

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2023**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



**ROBERT TREAT ACADEMY**  
CHARTER SCHOOL  
**A 2008 NCLB BLUE RIBBON SCHOOL**  
[www.RobertTreatAcademy.org](http://www.RobertTreatAcademy.org)



Marcelino Trillo - Principal/CSLA  
Stephen N. Adubato Campus

Paul Parada - Principal  
Jackie Robinson Campus

January 23, 2024

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, 2023, is hereby submitted. This CAFR 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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Jackie Robinson Campus

## 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-sixth year of operation in June 2023.

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 227 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, Filmmaking 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 5<sup>th</sup> and 8<sup>th</sup> grades), Social Studies, Technology, World Languages (Spanish), Visual and Fine Arts, Physical Education and Health, and 21<sup>st</sup> 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. In the last two years RTA students have once again been recognized as one of the top performing schools in the state in both Math and ELA. According to U.S News and World Report we were ranked in the top 7% of middle schools, and the top 15% of elementary schools in the state of New Jersey. Due to those rankings based on test scores and demographic information we have been named one of U.S News and World Reports best schools in the country for both our elementary and middle school students.

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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Paul Parada - Principal  
Jackie Robinson Campus

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. We feel the new kindergarten class finally seems to be similarly equipped to what we are accustomed to seeing for students entering the academy, so I think we've turned a corner in our recovery from the pandemic and our battle with learning loss.

At the end of the school year, parents and staff were surveyed regarding their satisfaction levels with the student discipline, school communication, etc. Overwhelmingly, all entities were very satisfied with the general operation of the school from both a parent and staff perspective.

In June 2023, our nineteenth 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 \$5.9 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.

We were able to hold our traditional graduation ceremony and the Cathedral Basilica of the Sacred Heart. Attendance was unlimited and our keynote speaker was Sister June Favata from St. Vincent Academy.

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, then the results from the Spring of 2023 showed promise. 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 3<sup>rd</sup> grade.





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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 8<sup>th</sup> grade students take Algebra 1 (usually taken freshman year in high school). Toward that goal we have leveled our 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> grade students. In our middle school grades we have grade level and advanced curriculum. In the 2020-21 school year, Twenty-one 8<sup>th</sup> grade students were placed in our Algebra 1 Course. In the 21-22 school year we had 29 students enrolled in Algebra 1. In the 22-23 school year we had 27 students enrolled this past year.

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.

#### **4) 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.

#### **5) 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.





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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.

**6) 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.

**7) 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.

**8) 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.

**9) 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.

**10) 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



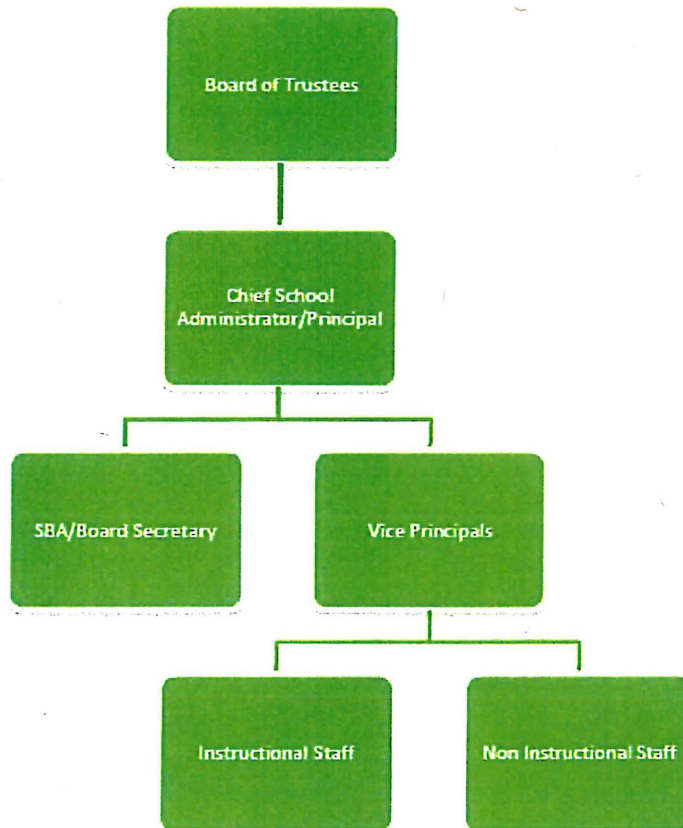


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 Jackie Robinson Campus

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**ROSTER OF OFFICIALS**  
 June 30, 2023

**Members of the Board of Trustees**

**Term Expires**

Robert R. Detore (President)	June 2025
Adrienne Davis (Vice President)	June 2025
Dr. Claudio J. Barbaran	June 2025
Wilfredo Caraballo, Esq.	June 2024
Galen Johnson	June 2026
Wilson Pichardo	June 2024
Calvin Souder, Esq.	June 2026
Tahira Strand	June 2024
Zarala Zabala de Kelly	June 2026

*Other Officials*

Marcelino Trillo, Principal/Charter School Lead 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, 2023**

**Audit Firm**

Lerch, Vinci and Bliss  
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

**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, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN 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 and each major fund of the Robert Treat Academy Charter School, Inc. as of and for the fiscal year ended June 30, 2023 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 and each major fund of the Robert Treat Academy Charter School, Inc. as of June 30, 2023, 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, 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 , 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 , 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 School 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 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 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 January 24, 2024 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  
January 24, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

This section of 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, 2023. The intent of this section is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the Robert Treat Academy Charter School, Inc. exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$852,835 (net position).
- Overall School revenues were \$16,394,596. General revenues accounted for \$10,959,718 or 67% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,434,878 of total revenues.
- The School had \$14,341,539 in expenses for governmental activities; only \$4,689,544 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly local levy aid and unrestricted State aid) of \$10,959,718 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 \$2,927,354 an increase of \$854,172 when compared to the ending fund balance at June 30, 2022 of \$2,073,182.
- The General Fund unassigned fund balance at June 30, 2023 was \$2,829,358 an increase of \$857,339 when compared with the ending fund balance of \$1,972,019 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$2,829,358 which represents an increase of \$857,339 when compared to the ending unassigned fund balance at June 30, 2022 of \$1,972,019.

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

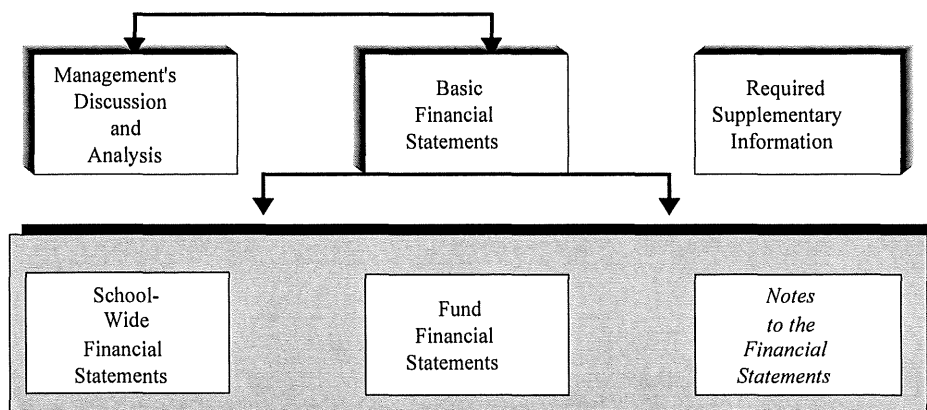
## Management's Discussion and Analysis

### 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 School:

- The first two statements are school wide financial statements that provide both short-term and long-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the school-wide statements.
  - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Proprietary Funds statements offer short-term and long-term financial information about the activities the School operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**

**Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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 are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the School-Wide and Fund Financial Statements

	School-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire School	The activities of the school that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the school operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, 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 thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
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.	All revenues and expenses during the year, regardless of when cash is received or paid.

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### School-Wide Financial Statements

The school-wide statements report information about the School 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 school-wide statements report the School's net position and how it has changed. Net position – the difference between the School's assets/deferred outflows and liabilities/deferred inflows – 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.
- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the School's enrollment and the condition of school buildings and other facilities.

In the school-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 instruction and special education, administration, and plant operation and maintenance. State and Federal Aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The School's Food Service Fund is 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 establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### Fund Financial Statements (Continued)

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 school-wide statements, we provide additional information at the bottom of the governmental funds statements that explains 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 school-wide statements. The School's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the school-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

### Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's budget process. The School adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The School also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### SCHOOL-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the School's financial position. The School's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$852,835 as of June 30, 2023, however a deficit net position of \$498,348 existed as of June 30, 2022 as shown below.

By far the largest portion of the School's net position reflects its investment in capital assets (e.g., leasehold improvements and furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of June 30, 2023 and 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 3,604,480	\$ 2,873,065	\$ 601,601	\$ 593,659	\$ 4,206,081	\$ 3,466,724
Capital assets, net	<u>713,824</u>	<u>607,740</u>	<u>72,564</u>	<u>79,592</u>	<u>786,388</u>	<u>687,332</u>
Total Assets	<u>4,318,304</u>	<u>3,480,805</u>	<u>674,165</u>	<u>673,251</u>	<u>4,992,469</u>	<u>4,154,056</u>
<b>Deferred Outflows of Resources</b>						
	<u>596,045</u>	<u>794,033</u>	-	-	<u>596,045</u>	<u>794,033</u>
Total Assets and Deferred Outflows of Resources	<u>4,914,349</u>	<u>4,274,838</u>	<u>674,165</u>	<u>673,251</u>	<u>5,588,514</u>	<u>4,948,089</u>
<b>Liabilities</b>						
Non-Current liabilities	3,119,639	2,709,559			3,119,639	2,709,559
Other liabilities	<u>677,126</u>	<u>799,883</u>	<u>3,966</u>	<u>47,238</u>	<u>681,092</u>	<u>847,121</u>
Total Liabilities	<u>3,796,765</u>	<u>3,509,442</u>	<u>3,966</u>	<u>47,238</u>	<u>3,800,731</u>	<u>3,556,680</u>
<b>Deferred Inflows of Resources</b>						
	<u>932,327</u>	<u>1,887,862</u>	<u>2,621</u>	<u>1,895</u>	<u>934,948</u>	<u>1,889,757</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,729,092</u>	<u>5,397,304</u>	<u>6,587</u>	<u>49,133</u>	<u>4,735,679</u>	<u>5,446,437</u>
<b>Net Position</b>						
Net Investment in capital assets	713,824	607,740	72,564	79,592	786,388	687,332
Restricted	78,007	75,000			78,007	75,000
Unrestricted	<u>(606,574)</u>	<u>(1,805,206)</u>	<u>595,014</u>	<u>544,526</u>	<u>(11,560)</u>	<u>(1,260,680)</u>
Total Net Position	<u>\$ 185,257</u>	<u>\$ (1,122,466)</u>	<u>\$ 667,578</u>	<u>\$ 624,118</u>	<u>\$ 852,835</u>	<u>\$ (498,348)</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**

**Management's Discussion and Analysis**

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 35,122		\$ 118,952	\$ 773	\$ 154,074	\$ 773
Operating Grants and Contributions	4,450,604	\$ 4,710,048	626,382	960,003	5,076,986	5,670,051
Capital Grants and Contributions	203,818	195,177			203,818	195,177
<b>General Revenues</b>						
Local Levy - Charter School Aid	1,519,113	1,451,314			1,519,113	1,451,314
State Aid	9,323,873	8,154,447			9,323,873	8,154,447
Miscellaneous	116,732	266,200	-	-	116,732	266,200
<b>Total Revenues</b>	<u>15,649,262</u>	<u>14,777,186</u>	<u>745,334</u>	<u>960,776</u>	<u>16,394,596</u>	<u>15,737,962</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	6,981,899	6,701,671			6,981,899	6,701,671
Special Education	181,581	278,063			181,581	278,063
Other Instruction	940,809	825,983			940,809	825,983
School Sponsored Activities	113,403	89,975			113,403	89,975
<b>Support Services</b>						
Student and Instruction Related	1,286,169	1,146,950			1,286,169	1,146,950
General Administrative Services	292,685	278,270			292,685	278,270
School Administrative Services	1,166,650	1,238,935			1,166,650	1,238,935
Central Services	265,602	286,587			265,602	286,587
Admin. Info. Tech Services	254,058	326,503			254,058	326,503
Plant Operations and Maintenance	2,795,526	2,550,999			2,795,526	2,550,999
Pupil Transportation	62,047	27,207			62,047	27,207
Food Services			701,874	600,160	701,874	600,160
Before and After Care	-	-	-	13,870	-	13,870
Interest on Debt	1,110	1,820	-	-	1,110	1,820
<b>Total Expenses</b>	<u>14,341,539</u>	<u>13,752,963</u>	<u>701,874</u>	<u>614,030</u>	<u>15,043,413</u>	<u>14,366,993</u>
Change in Net Position Before Transfers	1,307,723	1,024,223	43,460	346,746	1,351,183	1,370,969
Transfers	-	(13,870)	-	13,870	-	-
Change in Net Position Before Transfers	1,307,723	1,010,353	43,460	360,616	1,351,183	1,370,969
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 185,257</u>	<u>\$ (1,122,466)</u>	<u>\$ 667,578</u>	<u>\$ 624,118</u>	<u>\$ 852,835</u>	<u>\$ (498,348)</u>

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### Governmental Activities

The financial position of the School improved. However, maintaining existing programs with increases to various expenditures including health benefits costs places a great demand on the School's resources. As a result, careful management of expenses remains essential for the School to sustain its financial health.

**Total and Net Cost of Governmental Activities.** The following schedule presents the School's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

**Table A-3**  
**Cost and Net Cost of Services for Governmental Activities**  
**For the Fiscal Years Ended June 30, 2023 and 2022**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Governmental Activities				
Instruction				
Regular Education	6,981,899	6,701,671	\$ 4,820,656	\$ 4,207,756
Special Education	181,581	278,063	(220,542)	(231,480)
Other Instruction	940,809	825,983	38,175	24,488
School Sponsored Activities	113,403	89,975	38,181	65,783
Support Services				
Student and Instruction Related	1,286,169	1,146,950	968,358	830,108
General Administrative Services	292,685	278,270	292,685	278,270
School Administrative Services	1,166,650	1,238,935	1,000,355	977,239
Central Services	265,602	286,587	244,559	251,279
Admin. Info. Tech Services	254,058	326,503	232,433	283,149
Plant Operations and Maintenance	2,795,526	2,550,999	2,173,978	2,132,119
Pupil Transportation	62,047	27,207	62,047	27,207
Interest on Debt	1,110	1,820	1,110	1,820
	\$ 14,341,539	\$ 13,752,963	\$ 9,651,995	\$ 8,847,738
Total Governmental Activities	<u>\$ 14,341,539</u>	<u>\$ 13,752,963</u>	<u>\$ 9,651,995</u>	<u>\$ 8,847,738</u>



# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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 \$2,927,354, an increase of \$854,172 from last year's fund balance of \$2,073,182.

Revenues for the School's governmental funds were \$15,564,454; total expenditures were \$14,710,282.

**General Fund** - The General Fund is the chief operating fund of the School and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$13,387,717 for the fiscal year ended June 30, 2023. State sources amounted to \$11,751,872 and local sources were \$1,635,845.

Expenditures of the General Fund were \$12,535,227. Instructional expenditures were \$6,530,152, expenses for support services were \$5,958,829, expenses for debt service were \$24,462 and capital expenditures totaled \$21,784 for the fiscal year ended June 30, 2023.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the school in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$2,176,737 for the fiscal year ended June 30, 2023. State sources amounted to \$138,244, federal sources totaled \$1,993,371 and local sources were \$45,122.

Expenditures of the Special Revenue Fund were \$2,175,005. Instructional expenditures were \$1,806,760, expenses for support services were \$164,477 and capital expenditures totaled \$203,818 for the fiscal year ended June 30, 2023.

#### Proprietary Funds

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

**Enterprise Fund** - The School uses Enterprise Funds to report activities related to the Food Services program. The School's Enterprise Fund provides the same type of information found in the school-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.

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2022 encumbrances.

### CAPITAL ASSETS

The School's investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$786,388 and \$687,332 (net of accumulated depreciation), respectively. The capital assets consist of leasehold improvements and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$119,518 for governmental activities and \$7,028 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Leasehold Improvements	\$ 862,518	\$ 677,934			\$ 862,518	\$ 677,934
Furniture and Equipment	1,322,836	1,281,818	\$ 192,608	\$ 192,608	1,515,444	1,474,426
Total	2,185,354	1,959,752	192,608	192,608	2,377,962	2,152,360
Less: Accumulated Depreciation	(1,471,530)	(1,352,012)	(120,044)	(113,016)	(1,591,574)	(1,465,028)
Total	\$ 713,824	\$ 607,740	\$ 72,564	\$ 79,592	\$ 786,388	\$ 687,332

Additional information on the School's capital assets are presented in the Notes to the Financial Statements.

# ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

## Management's Discussion and Analysis

### LONG TERM LIABILITIES

At June 30, 2023, the School's long-term liabilities consisted of capital financing agreements payable of \$11,329 and net pension liability of \$3,108,310 totaling \$3,119,639. This is in comparison to long-term liabilities at June 30, 2022 of \$2,709,559 or an increase of \$410,080.

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

	<u>2023</u>	<u>2022</u>
Capital Financing Agreements Payable	\$ 11,329	\$ 22,966
Other Financing Agreements Payable		11,715
Net Pension Liability	<u>3,108,310</u>	<u>2,674,878</u>
Total	<u>\$ 3,119,639</u>	<u>\$ 2,709,559</u>

Additional information on the School's long-term liabilities are presented in the Notes to the Financial Statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the School's administration during the process of developing the fiscal year 2023-2024 budget. The primary factors were the School's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs.

### CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Trustees, vendors and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Robert Treat Academy Charter School, Inc., 443 Clifton Ave. Newark, NJ 07104.

**BASIC FINANCIAL STATEMENTS**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2023**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,039,626	\$ 551,577	\$ 3,591,203
Receivables, net			
Receivables from Other Governments	479,795	40,858	520,653
Other	10,000	-	10,000
Inventory		9,166	9,166
Restricted			
Cash With Escrow Agent	75,059		75,059
Capital Assets Being Depreciated, net of depreciation	<u>713,824</u>	<u>72,564</u>	<u>786,388</u>
Total Assets	<u>4,318,304</u>	<u>674,165</u>	<u>4,992,469</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows on Net Pension Liability	<u>596,045</u>	<u>-</u>	<u>596,045</u>
Total Deferred Outflows of Resources	<u>596,045</u>	<u>-</u>	<u>596,045</u>
Total Assets and Deferred Outflows of Resources	<u>4,914,349</u>	<u>674,165</u>	<u>5,588,514</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	501,605	-	501,605
Unearned Revenue	175,521	3,966	179,487
Noncurrent Liabilities			
Due within one year	11,329		11,329
Due beyond one year	<u>3,108,310</u>	<u>-</u>	<u>3,108,310</u>
Total Liabilities	<u>3,796,765</u>	<u>3,966</u>	<u>3,800,731</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows on Net Pension Liability	932,327		932,327
Deferred Commodities Revenue	<u>-</u>	<u>2,621</u>	<u>2,621</u>
Total Deferred Inflows of Resources	<u>932,327</u>	<u>2,621</u>	<u>934,948</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,729,092</u>	<u>6,587</u>	<u>4,735,679</u>
<b>NET POSITION</b>			
Investment in Capital Assets	713,824	72,564	786,388
Restricted for:			
Other Purposes	78,007		78,007
Unrestricted	<u>(606,574)</u>	<u>595,014</u>	<u>(11,560)</u>
Total Net Position	<u>\$ 185,257</u>	<u>\$ 667,578</u>	<u>\$ 852,835</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, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,981,899		\$ 2,161,243		\$ (4,820,656)		\$ (4,820,656)
Special Education	181,581		402,123		220,542		220,542
Other Instruction	940,809		902,634		(38,175)		(38,175)
School Sponsored Activities	113,403	\$ 35,122	40,100		(38,181)		(38,181)
Support Services							
Student and Instruction Related Services	1,286,169		317,811		(968,358)		(968,358)
General Administrative Services	292,685				(292,685)		(292,685)
School Administrative Services	1,166,650		166,295		(1,000,355)		(1,000,355)
Central Services	265,602		21,043		(244,559)		(244,559)
Admin. Info Tech Services	254,058		21,625		(232,433)		(232,433)
Plant Operations and Maintenance	2,795,526	-	417,730	\$ 203,818	(2,173,978)	-	(2,173,978)
Pupil Transportation	62,047	-	-		(62,047)	-	(62,047)
Interest on Debt	1,110	-	-		(1,110)	-	(1,110)
Total Governmental Activities	14,341,539	35,122	4,450,604	203,818	(9,651,995)	-	(9,651,995)
<b>Business-Type Activities</b>							
Food Service	701,874	\$ 118,952	626,382	-	-	\$ 43,460	43,460
Total Business-Type Activities	701,874	118,952	626,382	-	-	43,460	43,460
Total Primary Government	\$ 15,043,413	\$ 154,074	\$ 5,076,986	\$ 203,818	(9,651,995)	43,460	(9,608,535)
<b>General Revenues</b>							
Local Levy - Charter School Aid					1,519,113		1,519,113
State Aid - Unrestricted					9,323,873		9,323,873
Miscellaneous Income					116,732		116,732
Total General Revenues					10,959,718		10,959,718
Change in Net Position					1,307,723	43,460	1,351,183
Net Position, Beginning of Year					(1,122,466)	624,118	(498,348)
Net Position, End of Year					\$ 185,257	\$ 667,578	\$ 852,835

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, 2023**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash	\$ 3,036,619	\$ 3,007	\$ 3,039,626
Receivables			
Intergovernmental	130,718	349,077	479,795
Other	-	10,000	10,000
Due from Other Funds	59,048		59,048
Restricted Assets			
Cash With Escrow Agent	<u>75,059</u>	<u>-</u>	<u>75,059</u>
 Total Assets	 <u>\$ 3,301,444</u>	 <u>\$ 362,084</u>	 <u>\$ 3,663,528</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 331,788	\$ 124,508	\$ 456,296
Payroll Deduction and Withholding	45,309		45,309
Due to Other Funds		59,048	59,048
Unearned Revenue	<u>-</u>	<u>175,521</u>	<u>175,521</u>
 Total Liabilities	 <u>377,097</u>	 <u>359,077</u>	 <u>736,174</u>
Fund Balances			
Restricted Fund Balance			
Charter School Escrow Reserve	75,000		75,000
Student Activities		3,007	3,007
Assigned			
Year End Encumbrances	19,989		19,989
Unassigned Fund Balance	<u>2,829,358</u>	<u>-</u>	<u>2,829,358</u>
 Total Fund Balances	 <u>2,924,347</u>	 <u>3,007</u>	 <u>2,927,354</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,301,444</u>	 <u>\$ 362,084</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 \$2,185,354, and the accumulated depreciation is \$1,471,530. 713,824

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) (336,282)

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) (3,119,639)

Net position of governmental activities \$ 185,257



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>			
Local Sources			
Local - Charter School Aid	\$ 1,519,113		\$ 1,519,113
Interest	92,095		92,095
Miscellaneous	24,637	\$ 45,122	69,759
Total - Local Sources	1,635,845	45,122	1,680,967
State Sources	11,751,872	138,244	11,890,116
Federal Sources	-	1,993,371	1,993,371
Total Revenues	<u>13,387,717</u>	<u>2,176,737</u>	<u>15,564,454</u>
<b>EXPENDITURES</b>			
Current			
Instruction			
Regular Instruction	6,098,468	974,615	7,073,083
Special Education Instruction	82,395	103,729	186,124
Other Special Instruction	269,637	693,866	963,503
School Sponsored Activities and Athletics/Other	79,652	34,550	114,202
Support Services and Undistributed Costs			
Student and Instruction Related Services	1,136,666	164,477	1,301,143
General Administrative Services	292,685		292,685
School Administrative Services	1,182,399		1,182,399
Central Services	270,358		270,358
Administrative Info. Tech	258,946		258,946
Plant Operations and Maintenance	2,755,728		2,755,728
Student Transportation	62,047		62,047
Debt Service			
Principal	23,352		23,352
Interest	1,110		1,110
Capital Outlay	21,784	203,818	225,602
Total Expenditures	<u>12,535,227</u>	<u>2,175,055</u>	<u>14,710,282</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>852,490</u>	<u>1,682</u>	<u>854,172</u>
Net Changes in Fund Balances	852,490	1,682	854,172
Fund Balance, Beginning of Year	<u>2,071,857</u>	<u>1,325</u>	<u>2,073,182</u>
Fund Balance, End of Year	<u>\$ 2,924,347</u>	<u>\$ 3,007</u>	<u>\$ 2,927,354</u>

**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, 2023**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 854,172

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	\$ 225,602	
Depreciation Expense	<u>(119,518)</u>	
		106,084

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	324,115
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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>23,352</u>
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Change in net position of governmental activities (Exhibit A-2)	<u>\$ 1,307,723</u>
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**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2023**

	<u>Food Service</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 551,577
Intergovernmental Receivable	
State	1,167
Federal	39,691
Inventories	<u>9,166</u>
Total Current Assets	<u>601,601</u>
Capital Assets	
Equipment	192,608
Less: Accumulated Depreciation	<u>(120,044)</u>
Total Capital Assets	<u>72,564</u>
Total Assets	<u>674,165</u>
<b>LIABILITIES</b>	
Current Liabilities	
Unearned Revenue	<u>3,966</u>
Total Current Liabilities	<u>3,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>2,621</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,587</u>
<b>NET POSITION</b>	
Invested in Capital Assets	72,564
Unrestricted	<u>595,014</u>
Total Net Position	<u>\$ 667,578</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 74,818
Daily Sales - Non-Reimbursable Programs	<u>44,134</u>
 Total Operating Revenues	 <u>118,952</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	204,506
Cost of Sales - Reimbursable Programs	364,836
Cost of Sales - Non-Reimbursable Programs	11,260
Management Fee	32,550
Purchased Professional & Technical Services	66,125
Other Purchased Services	2,790
Repair and Maintenance	
Supplies and Materials	10,096
Depreciation Expense	7,028
Miscellaneous	<u>2,683</u>
 Total Operating Expenses	 <u>701,874</u>
 Operating Income (Loss)	 <u>(582,922)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	11,916
State School Breakfast Program	1,225
After the Bell Program	2,291
Federal Sources	
Supply Chain Assistance	27,497
School Breakfast Program	50,903
National Lunch Program	362,828
Snack Program	113,058
Food Distribution Program	<u>56,664</u>
 Total Nonoperating Revenues	 <u>626,382</u>
 Change in Net Position	 43,460
 Net Position, Beginning of Year	 <u>624,118</u>
 Net Position, End of Year	 <u>\$ 667,578</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, 2023**

	<b>Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Other Operating Activities	\$ 117,582
Cash Payments for Employees - Salaries and Benefits	(204,506)
Cash Payments to Suppliers for Goods and Services	<u>(475,994)</u>
Net Cash (Used For) by Operating Activities	<u>(562,918)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State, Federal and Local Subsidy Reimbursements	<u>593,388</u>
Net Cash Provided by Noncapital Financing Activities	<u>593,388</u>
Net Increase in Cash and Cash Equivalents	30,470
Cash, Beginning of Year	<u>521,107</u>
Cash, End of Year	<u>\$ 551,577</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (582,922)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used For) by Operating Activities	
Depreciation Expense	7,028
Non-Cash Federal Assistance-Food Distribution Program	56,664
Change in Assets, Liabilities and Deferred Inflows of Resources	
Increase/(Decrease) in Accounts Payable	(41,902)
(Increase)/Decrease in Inventory	(1,142)
Increase/(Decrease) in Unearned Revenue	(1,370)
Increase/(Decrease) in Deferred Commodities Revenue	<u>726</u>
Total Adjustments	<u>20,004</u>
Net Cash (Used) by Operating Activities	<u>\$ (562,918)</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>	
Value Received - Food Distribution Program	<u>\$ 57,390</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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/School 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 School 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 Chief School Administrator is responsible for general supervision of all schools, planning and operational functions of the School. The School Business Administrator/School Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Chief School Administrator of Schools 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 and agencies that are not legally separate from the School. For the Robert Treat Academy Charter School, Inc. this includes general operations, food service 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 School 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 2023, the School adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. 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 or 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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement No. 99, *Omnibus 2022*. 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.

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

- 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 school-wide financial statements (based on the School as a whole) and fund financial statements (based on specific School activities or objectives). Both the school-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate school-wide and fund financial statements are presented, they are interrelated. In the school-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 school-wide financial statements. Currently the School has no fiduciary funds.

**School-Wide Financial Statements**

The school-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 legal 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 or other governmental entities, including other school Schools, 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 school-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, 2023**

**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 school-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 and enterprise funds 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 and private donations for scholarship awards.

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.

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 school-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.

The school-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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

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, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets 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.

***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.

***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.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the school-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, except for intangible right-to-use leased assets, the measurement of which is discussed in Note 1. E.10. 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 a 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 school-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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One 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 school-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 other item that qualifies is the deferred commodities revenue, reported in both the school-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, 2023**

**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 school-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 school-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 School-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***

**School-Wide Statements**

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

- **Net 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.

**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.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 (Continued)**

**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 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 (special revenue fund types), 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 School of Trustees is the highest level of decision-making authority for the school that can, by adoption of a resolution or formal School 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/School Secretary to assign fund balance. The School 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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the school-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital 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.

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.

**2. *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 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 SCHOOL-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the School-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 school-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 \$(336,282) difference are as follows:

Deferred Outflows on Net	
Pension Liability	\$ 596,045
Deferred Inflows on Net	
Pension Liability	<u>(932,327)</u>
Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (336,282)</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 school-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including the net pension liability are not due and payable in the current period and therefore are not reported in the funds”. The details of the \$(3,119,639) difference are as follows:

Capital Financing Agreements	\$ (11,329)
Net Pension Liability	<u>(3,108,310)</u>
Net adjustment to fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (3,119,639)</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department (“the Department”), the Board 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.

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

Budget adoptions and amendments are recorded in the School's 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 School approved several budget transfers during 2022/2023. Also, during 2022/2023 the School increased the original budget of the general fund by \$209,827 and the special revenue fund by \$520,143. The increases were funded by the 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 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 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, 2023**

**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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2023, the book value of the School's deposits was \$3,666,262 and bank and brokerage firm balances of the School's deposits amounted to \$3,998,581. The School's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ 3,952,215
Uninsured and Uncollateralized	<u>46,366</u>
	<u>\$ 3,998,581</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, 2023 the School's bank balance of \$46,366 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 46,366</u>
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**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 school 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 school 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, 2023, the School had no outstanding investments.



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2023 for the School’s individual major funds 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		\$ 315,377	\$ 39,691	\$ 355,068
State	\$ 19,389	33,700	1,167	54,256
Local	111,329			111,329
Other	-	10,000	-	10,000
Gross Receivables	130,718	359,077	40,858	530,653
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 130,718</u>	<u>\$ 359,077</u>	<u>\$ 40,858</u>	<u>\$ 530,653</u>

**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	
Grant Drawdowns Reserved for Encumbrances	\$ <u>175,521</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>175,521</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Leashold Improvements	\$ 677,934	\$ 184,584		\$ 862,518
Furniture and equipment	<u>1,281,818</u>	<u>41,018</u>	<u>-</u>	<u>1,322,836</u>
Total capital assets being depreciated	<u>1,959,752</u>	<u>225,602</u>	<u>-</u>	<u>2,185,354</u>
Less accumulated depreciation for:				
Leashold Improvements	(352,224)	(54,870)		(407,094)
Furniture and equipment	<u>(999,788)</u>	<u>(64,648)</u>	<u>-</u>	<u>(1,064,436)</u>
Total accumulated depreciation	<u>(1,352,012)</u>	<u>(119,518)</u>	<u>-</u>	<u>(1,471,530)</u>
Total capital assets, being depreciated, net	<u>607,740</u>	<u>106,084</u>	<u>-</u>	<u>713,824</u>
Governmental activities capital assets, net	<u>\$ 607,740</u>	<u>\$ 106,084</u>	<u>\$ -</u>	<u>\$ 713,824</u>
	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 192,608	<u>-</u>	<u>-</u>	\$ 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>(113,016)</u>	<u>\$ (7,028)</u>	<u>-</u>	<u>(120,044)</u>
Total accumulated depreciation	<u>(113,016)</u>	<u>(7,028)</u>	<u>-</u>	<u>(120,044)</u>
Total capital assets, being depreciated, net	<u>79,592</u>	<u>(7,028)</u>	<u>-</u>	<u>72,564</u>
Business-type activities capital assets, net	<u>\$ 79,592</u>	<u>\$ (7,028)</u>	<u>\$ -</u>	<u>\$ 72,564</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction		
Regular Instruction		\$ 46,778
		<hr/>
Total Instruction		46,778
		<hr/>
Support Services		
Student and Instruction Related Services		6,647
School Administration		8,727
Plant Operations and Maintenance of Plant		57,366
		<hr/>
Total Support Services		72,740
		<hr/>
Total depreciation expense - governmental activities		\$ 119,518
		<hr/>
<b>Business-Type Activities:</b>		
Food Service		\$ 7,028
		<hr/>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2023, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 59,048
		<hr/>
		\$ 59,048
		<hr/>

The above balance is to cover cash balances which were in an overdraft position.

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Financing Agreements**

**Capital Financing Agreements**

The School entered into the following agreements to finance the construction of major capital facilities and 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, 2023 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 an annual principal installments of \$11,329 through May 25, 2024 interest at 6.290%	\$ 11,329
Total	<u>\$ 11,329</u>

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

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	<u>\$ 11,329</u>	<u>\$ 360</u>	<u>\$ 11,689</u>
Total	<u>\$ 11,329</u>	<u>\$ 360</u>	<u>\$ 11,689</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Other Long-Term Liabilities (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Capital Financing Agreements	\$ 22,966		\$ 11,637	\$ 11,329	\$ 11,329
Other Financing Agreements	11,715		11,715	-	-
Net Pension Liability	<u>2,674,878</u>	<u>\$ 433,432</u>	<u>-</u>	<u>3,108,310</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 2,709,559</u>	<u>\$ 433,432</u>	<u>\$ 23,352</u>	<u>\$ 3,119,639</u>	<u>\$ 11,329</u>

For the governmental activities, the liabilities for capital financing 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 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 School’s Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against various compensation claims.

The relationship between the School and the insurance 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 group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the group. Members have a contractual obligation to fund any deficit of the group attributable to a membership year during which they were a member.

NJSIG provides 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, 2023**

**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 School'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, 2023, 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 School 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](http://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:

<b>Tier</b>	<b>Definition</b>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2023**

**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](http://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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 School 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, 2023**

**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](http://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.



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**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](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

**Actuarial Methods and Assumptions**

In the July 1, 2021 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 2023.

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, 2023 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 more 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 School. PERS employer contributions are made annually by the School 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 School for fiscal years 2023, 2022 and 2021 were equal to the required contributions.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

During the fiscal years ended June 30, 2023, 2022 and 2021 the School 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>
2023	\$ 259,733	\$ 1,249,273
2022	264,432	1,270,599
2021	221,848	907,600

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$771, \$810 and \$889, 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). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the School-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School \$253,174 during the fiscal year ended June 30, 2023 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 School-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, 2021 through June 30, 2022. 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, 2022 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

At June 30, 2023, the School reported in the statement of net position (accrual basis) a liability of \$3,108,310 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the School's proportionate share was .02060 percent, which was a decrease of .00198 percent from its proportionate share measured as of June 30, 2021 of .02258 percent.

For the fiscal year ended June 30, 2023, the School recognized in the school-wide statement of activities (accrual basis) pension benefit of \$64,382 for PERS. The pension contribution made by the School during the current 2022/2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 22,434	\$ 19,784
Changes of Assumptions	9,631	465,437
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	128,650	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>435,330</u>	<u>447,106</u>
Total	<u>\$ 596,045</u>	<u>\$ 932,327</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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)**

At June 30, 2023, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (205,176)
2024	(216,638)
2025	(57,918)
2026	144,973
2027	(1,523)
Thereafter	<u>-</u>
	<u>\$ (336,282)</u>

***Actuarial Assumptions***

The School's total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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)**

***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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

***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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the School 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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*

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. 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 percent, 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:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,993,268</u>	<u>\$ 3,108,310</u>	<u>\$ 2,355,175</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, 2022. A sensitivity analysis specific to the School’s net pension liability at June 30, 2022 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](http://www.state.nj.us/treasury/pensions).



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2021 through June 30, 2022. 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, 2022, the State's pension contribution was more 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, 2023, the School recognized in the School-wide statement of activities (accrual basis) pension expense of \$422,611 for TPAF. This amount has been included in the School-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the net pension liability attributable to the School is \$15,702,975. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the School was .03044 percent, which was a decrease of .0002 percent from its proportionate share measured as of June 30, 2021 of .03064 percent.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the School 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

***Discount Rate***

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. 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, 2023**

**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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 18,412,072</u>	<u>\$ 15,702,975</u>	<u>\$ 13,420,901</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, 2022. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the School at June 30, 2022 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](http://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 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, 2022. 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 School employees and retirees eligible for coverage.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 School 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, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a School or county college with 25 years of service or on a disability retirement. 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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans 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 School (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.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2021 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 \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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, 2023, 2022 and 2021 were \$328,181, \$296,863 and \$284,428, 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, 2021 through June 30, 2022. 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.

For the fiscal year ended June 30, 2023, the School recognized in the school-wide statement of activities (accrual basis) OPEB expense of \$1,239,651. This amount has been included in the school-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the School is \$10,735,453. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the School was .02120 percent, which was an increase of .00175 percent from its proportionate share measured as of June 30, 2021 of .01945 percent.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on 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 disabled 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, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2022 was 3.54%. 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.



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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)**

**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, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ <u>13,189,131</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,246,308
Interest on the Total OPEB Liability	284,501
Differences Between Expected and Actual Experience	(831,839)
Changes of Assumptions	(2,879,882)
Gross Benefit Payments	(281,807)
Contributions from the Member	9,041
Net Changes	\$ <u>(2,453,678)</u>
Balance, June 30, 2022 Measurement Date	\$ <u><u>10,735,453</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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, 2022.

**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 3.54%, 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 (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>12,618,396</u>	\$ <u>10,735,453</u>	\$ <u>9,226,369</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 (Continued)**

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 8,873,508</u>	<u>\$ 10,735,453</u>	<u>\$ 13,181,231</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the School at June 30, 2022. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the School at June 30, 2022 were not provided by the pension system.

**NOTE 6 RECENT HEALTHCARE DEVELOPMENTS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the School have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the School’s operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, 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. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School.

The School has been awarded a total of \$5,526,821 in federal aid to address the effects of the COVID-19 pandemic.

**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, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
Local Sources					
Local Levy - Charter School Aid - Local Share	\$ 1,503,178	\$ 16,842	\$ 1,520,020	\$ 1,519,113	\$ (907)
Interest		-	-	92,095	92,095
Miscellaneous	74,280	-	74,280	24,637	(49,643)
<b>Total Local Sources</b>	<b>1,577,458</b>	<b>16,842</b>	<b>1,594,300</b>	<b>1,635,845</b>	<b>41,545</b>
State Sources					
Equalization Aid	9,153,442	170,431	9,323,873	9,323,873	-
Special Education Categorical Aid	281,989	(25,390)	256,599	256,599	-
Security Aid	316,895	23,106	340,001	340,001	-
On-behalf TPAF Pension - Normal Contribution (Non-Budgeted)				1,232,178	1,232,178
On-behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)				17,095	17,095
On-behalf TPAF - Post Retirement Medical Contributions (Non-Budgeted)				328,181	328,181
On-behalf TPAF- Long-Term Disability Insurance (Non-Budgeted)				771	771
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	253,174	253,174
<b>Total State Sources</b>	<b>9,752,326</b>	<b>168,147</b>	<b>9,920,473</b>	<b>11,751,872</b>	<b>1,831,399</b>
<b>Total Revenues</b>	<b>11,329,784</b>	<b>184,989</b>	<b>11,514,773</b>	<b>13,387,717</b>	<b>1,872,944</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	166,941	8,100	175,041	175,033	8
Grades 1-5 - Salaries of Teachers	1,554,795	27,100	1,581,895	1,581,826	69
Grades 6-8 Salaries of Teachers	1,104,461	75,300	1,179,761	1,179,667	94
Regular Programs - Home Instruction					
Purchased Professional - Educational Services	24,350	-	24,350	827	23,523
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	547,943	(129,400)	418,543	371,284	47,259
Purchased Technical Services	237,388	(18,000)	219,388	219,158	230
General Supplies	455,090	(171,874)	283,216	278,339	4,877
Textbooks	115,500	90,465	205,965	202,022	3,943
<b>Total Regular Programs - Instruction</b>	<b>4,206,468</b>	<b>(118,309)</b>	<b>4,088,159</b>	<b>4,008,156</b>	<b>80,003</b>
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	7,214	19,808	27,022	26,699	323
General Supplies	-	500	500	419	81
<b>Total Resource Room/Resource Center</b>	<b>7,214</b>	<b>20,308</b>	<b>27,522</b>	<b>27,118</b>	<b>404</b>
<b>Total Special Education - Instruction</b>	<b>7,214</b>	<b>20,308</b>	<b>27,522</b>	<b>27,118</b>	<b>404</b>
Bilingual Education					
Salaries of Teachers	-	10,000	10,000	9,700	300
<b>Total Bilingual Education</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>9,700</b>	<b>300</b>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Before and After School Programs					
Salaries of Teachers	\$ 285,602	\$ (74,900)	\$ 210,702	\$ 17,200	\$ 193,502
Other Objects	-	-	-	-	-
Total Before and After School Programs	<u>285,602</u>	<u>(74,900)</u>	<u>210,702</u>	<u>17,200</u>	<u>193,502</u>
School-Spon. Cocurricular/Extracurricular Activities					
Purchased Services	18,000	38,000	56,000	28,841	27,159
Other Objects	5,576	22,000	27,576	27,298	278
Total School-Spon. Cocurricular/Extracurricular Activities	<u>23,576</u>	<u>60,000</u>	<u>83,576</u>	<u>56,139</u>	<u>27,437</u>
School-Spon. Athletics					
Salaries	12,800	-	12,800	-	12,800
Supplies and Materials	14,500	(2,500)	12,000	-	12,000
Other Objects	3,251	2,500	5,751	5,141	610
Total School-Spon. Athletics	<u>30,551</u>	<u>-</u>	<u>30,551</u>	<u>5,141</u>	<u>25,410</u>
Total Instruction	<u>4,553,411</u>	<u>(102,901)</u>	<u>4,450,510</u>	<u>4,123,454</u>	<u>327,056</u>
Undist. Expend. - Health Services					
Salaries	159,027	4,100	163,127	163,121	6
Purchased Professional and Technical Services	32,620	(25,000)	7,620	6,500	1,120
Supplies and Materials	6,500.00	19,460	25,960	22,731	3,229
Total Undist. Expend. - Health Services	<u>198,147</u>	<u>(1,440)</u>	<u>196,707</u>	<u>192,352</u>	<u>4,355</u>
Undist. Expend. - Speech, OT, PT & Related Svcs					
Salaries	87,000	-	87,000	82,638	4,362
Purchased Professional - Educational Services	11,000	(9,700)	1,300	550	750
Supplies and Materials	-	-	-	-	-
Total Undist. Expend. - Speech, OT, PT & Related Svcs	<u>98,000</u>	<u>(9,700)</u>	<u>88,300</u>	<u>83,188</u>	<u>5,112</u>
Other Support Svc - Extraordinary Svcs.					
Salaries - Other Professional Staff	25,000	73,672	98,672	98,196	476
Purchased Professional - Educational Services	-	-	-	-	-
Total Other Support Svc - Extraordinary Svcs.	<u>25,000</u>	<u>73,672</u>	<u>98,672</u>	<u>98,196</u>	<u>476</u>
Child Study Team					
Salaries - Other Professional Staff	216,852	36,000	252,852	252,838	14
Other Purchased Services	13,100	41,700	54,800	41,962	12,838
Supplies and Materials	2,525	6,400	8,925	6,349	2,576
Total Child Study Team	<u>232,477</u>	<u>84,100</u>	<u>316,577</u>	<u>301,149</u>	<u>15,428</u>
Undist. Expend. - Improvement of Inst. Serv.					
Other Salaries	115,000	-	115,000	83,455	31,545
Purchased Professional - Educational Services	75	-	75	-	75
Total Undist. Expend. - Improvement of Inst. Serv.	<u>115,075</u>	<u>-</u>	<u>115,075</u>	<u>83,455</u>	<u>31,620</u>
Undist. Expend. - Instructional Staff Training Serv					
Other Purchased Professional and Technical Services	42,400	-	42,400	38,091	4,309
Other Purchased Services	10,000	275	10,275	737	9,538
Total Undist. Expend. - Instructional Staff Training	<u>52,400</u>	<u>275</u>	<u>52,675</u>	<u>38,828</u>	<u>13,847</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undist. Expend. - Supp Serv. General Admin.					
Legal Services	\$ 59,845	\$ 19,000	\$ 78,845	\$ 78,144	\$ 701
Audit Fees	42,700	-	42,700	40,586	2,114
Other Purchased Professional Services	62,650	(18,000)	44,650	37,708	6,942
Purchased Technical Services	24,500	13,000	37,500	31,804	5,696
Communications/Telephone	113,012	(40,000)	73,012	70,880	2,132
General Supplies	16,850	5,776	22,626	21,408	1,218
BOE Membership Dues and Fees	12,050	1,000	13,050	12,155	895
<b>Total Undist. Expend. - Supp Serv. General Admin</b>	<b>331,607</b>	<b>(19,224)</b>	<b>312,383</b>	<b>292,685</b>	<b>19,698</b>
Undist. Expend. - School Admin					
Salaries of Principals/Assistant Principals	336,536	21,000	357,536	357,070	466
Salaries of Secretarial and Clerical Assistants	450,532	-	450,532	445,064	5,468
<b>Total Undist. Expend. - School Admin</b>	<b>787,068</b>	<b>21,000</b>	<b>808,068</b>	<b>802,134</b>	<b>5,934</b>
Undist. Expend. - Central Services					
Salaries	165,242	6,500	171,742	171,658	84
Purchased Technical Services	21,100	3,700	24,800	24,427	373
Interest on Current Loans	-	-	-	-	-
<b>Total Undist. Expend. - Central Services</b>	<b>186,342</b>	<b>10,200</b>	<b>196,542</b>	<b>196,085</b>	<b>457</b>
Undist. Expend. - Admin Info. Technology					
Salaries	235,729	-	235,729	176,404	59,325
Purchased Technical Services	12,739	(8,200)	4,539	-	4,539
Supplies and Materials	65,637	(53,000)	12,637	6,215	6,422
<b>Total Undist. Expend. - Admin Info. Technology</b>	<b>314,105</b>	<b>(61,200)</b>	<b>252,905</b>	<b>182,619</b>	<b>70,286</b>
Undist. Expend. - Custodial Services					
Salaries	385,294	125,000	510,294	466,931	43,363
Cleaning Repair and Maintenance Services	127,819	58,144	185,963	173,244	12,719
Rental of Land, Building & Other than Lease Purchases	1,263,000	-	1,263,000	1,263,000	-
Insurance	60,636	13,000	73,636	73,626	10
General Supplies	40,000	54,520	94,520	85,473	9,047
Energy (Electricity)	210,000	22,000	232,000	229,528	2,472
Other Objects	23,000	-	23,000	22,441	559
<b>Total Undist. Expend. - Custodial Services</b>	<b>2,109,749</b>	<b>272,664</b>	<b>2,382,413</b>	<b>2,314,243</b>	<b>68,170</b>
Undist. Expend. - Security					
Salaries	137,265	29,900	167,165	167,135	30
Purchased Professional and Technical Services	2,000	-	2,000	-	2,000
<b>Total Undist. Expend. - Security</b>	<b>139,265</b>	<b>29,900</b>	<b>169,165</b>	<b>167,135</b>	<b>2,030</b>



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undist. Expend. - Student Transportation Services					
Contract Services (Other than Between Home & School) -Vendors	\$ 43,550	\$ 19,000	\$ 62,550	\$ 62,047	\$ 503
Other Objects	1,000	-	1,000	-	1,000
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>44,550</b>	<b>19,000</b>	<b>63,550</b>	<b>62,047</b>	<b>1,503</b>
<b>Unallocated Benefits</b>					
Social Security Contributions	253,638	(12,000)	241,638	210,985	30,653
Other Retirement Contributions - TPAF	1,000	(1,000)	-	-	-
Other Retirement Contributions - PERS	242,217	17,600	259,817	259,733	84
Unemployment Compensation	49,100	1,000	50,100	32,502	17,598
Workmen's Compensation	57,156	-	57,156	54,313	2,843
Health Benefits	1,451,977	(107,119)	1,344,858	1,186,941	157,917
Other Employee Benefits	50,000	(5,000)	45,000	-	45,000
<b>Total Unallocated Benefits</b>	<b>2,105,088</b>	<b>(106,519)</b>	<b>1,998,569</b>	<b>1,744,474</b>	<b>254,095</b>
<b>On-behalf TPAF Pension - Normal Contribution (Non-Budgeted)</b>				1,232,178	(1,232,178)
<b>On-behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)</b>				17,095	(17,095)
<b>On-behalf TPAF - Post Retirement Medical Contributions (Non-Budgeted)</b>				328,181	(328,181)
<b>On-behalf TPAF- Long-Term Disability Insurance (Non-Budgeted)</b>				771	(771)
<b>Reimbursed TPAF Social Security Contributions (Non-Budgeted)</b>	-	-	-	253,174	(253,174)
<b>Total On Behalf Contributions</b>	-	-	-	1,831,399	(1,831,399)
<b>Total Undistributed Expenditures</b>	<b>6,738,873</b>	<b>312,728</b>	<b>7,051,601</b>	<b>8,389,989</b>	<b>(1,338,388)</b>
<b>Total Expenditures - Current Expenditures</b>	<b>11,292,284</b>	<b>209,827</b>	<b>11,502,111</b>	<b>12,513,443</b>	<b>(1,011,332)</b>
<b>CAPITAL OUTLAY</b>					
Instructional Equipment	37,500	(37,500)	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Facilities Acquisition and Construction Services					
Construction Services	-	37,500	37,500	21,784	15,716
<b>Total Equipment and Construction Services</b>	<b>37,500</b>	<b>-</b>	<b>37,500</b>	<b>21,784</b>	<b>15,716</b>
<b>Total Capital Outlay</b>	<b>37,500</b>	<b>-</b>	<b>37,500</b>	<b>21,784</b>	<b>15,716</b>
<b>Total Expenditures</b>	<b>11,329,784</b>	<b>209,827</b>	<b>11,539,611</b>	<b>12,535,227</b>	<b>(995,616)</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>-</b>	<b>(24,838)</b>	<b>(24,838)</b>	<b>852,490</b>	<b>877,328</b>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
Net Change in Fund Balance	-	\$ (24,838)	\$ (24,838)	\$ 852,490	\$ 877,328
Fund Balance, Beginning of Year	\$ 2,071,857	-	2,071,857	2,071,857	-
Fund Balance, End of Year	\$ 2,071,857	\$ (24,838)	\$ 2,047,019	\$ 2,924,347	\$ 877,328
Restricted Fund Balance					
Charter School Reserve				\$ 75,000	
Assigned Fund Balance					
Reserve for Encumbrances				19,989	
Unassigned Fund Balance				<u>2,829,358</u>	
Fund Balance Per Governmental Funds (Budgetary)				<u>\$ 2,924,347</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,924,347</u>	

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Federal Sources	\$ 4,509,666	\$ 290,654	\$ 4,800,320	\$ 1,900,811	\$ (2,899,509)
State Sources	-	184,305	184,305	139,391	(44,914)
Miscellaneous	3,600	45,184	48,784	50,466	1,682
Total Revenues	<u>4,513,266</u>	<u>520,143</u>	<u>5,033,409</u>	<u>2,090,668</u>	<u>(2,942,741)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries for Instruction	4,509,666	(2,840,789)	1,668,877	1,564,035	104,842
Purchased Professional/Educational Services		3,400	3,400	-	3,400
General Supplies		257,790	257,790	85,929	171,861
Other Objects		6,600	6,600		6,600
Co-Curricular Activities	-	33,440	33,440	33,440	-
Total Instruction	<u>4,509,666</u>	<u>(2,539,559)</u>	<u>1,970,107</u>	<u>1,683,405</u>	<u>286,702</u>
Support Services					
Salaries	-	23,169	23,169	21,203	1,966
Purchased Professional/Educational Services		49,109	49,109	11,000	38,109
Employee Benefits	-	110,412	110,412	106,797	3,615
Purchased Property Services	-	90,000	90,000	84,224	5,776
General Supplies	-	-	-	-	-
Total Support Services	<u>-</u>	<u>272,690</u>	<u>272,690</u>	<u>223,224</u>	<u>49,466</u>
Facilities Acquisition and Construction Services					
Construction Services	3,600	236,799	240,399	144,735	95,664
Buildings	-	2,458,892	2,458,892	30,800	2,428,092
Equipment	-	83,071	83,071	-	83,071
Instructional Equipment	-	8,250	8,250	6,823	1,427
Total Facilities Acquisition and Const. Services	<u>3,600</u>	<u>2,787,012</u>	<u>2,790,612</u>	<u>182,358</u>	<u>2,608,254</u>
Total Expenditures/Outflows	<u>4,513,266</u>	<u>520,143</u>	<u>5,033,409</u>	<u>2,088,986</u>	<u>2,944,423</u>
Net Change in Fund Balance	-	-	-	1,682	1,682
Fund Balances, Beginning of Year	-	-	-	1,325	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,007</u>	<u>\$ 1,682</u>

**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, 2023**

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.

		<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 13,387,717	(C-2)	\$ 2,090,668
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, 2022				261,590
Encumbrances, June 30, 2023		<u>-</u>		<u>(175,521)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 13,387,717</u>	(B-2)	<u>\$ 2,176,737</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 12,535,227	(C-2)	\$ 2,088,986
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, 2022				261,590
Encumbrances, June 30, 2023		<u>-</u>		<u>(175,521)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 12,535,227</u>	(B-2)	<u>\$ 2,175,055</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**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 Ten Fiscal Years \*

	<u>2023</u>	<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)	0.02060	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)	\$ 3,108,310	\$ 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	1,645,965	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	189%	176%	221%	373%	287%	319%	398%	300%	263%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	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.

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 Last Ten Fiscal Years

	<u>2023</u>	<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	\$ 259,733	\$ 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>259,733</u>	<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	1,897,497	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	13.69%	16.07%	14.58%	14.16%	18.80%	12.70%	9.60%	9.65%	10.63%	11.91%



**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 Ten Fiscal Years \*

	<u>2023</u>	<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	<u>\$ 15,702,975</u>	<u>\$ 14,730,020</u>	<u>\$ 19,345,542</u>	<u>\$ 18,600,445</u>	<u>\$ 18,604,640</u>	<u>\$ 21,295,969</u>	<u>\$ 24,195,725</u>	<u>\$ 17,236,202</u>	<u>\$ 14,274,990</u>	<u>\$ 11,811,232</u>
Total	\$ 15,702,975	\$ 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	3,293,557	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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	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.

**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, 2023**

**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 Six Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service Cost	\$ 1,246,308	\$ 1,430,498	\$ 796,269	\$ 789,381	\$ 829,861	\$ 1,012,437
Interest on Total OPEB Liability	284,501	342,140	314,396	348,927	368,139	311,850
Changes of Benefit Terms		(14,038)				
Differences Between Expected and Actual Experiences	(831,839)	(2,777,734)	2,641,318	(1,056,644)	(1,235,111)	
Changes of Assumptions	(2,879,882)	13,012	2,640,617	123,865	(958,133)	(1,586,381)
Gross Benefit Payments	(281,807)	(269,510)	(251,667)	(255,014)	(223,259)	(221,434)
Contribution from the Member	9,041	8,747	7,628	7,559	7,716	8,154
<b>Net Change in Total OPEB Liability</b>	<u>(2,453,678)</u>	<u>(1,266,885)</u>	<u>6,148,561</u>	<u>(41,926)</u>	<u>(1,210,787)</u>	<u>(475,374)</u>
<b>Total OPEB Liability - Beginning</b>	<u>13,189,131</u>	<u>14,456,016</u>	<u>8,307,455</u>	<u>8,349,381</u>	<u>9,560,168</u>	<u>10,035,542</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 10,735,453</u>	<u>\$ 13,189,131</u>	<u>\$ 14,456,016</u>	<u>\$ 8,307,455</u>	<u>\$ 8,349,381</u>	<u>\$ 9,560,168</u>
School's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>10,735,453</u>	<u>13,189,131</u>	<u>14,456,016</u>	<u>8,307,455</u>	<u>8,349,381</u>	<u>9,560,168</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 10,735,453</u>	<u>\$ 13,189,131</u>	<u>\$ 14,456,016</u>	<u>\$ 8,307,455</u>	<u>\$ 8,349,381</u>	<u>\$ 9,560,168</u>
School's Covered Payroll	<u>\$ 4,939,522</u>	<u>\$ 4,865,702</u>	<u>\$ 4,761,722</u>	<u>\$ 4,358,840</u>	<u>\$ 4,474,973</u>	<u>\$ 4,472,856</u>
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, 2023**

**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, 2023**

	IDEA Part B Basic	IDEA Part B Preschool	NCLB Title I	NCLB Title II-A	CRRSA - ESSR II			Total Page - 2	Total 2023
					ESSER II	Learning Accel.	Mental Health		
<b>REVENUES</b>									
Intergovernmental									
Federal	\$ 148,591	\$ 3,648	\$ 649,947	\$ 50,358	\$ 402,628	\$ 59,300	\$ 29,818	\$ 556,522	\$ 1,900,811
State								139,391	139,391
Local	-	-	-	-	-	-	-	50,466	50,466
<b>Total Revenues</b>	<u>\$ 148,591</u>	<u>\$ 3,648</u>	<u>\$ 649,947</u>	<u>\$ 50,358</u>	<u>\$ 402,628</u>	<u>\$ 59,300</u>	<u>\$ 29,818</u>	<u>\$ 746,379</u>	<u>\$ 2,090,668</u>
<b>EXPENDITURES</b>									
Instruction									
Salaries for Instruction	\$ 97,163		\$ 649,947	\$ 50,358	\$ 307,396	\$ 59,300		\$ 399,871	\$ 1,564,035
Purchased Professional/Educational Services								-	-
General Supplies								85,929	85,929
Co-Curricular Activities	-	-	-	-	-	-	-	33,440	33,440
<b>Total Instruction</b>	<u>97,163</u>	<u>-</u>	<u>649,947</u>	<u>50,358</u>	<u>307,396</u>	<u>59,300</u>	<u>-</u>	<u>519,241</u>	<u>1,683,405</u>
Support Services									
Salaries		\$ 2,385					\$ 18,818	-	21,203
Employee Benefits	51,428	1,263			23,516			30,590	106,797
Other Purchased Services							11,000	-	11,000
Purchased Property Services					71,716			12,508	84,224
General Supplies	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<u>51,428</u>	<u>3,648</u>	<u>-</u>	<u>-</u>	<u>95,232</u>	<u>-</u>	<u>29,818</u>	<u>43,098</u>	<u>223,224</u>
Facilities acquisition and construction services:									
Construction services								144,735	144,735
Building								30,800	30,800
Non-Instructional Equipment								-	-
Instructional Equipment	-	-	-	-	-	-	-	6,823	6,823
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,358</u>	<u>182,358</u>
<b>Total Expenditures</b>	<u>148,591</u>	<u>3,648</u>	<u>649,947</u>	<u>50,358</u>	<u>402,628</u>	<u>59,300</u>	<u>29,818</u>	<u>744,697</u>	<u>2,088,986</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	-	-	1,682	1,682
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	1,325	1,325
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,007</u>	<u>\$ 3,007</u>

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, 2023

	ARP - ESSER III		Charter School Emergent and Capital Needs	Local Grants	Student Activities	PS & CS Security Grant	Total Page 2 2023
	ESSER III	After School					
<b>REVENUES</b>							
Intergovernmental							
Federal	\$ 541,072	\$ 15,449					\$ 556,522
State			\$ 105,691			\$ 33,700	139,391
Local	-	-	-	\$ 15,344	\$ 35,122	-	50,466
Total Revenues	\$ 541,072	\$ 15,449	\$ 105,691	\$ 15,344	\$ 35,122	\$ 33,700	\$ 746,379
<b>EXPENDITURES</b>							
Instruction							
Salaries for Instruction	\$ 399,871						\$ 399,871
Purchased Professional/Educational Services							-
General Supplies	60,480	\$ 15,449		\$ 10,000			85,929
Co-Curricular Activities	-	-	-	-	\$ 33,440	-	33,440
Total Instruction	460,351	15,449	-	10,000	33,440	-	519,241
Support Services							
Salaries							-
Employee Benefits	30,590						30,590
Other Purchased Services							-
Purchased Property Services	12,508						12,508
General Supplies	-	-	-	-	-	-	-
Total Support Services	43,098	-	-	-	-	-	43,098
Facilities acquisition and construction services:							
Construction Services			\$ 105,691	5,344		\$ 33,700	144,735
Building	30,800						30,800
Non-Instructional Equipment							-
Instructional Equipment	6,823	-	-	-	-	-	6,823
Total Facilities acquisition and construction services	37,623	-	105,691	5,344	-	33,700	182,358
Total Expenditures	541,072	15,449	105,691	15,344	33,440	33,700	744,697
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	1,682	-	1,682
Fund Balance, Beginning of Year	-	-	-	-	1,325	-	1,325
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ 3,007	\$ -	\$ 3,007



**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, 2023**

**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, 2023**

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, 2023**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
<u>Capital Financing Agreements</u>						
Copier Lease (2) - 2020/2021	\$ 34,960	6.290%	\$ 22,966	-	\$ 11,637	\$ 11,329
Total Capital Financing Agreements			22,966	-	11,637	11,329
<u>Other Financing Agreements</u>						
Chromebooks(110) - 2019/2020	46,860	0.00%	11,715	-	11,715	-
Total Other Financing Agreements			11,715	-	11,715	-
Total			\$ 34,681	\$ -	\$ 23,352	\$ 11,329

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Invested in capital assets	\$ 600,515	\$ 458,226	\$ 336,608	\$ 222,412	\$ 454,092	\$ 383,648	\$ 304,522	\$ 354,667	\$ 607,740	\$ 713,824
Restricted	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	78,007
Unrestricted (Deficit)	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)	(606,574)
<b>Total governmental activities net position</b>	<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>	<u>\$ 185,257</u>
<b>Business-type activities</b>										
Invested in capital assets	\$ 3,082	\$ 2,201	\$ 1,320	\$ 117,789	\$ 111,970	\$ 110,736	\$ 90,156	\$ 86,620	\$ 79,592	\$ 72,564
Unrestricted			87,843	46,052	114,682	183,565	141,363	176,882	544,526	595,014
<b>Total business-type activities net position</b>	<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>	<u>\$ 667,578</u>
<b>School-wide</b>										
Invested in capital assets	\$ 603,597	\$ 460,427	\$ 337,928	\$ 340,201	\$ 566,062	\$ 494,384	\$ 394,678	\$ 441,287	\$ 687,332	\$ 786,388
Restricted	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	78,007
Unrestricted (Deficit)	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)	(11,560)
<b>Total school net position</b>	<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>	<u>\$ 852,835</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ 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	\$ 6,981,899
Special Education						170,645	178,112	190,190	278,063	181,581
Other Instruction						750,760	344,359	784,491	825,983	940,809
School Sponsored Activities								35,099	89,975	113,403
Administrative	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	1,978,995
Support Services	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	1,286,169
Plant Operation and Maintenance						1,358,568	2,139,971	2,418,637	2,550,999	2,795,526
Pupil Transportation						2,975	94,506		27,207	62,047
Interest on Debt									1,820	1,110
Unallocated Depreciation	160,619	149,989	152,017	143,618	102,114					
<b>Total governmental activities expenses</b>	<b>9,957,296</b>	<b>10,698,575</b>	<b>11,468,490</b>	<b>12,914,167</b>	<b>14,016,757</b>	<b>13,426,956</b>	<b>12,658,225</b>	<b>13,171,572</b>	<b>13,752,963</b>	<b>14,341,539</b>
<b>Business-type activities:</b>										
Food Service	238,504	249,005	383,723	446,254	445,070	449,865	457,010	206,613	600,160	701,874
Before and After Care	202,143	218,557	213,170	218,576	293,523	332,226	282,132	7,184	13,870	-
<b>Total business-type activities expense</b>	<b>440,647</b>	<b>467,562</b>	<b>596,893</b>	<b>664,830</b>	<b>738,593</b>	<b>782,091</b>	<b>739,142</b>	<b>213,797</b>	<b>614,030</b>	<b>701,874</b>
<b>Total school expenses</b>	<b>\$ 10,397,943</b>	<b>\$ 11,166,137</b>	<b>\$ 12,065,383</b>	<b>\$ 13,578,997</b>	<b>\$ 14,755,350</b>	<b>\$ 14,209,047</b>	<b>\$ 13,397,367</b>	<b>\$ 13,385,369</b>	<b>\$ 14,366,993</b>	<b>\$ 15,043,413</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for Services										\$ 35,122
Operating grants and contributions	\$ 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	4,450,604
Capital grants and contributions										203,818
<b>Total governmental activities program revenues</b>	<b>980,304</b>	<b>1,559,587</b>	<b>1,898,605</b>	<b>2,620,762</b>	<b>3,823,982</b>	<b>3,384,347</b>	<b>3,309,301</b>	<b>4,474,206</b>	<b>4,905,225</b>	<b>4,689,544</b>
<b>Business-type activities:</b>										
Charges for services										
Food service	21,808	25,070	85,999	103,073	94,991	114,736	81,958	1,687	773	118,952
Operating grants and contributions	209,392	218,750	384,686	417,859	412,890	548,996	332,270	236,909	960,003	626,382
Before and After Care	202,143	218,557	213,170	218,576	293,523	186,008	167,136	99	-	-
<b>Total business type activities program revenues</b>	<b>433,343</b>	<b>462,377</b>	<b>683,855</b>	<b>739,508</b>	<b>801,404</b>	<b>849,740</b>	<b>581,364</b>	<b>238,695</b>	<b>960,776</b>	<b>745,334</b>
<b>Total school program revenues</b>	<b>\$ 1,413,647</b>	<b>\$ 2,021,964</b>	<b>\$ 2,582,460</b>	<b>\$ 3,360,270</b>	<b>\$ 4,625,386</b>	<b>\$ 4,234,087</b>	<b>\$ 3,890,665</b>	<b>\$ 4,712,901</b>	<b>\$ 5,866,001</b>	<b>\$ 5,434,878</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (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)	\$ (9,651,995)
<b>Business-type activities</b>	(7,304)	(5,185)	86,962	74,678	62,811	67,649	(157,778)	24,898	346,746	43,460
<b>Total school-wide net expense</b>	<b>\$ (8,984,296)</b>	<b>\$ (9,144,173)</b>	<b>\$ (9,482,923)</b>	<b>\$ (10,218,727)</b>	<b>\$ (10,129,964)</b>	<b>\$ (9,974,960)</b>	<b>\$ (9,506,702)</b>	<b>\$ (8,672,468)</b>	<b>\$ (8,500,992)</b>	<b>\$ (9,608,535)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Local tax levy aid for general purposes	\$ 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	\$ 1,519,113
Unrestricted grants and contributions	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	9,323,873
Investment earnings										
Miscellaneous income	102,000	33,722	10,946	3,210	5,493	5,308	51,899	104,588	266,200	116,732
Transfers	(6,071)	(4,304)					(114,996)	(7,085)	(13,870)	-
<b>Total governmental activities</b>	<b>8,997,626</b>	<b>9,287,493</b>	<b>9,397,493</b>	<b>9,898,952</b>	<b>9,696,637</b>	<b>9,351,979</b>	<b>9,299,071</b>	<b>9,456,981</b>	<b>9,858,091</b>	<b>10,959,718</b>
<b>Business-type activities:</b>										
Transfers	6,071	4,304					114,996	7,085	13,870	-
<b>Total business-type activities</b>	<b>6,071</b>	<b>4,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,996</b>	<b>7,085</b>	<b>13,870</b>	<b>-</b>
<b>Total school-wide</b>	<b>\$ 9,003,697</b>	<b>\$ 9,291,797</b>	<b>\$ 9,397,493</b>	<b>\$ 9,898,952</b>	<b>\$ 9,696,637</b>	<b>\$ 9,351,979</b>	<b>\$ 9,414,067</b>	<b>\$ 9,464,066</b>	<b>\$ 9,871,961</b>	<b>\$ 10,959,718</b>
<b>Change in Net Position</b>										
<b>Governmental activities</b>	\$ 20,634	\$ 148,505	\$ (172,392)	\$ (394,453)	\$ (496,138)	\$ (690,630)	\$ (49,853)	\$ 759,615	\$ 1,010,353	\$ 1,307,723
<b>Business-type activities</b>	(1,233)	(881)	86,962	74,678	62,811	67,649	(42,782)	31,983	360,616	43,460
<b>Total school</b>	<b>\$ 19,401</b>	<b>\$ 147,624</b>	<b>\$ (85,430)</b>	<b>\$ (319,775)</b>	<b>\$ (433,327)</b>	<b>\$ (622,981)</b>	<b>\$ (92,635)</b>	<b>\$ 791,598</b>	<b>\$ 1,370,969</b>	<b>\$ 1,351,183</b>

**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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted										
Charter School Reserve	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Committed	33,500	41,900	30,380	33,740	36,900					
Assigned		57,502	66,481	90,684			74,904	41,276	24,838	19,989
Unassigned	390,568	628,231	666,589	743,219	499,074	236,782	530,785	1,479,980	1,972,019	2,829,358
Total General fund	<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>	<u>\$ 2,924,347</u>
All Other Governmental Funds										
Restricted							\$ 16,661	\$ 5,129	\$ 1,325	\$ 3,007
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,661</u>	<u>\$ 5,129</u>	<u>\$ 1,325</u>	<u>\$ 3,007</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax levy	\$ 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	\$ 1,519,113
Miscellaneous	102,000	33,722	10,946	3,210	5,493	5,308	51,899	135,880	292,518	161,854
State sources	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	11,890,116
Federal sources	442,348	559,215	551,523	560,841	672,962	664,001	627,031	1,072,040	1,989,865	1,993,371
Total revenue	<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>	<u>15,564,454</u>
<b>Expenditures</b>										
Instruction	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	7,073,083
Special Education Instruction						146,501	155,720	160,274	278,024	186,124
Other Instruction						644,539	241,159	660,301	808,161	963,503
School Sponsored Activities							34,172	35,099	87,163	114,202
Administrative	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	2,004,388
Support Services	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	1,301,143
Plant Operation and Maintenance						1,298,000	2,071,656	2,358,756	2,472,519	2,755,728
Student Transportation						2,975	20,530		27,207	62,047
Capital Outlay	196,363	7,700	30,399	29,422	333,794	2,078		55,799	327,996	225,602
Debt Service										
Principal							11,715	12,778	22,646	23,352
Interest								-	1,820	1,110
Total expenditures	<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>	<u>14,710,282</u>
Excess (Deficiency) of revenues over (under) expenditures	<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>	<u>854,172</u>
<b>Other Financing sources (uses)</b>										
Lease Proceeds							46,860	34,960	-	-
Transfers out	(6,071)	(4,304)					(114,996)	(7,085)	(13,870)	-
Total other financing sources (uses)	<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>	<u>-</u>
Net change in fund balances	<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>	<u>\$ 854,172</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>Parent Fees</u>	<u>Miscellaneous</u>	<u>E Rate</u>	<u>Total</u>
2023			\$ 18,106	\$ 2,340	\$ 1,455	\$ 2,736	\$ 24,637
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

\* 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>2023</u>	<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>
Employees:										
Certified	56.0	55.0	57.0	57.0	57.0	55.0	64.0	61.0	65.0	63.0
Other	<u>48.5</u>	<u>47.0</u>	<u>44.0</u>	<u>47.0</u>	<u>48.0</u>	<u>47.0</u>	<u>45.0</u>	<u>45.0</u>	<u>36.0</u>	<u>36.0</u>
Total	<u><u>104.5</u></u>	<u><u>102.0</u></u>	<u><u>101.0</u></u>	<u><u>104.0</u></u>	<u><u>105.0</u></u>	<u><u>102.0</u></u>	<u><u>109.0</u></u>	<u><u>106.0</u></u>	<u><u>101.0</u></u>	<u><u>99.0</u></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>
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%
2023	14,460,218	20,797	7.06%	695.3	653.3	0.65%	93.96%

Sources: School records

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

Fiscal Year	Kindergarten	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
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
2023	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>2023</u>	<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>
North	N/A	\$ 450,555	\$ 372,823	\$ 346,272	\$ 271,588	\$ 170,086	\$ 149,435	\$ 138,208	\$ 119,746	\$ 131,752	\$ 183,324
Central	N/A	<u>189,620</u>	<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>\$ 640,175</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>

**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	\$ 2,027,000	\$ 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	25,000
Environmental Liability	1,000,000	50,000
Privacy and Network Security Liability - Coalition	2,000,000	50,000
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)**

	2021	2022	2023	Source
Cash	1,941,106	2,487,452	3,666,262	Audit: Exhibit A-1
Current Assets	2,595,666	3,466,724	4,206,081	Audit: Exhibit A-1
Total Assets	3,036,953	4,154,056	4,992,469	Audit: Exhibit A-1
Current Liabilities	814,237	847,121	681,092	Audit: Exhibit A-1
Total Liabilities	871,564	881,802	692,421	Audit: Exhibit A-1***
Net Position	(1,869,317)	(498,348)	852,835	Audit: Exhibit A-1
Total Revenue	14,176,967	15,737,962	16,394,596	Audit: Exhibit A-2
Total Expenses	13,385,369	14,366,993	15,043,413	Audit: Exhibit A-2
Change in Net Position	791,598	1,370,969	1,351,183	Audit: Exhibit A-2
Depreciation Expense	44,313	81,951	126,546	Financial Statements/Audit Workpapers
Interest Expense				Financial Statements/Audit Workpapers
Principal Payments	12,778	22,646	23,352	Financial Statements/Audit Workpapers
Interest Payments	-	1,820	1,110	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	686.0	690.8	695.0	DOE Enrollment Reports
March 30th Budgeted Enrollment	689	695	700	Charter School Budget

Near Term Indicators		2021	2022	2023	3 YR CUM	Source:
1a.	Current Ratio	3.19	4.09	6.18		Current Assets/Current Liabilities
1b.	Unrestricted Days Cash	52.90	63.20	89.0		Cash/(Total Expenses/365)
1c.	Enrollment Variance	98.61%	99.40%	99.29%		Average Daily Enrollment/Budgeted Enrollment
1d.*	Default on Loans	No	No	No		Audit
<b>Sustainability Indicators</b>						
2a.	Total Margin	5.58%	8.71%	8.24%		Change in Net Assets/Total Revenue
2b.	Debt to Asset	29%	21%	14%		Total Liabilities/Total Assets
2c.**	Cash Flow	353,840	546,346	1,178,810		Net Change in Cash Flow from Prior Years
2d.	Debt Service Coverage Ratio	65	64	63		(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  
 \*\* 2023=2023 Cash - 2022 Cash; Cash 2022=2022 Cash - 2021 Cash; 2021=2021 Cash - 2020 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, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN 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 and each major fund, of the Robert Treat Academy Charter School, Inc. as of and for the fiscal year ended June 30, 2023 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 January 24, 2024.

**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 January 24, 2024.

### **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  
January 24, 2024



# LERCH, VINCI & BLISS, LLP

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**EXHIBIT K-2**  
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CHRISTINA CUIFFO, CPA, PSA  
JOHN 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, 2023. 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, 2023.

***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.

## **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.

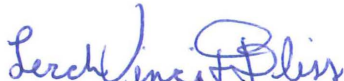



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and each major fund of the Robert Treat Academy Charter School, Inc., as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 24, 2024, 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  
January 24, 2024

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2022			Prior Year Unex. Enc	Cash Received	Budgetary Expenditures	A/R Rev. Adj.	Balance, June 30, 2023			GAAP Receivable	
						Unearned Revenue	(Accounts Receivable)	Due to Grantor					Unearned Revenue	(Accounts Receivable)	Due to Grantor		
<b>U.S. Department of Agriculture</b>																	
<b>Passed-through State Department of Education</b>																	
<b>National School Lunch Program</b>																	
Cash Assistance - Breakfast	10.553	231NJ304N1099	N/A	7/1/22-6/30/23	\$ 50,903				\$ 46,969	\$ 50,903				\$ (3,934)		\$ (3,934)	
Cash Assistance - Breakfast	10.553	221NJ304N1099	N/A	7/1/21-6/30/22	251,475		\$ (17,240)		17,240								
Cash Assistance - Lunch	10.555	231NJ304N1099	N/A	7/1/22-6/30/23					335,150	362,828				(27,678)		(27,678)	
Cash Assistance - Lunch	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	521,071		(40,063)		40,063								
Cash Assistance - Snack	10.555	231NJ304N1099	N/A	7/1/22-6/30/23	113,058				104,979	113,058				(8,079)		(8,079)	
Cash Assistance - Snack	10.555	221NJ304N1099	N/A	7/1/21-6/30/22	81,644		(6,303)		6,303								
Non-Cash Assistance	10.555	231NJ304N1098	N/A	7/1/22-6/30/23	57,390				57,390	54,769			\$ 2,621				
Non-Cash Assistance	10.555	221NJ304N1098	N/A	7/1/21-6/30/22	40,492	\$ 1,895	-	-	-	1,895	-	-	-	-	-	-	
Supply Chain Assistance	10.555	231NJ304N1099	N/A	7/1/22-6/30/23	27,497	-	-	-	-	27,497	-	-	-	-	-	-	
<b>Total U.S. Department of Agriculture/Child Nutrition Cluster</b>						<b>1,895</b>	<b>(63,606)</b>	<b>-</b>	<b>-</b>	<b>635,591</b>	<b>610,950</b>	<b>-</b>	<b>-</b>	<b>2,621</b>	<b>(39,691)</b>	<b>-</b>	<b>(39,691)</b>
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education</b>																	
I.D.E.A. Part B, Basic	84.027A	H027A220100	IDEA-7730-23	7/1/22-9/30/23	148,591				75,694	148,591				-	(72,897)	(72,897)	
I.D.E.A. Part B, Basic	84.027A	H027A210100	IDEA-7730-22	7/1/21-9/30/22	146,356		(68,715)		68,715					-	-	-	
I.D.E.A. Part B, Preschool	84.173A	H173A220114	IDEA-7730-23	7/1/22-9/30/23	3,648				1,859	3,648				-	(1,789)	(1,789)	
I.D.E.A. Part B, Preschool	84.173A	H173A210114	IDEA-7730-22	7/1/21-9/30/22	2,871		(1,197)		1,197					-	-	-	
ARP - I.D.E.A. Part B, Basic	84.027X	H027X210100	IDEA	7/1/21-9/30/22	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		(1,399)		1,399					-	-	-	
<b>Total Special Education Cluster (IDEA)</b>						<b>-</b>	<b>(87,824)</b>	<b>-</b>	<b>-</b>	<b>165,377</b>	<b>152,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(74,686)</b>	<b>-</b>	<b>(74,686)</b>
ESEA Title I	84.010A	S010A220030	EASA-7730-23	7/1/22-9/30/23	659,947				583,785	649,947				10,000	(76,162)	(66,162)	
ESEA Title I	84.010A	S010A210030	EASA-7730-22	7/1/21-9/30/22	494,060		(72,198)		72,198							-	
ESEA Title II A	84.367A	S367A220029	EASA-7730-23	7/1/22-9/30/23	50,358				50,358	50,358						-	
<b>Elementary and Secondary School Emergency Relief Fund (Esser)</b>																	
ESSER I - CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	352,773		(22,163)		22,163					-	-	-	
ESSER II - Coronavirus Supplemental Approp	84.425D	S425D210027	N/A	3/13/20-9/30/23	1,472,976	342,713	(588,408)	\$ 59,916	588,408	402,629				-	-	-	
ESSER II - Learning Acceleration	84.425D	S425D210027	N/A	3/13/20-9/30/23	94,528	78,673	(79,948)		60,575	59,300			19,373	(19,373)		-	
ESSER II - Mental Health	84.425D	S425D210027	N/A	3/13/20-9/30/23	45,000	31,784	(31,784)		14,600	29,817			1,967	(17,184)		(15,217)	
ARP ESSER III	84.425U	S425U210027	N/A	3/13/20-9/30/24	3,310,417	3,177,283	(3,254,982)		474,908	541,072			2,636,211	(2,780,074)		(143,863)	
ARP Accelerated Learning	84.425U	S425U210027	N/A	3/13/20-9/30/24	83,109	83,109	(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)		-	15,449			24,551	(40,000)		(15,449)	
ARP After School	84.425U	S425U210027	N/A	3/13/20-9/30/24	40,000	15,450	(16,696)		1,246	-			15,450	(15,450)		-	
ARP Mental Health	84.425U	S425U210027	N/A	3/13/20-9/30/24	45,000	45,000	(45,000)		-	-			45,000	(45,000)		-	
<b>Total Elementary and Secondary School Emergency Relief Fund (Esser Cluster)</b>						<b>3,814,012</b>	<b>(4,162,090)</b>	<b>-</b>	<b>59,916</b>	<b>1,161,900</b>	<b>1,048,267</b>	<b>-</b>	<b>-</b>	<b>2,825,661</b>	<b>(3,000,190)</b>	<b>-</b>	<b>(174,529)</b>
<b>Total U.S. Department of Education</b>						<b>3,814,012</b>	<b>(4,322,112)</b>	<b>-</b>	<b>59,916</b>	<b>2,033,618</b>	<b>1,900,811</b>	<b>-</b>	<b>-</b>	<b>2,835,661</b>	<b>(3,151,038)</b>	<b>-</b>	<b>(315,377)</b>
<b>Total Federal Financial Assistance</b>						<b>\$ 3,815,907</b>	<b>\$ (4,385,718)</b>	<b>\$ -</b>	<b>\$ 59,916</b>	<b>\$ 2,669,209</b>	<b>\$ 2,511,761</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,838,282</b>	<b>\$ (3,190,729)</b>	<b>\$ -</b>	<b>\$ (355,068)</b>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2022				Balance, June 30, 2023			MEMO		
				Accounts Receivable	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
Equalization Aid - State Aid (State and Local)	23-495-034-5120-078	7/1/22-6/30/23	\$ 10,842,986				\$ 10,731,657	\$ 10,842,986		\$ (111,329)		\$ (111,329)	\$ 10,842,986
Equalization Aid - State Aid	22-495-034-5120-078	7/1/21-6/30/22	9,572,335	\$ (268,814)			268,814						
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	256,599				256,599	256,599					256,599
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	340,001	-	-	-	340,001	340,001	-	-	-	-	340,001
<b>Total State Aid Public - Cluster</b>				(268,814)	-	-	11,597,071	11,439,586	-	(111,329)	-	(111,329)	11,439,586
On-Behalf TPAF Pension - Normal Cost	23-495-034-5094-002	7/1/22-6/30/23	1,232,178				1,232,178	1,232,178					1,232,178
On-Behalf TPAF Pension - NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23	17,095				17,095	17,095					17,095
On Behalf TPAF Post Retirement Medical Benefits	23-495-034-5094-001	7/1/22-6/30/23	328,181				328,181	328,181					328,181
On Behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	771				771	771					771
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	253,174				233,785	253,174		(19,389)		(19,389)	253,174
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	239,570	(18,124)	-	-	18,124	-	-	-	-	-	-
<b>Total General Fund State Aid</b>				(286,938)	-	-	13,427,205	13,270,985	-	(130,718)	-	(130,718)	13,270,985
<b>Special Revenue Funds</b>													
PS & CS Security Grant	N/A	7/1/22-9/30/23	33,700					33,700		(33,700)		(33,700)	33,700
Charter School Emergent & Capital Needs	N/A	7/1/22-6/30/23	105,691	-	-	-	105,691	105,691	-	-	-	-	105,691
<b>Total Special Revenue Fund State Aid</b>				-	-	-	105,691	139,391	-	(33,700)	-	(33,700)	139,391
<b>Enterprise Funds</b>													
National School Lunch Program (State Share)	23-100-010-3350-023	7/1/22-6/30/23	11,916				11,013	11,916		(903)		(903)	11,916
National School Lunch Program (State Share)	22-100-010-3350-023	7/1/21-6/30/22	12,285	(922)			922						
National School Breakfast Program (State Share)	23-100-010-3350-023	7/1/22-6/30/23	1,225				1,131	1,225		(94)		(94)	1,225
After the Bell Program (State Share)	23-100-010-3350-023	7/1/22-6/30/23	2,291	-	-	-	2,121	2,291	-	(170)	-	(170)	2,291
<b>Total Enterprise Fund/Child Nutrition Cluster</b>				(922)	-	-	15,187	15,432	-	(1,167)	-	(1,167)	15,432
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				(287,860)	-	-	13,548,083	13,425,808	-	(165,585)	-	(165,585)	13,425,808
<b>Less:</b>													
State Financial Assistance Programs Not Subject to Major Program Determination													
On-Behalf TPAF Pension - Normal Cost	23-495-034-5094-002	7/1/22-6/30/23	1,232,178				(1,232,178)	(1,232,178)					(1,232,178)
On-Behalf TPAF Pension - NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23	17,095				(17,095)	(17,095)					(17,095)
On Behalf TPAF Post Retirement Medical Benefits	23-495-034-5094-001	7/1/22-6/30/23	328,181				(328,181)	(328,181)					(328,181)
On Behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	771	-	-	-	(771)	(771)	-	-	-	-	(771)
<b>State Financial Assistance Amount Utilized for Calculation to Determine Single Audit and Major Programs.</b>				\$ (287,860)	\$ -	\$ -	\$ 11,969,858	\$ 11,847,583	\$ -	\$ (165,585)	\$ -	\$ (165,585)	\$ 11,847,583

**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, 2023**

**NOTE 1 REPORTING ENTITY**

The Robert Treat Academy Charter School, Inc. (the “Board” or the “School”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The School is the reporting entity for these programs. The School is defined in Note 1 (A) to the School’s Financial Statements.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the School. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are 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* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the School’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The School’s summary of significant accounting policies are described in Note 1 to the School’s financial statements.

**NOTE 4 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$86,069 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 School’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,751,872	\$ 11,751,872
Special Revenue Fund	\$ 1,993,371	138,244	2,131,615
Food Service Fund	<u>610,950</u>	<u>15,432</u>	<u>626,382</u>
Total Financial Assistance	<u>\$ 2,604,321</u>	<u>\$ 11,905,548</u>	<u>\$ 14,509,869</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, 2023**

**NOTE 5 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 6 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 \$253,174 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$1,249,273, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$328,181 and TPAF Long-Term Disability Insurance in the amount of \$771 represents the amount paid by the State on behalf of the School for the fiscal year ended June 30, 2023.

**NOTE 7 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 8 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, 2023**

**Part 1 – Summary of Auditor’s Results**

<u>Financial Statement Section</u>	<u>Description</u>	
A) Type of auditors' report issued on financial statements	Unmodified	
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
 <u>Federal Awards Section</u>		
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	Unmodified	
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>AL Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	CARES ESSER Program Cluster
84.425D	S425D210027	CRRSA ESSER Program Cluster
84.425U	S425U210027	ARP ESSER Program Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
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, 2023**

**Part 1 – Summary of Auditor’s Results**

<u>State Awards</u>	<u>Description</u>	
Internal control over major programs:		
(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
Type of auditors' report issued on compliance for major programs	_____ <u>Unmodified</u> _____	
Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?	_____ Yes	_____ <u>X</u> No
Identification of major state programs:		
<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>	
_____	_____	
495-034-5120-078	Equalization Aid	
495-034-5120-089	Special Education Aid	
495-034-5120-084	Security Aid	
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, 2023**

*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 ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*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**

There are none.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*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, 2023**

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**

**Finding 2022-001**

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

**Status**

Corrective action has been taken.

**Finding 2022-002**

Net cash resources exceeded three months of average expenditures at June 30, 2022 in the Food Service Fund.

**Status**

Corrective action is being taken. See Auditor's Management Report on "Administrative Findings – Financial Compliance and Performance".