u>Financial Statement Section</u>	<u>Description</u>	
A) Type of auditors' report issued on financial statements	<u>Unmodified</u>	
B) Internal control over financial reporting:		
(1) Material weakness(es) identified:	_____ Yes	<u>X</u> No
(2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	<u>X</u> None reported
Noncompliance material to basic financial statements noted?	_____ Yes	<u>X</u> No

Federal Awards Section

Internal Control over major programs:		
(1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u>X</u> none reported

Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance?	<u>X</u> yes	_____ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>CARES ESSER Program Cluster</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CRRSA ESSER Program Cluster</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ARP ESSER Program Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> yes	_____ no

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Part 1 – Summary of Auditor’s Results

State Awards

Description

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

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? Yes X No

Identification of major state programs:

GMIS Number	Name of State Program or Cluster
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>

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

Auditee qualified as low-risk auditee? X Yes No

**ROBERT TREAT ACCEDEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 of *Government Auditing Standards*.

There are none

**ROBERT TREAT ACCEDEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

Finding 2022-001

Our audit of the National School Lunch and Breakfast programs revealed that meals and snacks claimed for reimbursement were not in agreement with meals served per the supporting tally sheets in certain instances.

Federal Program Information

National School Breakfast	10.553
National School Lunch	10.555

Criteria or Specific Requirement

Federal Grant Compliance Supplement

Condition

Meals and snacks served per tally sheets did not support meals claimed for reimbursement.

Questioned Costs

For meals tested, it appears meals underclaimed totaled \$342. For snacks tested, it appears snacks overclaimed totaled \$3,084.

Context

- National School Lunch meals tested totaled 20,668 and meals verified totaled 20,761, resulting in an underclaim of 93 meals.
- Snack program tested totaled 27,405 and snacks verified totaled 24,321, resulting in an overclaim of 3,084 snacks.

Effect

Meals claimed for reimbursement were below the meals served, resulting in an underclaim, however snacks claimed for reimbursement exceeded the snacks served resulting in an overclaim.

Cause

Unknown.

Recommendation

Meals claimed for reimbursement be in agreement with meals served per daily tally sheets.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**ROBERT TREAT ACCEDEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

Finding 2022-002

Our audit revealed net cash resources exceeded three months of average expenditures at June 30, 2022 in the Food Service Fund.

Federal Program Information:

National School Breakfast	10.553
National School Lunch	10.555

Criteria or specific requirement:

Federal Grant Compliance Supplement

Condition:

See Finding 2022-002.

Questioned Costs:

None.

Context:

Net cash resources of \$538,397 at June 30, 2022 exceed three months of average expenditures of \$177,940 for 2021/2022 resulting in an excess of \$360,457 at year end.

Effect:

Non Compliance with Federal Grant Compliance Supplement

Cause:

Food service revenues exceeded expenditures.

Recommendation

The School develop a plan to eliminate the excess of net cash resources in the Food Service Fund.

Views of Responsible Officials and Planned Corrective Action Plan:

**ROBERT TREAT ACCEDEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

There are none.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.