Audited Financial Statements

June 30, 2022

GETTYSBURG MONTESSORI CHARTER SCHOOL

Inspiring a Love of Learning

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Gettysburg Montessori Charter School
Gettysburg, Pennsylvania

REPORT ON FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Gettysburg Montessori Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Gettysburg Montessori Charter School, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gettysburg Montessori Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements for the year ended June 30, 2022, Gettysburg Montessori Charter School adopted new accounting guidance, Government Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Gettysburg Montessori Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gettysburg Montessori Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gettysburg Montessori Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, budgetary comparison schedule – general fund on pages 40, and schedules related to pension and OPEB liabilities on pages 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2023 on our consideration of Gettysburg Montessori Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Gettysburg Montessori Charter School's internal control over financial reporting and compliance.

Smith Elliott Hearn & Company LLC

Hanover, Pennsylvania
January 9, 2023

The Management's Discussion and Analysis of the Gettysburg Montessori Charter School ("the School") financial performance provides an overall review of the School's financial position as of June 30, 2022 and of its financial activities during the fiscal year ended June 30, 2022. This analysis includes a review of the School's performance as a whole. Readers should review the Financial Statements and the Notes to Financial Statements to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Financial highlights for the 2021 - 2022 fiscal year were:

- Total revenues increased by approximately $ 962,000 due mainly to an increase in the average student population.
- At the close of the current fiscal year, the School reports an ending general fund balance of positive $ 1,346,921. This balance was the result of a $ 1,431,690 surplus for the year ended June 30, 2022.
- The School's cash balance at June 30, 2022 was $ 1,449,366, representing an increase of $ 27,137 from June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School's annual report consists of basic financial statements and notes to financial statements. These statements are presented in a manner that provides the reader with the information to understand the financial position and activities of the School as a whole.

The statement of net position presents the School's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. The trend over time in the net position balance provides an indication of the financial condition of the School.

The statement of activities provides information showing how the School's net position changed during the fiscal year. Revenues and expenses are included in this statement for certain items that may result in cash flows in future periods.

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities present an aggregate view of the School from a financial perspective. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to private-sector companies.

These statements report the School's net position and changes in those assets. The change in net position is an indicator of whether the School's financial position, as a whole, has improved or diminished. The causes of such changes may be financial or non-financial factors, including changes in the current laws, condition of facilities, required educational programs, and other factors.

The Statement of Net Position and the Statement of Activities divide the School into governmental activities and into business-type activities. Most of the School's activities, including instruction, support services, and noninstructional services are reported as governmental activities. Business-type activities are services that the School provides on a charge for goods or services basis. The business-type activity for the School is the Food Service Program.

Fund Financial Statements

The School's fund financial statements provide detailed information about the School's funds.

Governmental Funds

Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. This information is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The School's Proprietary Fund is the Enterprise Fund. It is used to account for the School's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School charges customers for services it provides, these services are generally reported in enterprise funds. The Food Service Fund is the School's enterprise fund and represents the entire amount reported as business-type activities in the government-wide statements. The fund financial statements provide detailed and additional information about the Enterprise Fund, such as cash flows.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The governmental fund budgetary comparison schedule, schedule of the School's proportionate share of the net pension liability and contributions, and schedule of the School's proportionate share of the net OPEB liability, are presented for purposes of additional analysis.

Table 1 (Statement of Net Position) provides a comparative summary of the School's net position as of June 30, 2022 and June 30, 2021:

TABLE 1
STATEMENTS OF NET POSITION
(in thousands)

	Governmental Activities		Business-type Activity		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 1,713	1,678	$ 23	$ 15	$ 1,736	$ 1,693
Noncurrent assets	5,744	5,412	-	-	5,744	5,412
Total assets	7,457	7,090	23	15	7,480	7,105
Deferred outflows of resources	179	204	-	-	179	204
Current liabilities	495	1,819	2	5	497	1,824
Noncurrent liabilities	4,991	4,462	-	-	4,991	4,462
Total liabilities	5,486	6,281	2	5	5,488	6,286
Deferred inflows of resources	684	388	-	-	684	388
Net assets						
Net investment in capital assets	470	1,558	-	-	470	1,558
Unrestricted (deficit)	996	(933)	20	10	1,016	(923)
Total net position (deficit)	$ 1,466	$ 625	$ 20	$ 10	$ 1,486	$ 635

The School's net position at June 30, 2022 was $ 1,486,671, and the net position of governmental activities was $ 1,466,208. The net surplus reflects the impact of the net pension liability of $ 1,026,418 and other net post-employment benefits of $ 59,252 as of June 30, 2022. These liabilities represent the School's proportion of the net unfunded liabilities of the Pennsylvania School Employees' Retirement System. Additional information is provided in Note 8 and 9 to the financial statements.

The largest component of assets is capital assets of $ 5,735,212, net of accumulated depreciation, at June 30, 2022. The School's Statement of Net Position included $ 3,998,326 of notes payable at June 30, 2022 that support capital assets. Changes in net capital assets and outstanding debt have a general correlation over time.

Table 2 (Statement of Activities) shows comparative changes in net position as a result of financial revenues and expenses for the fiscal years ended June 30, 2022 and June 30, 2021:

TABLE 2
STATEMENTS OF ACTIVITIES
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	$ 12	$ 6	$ 3	$ -	$ 15	$ 6
Operating grants and contributions	207	353	189	74	396	427
General revenues						
Receipts from other local education agencies	3,921	2,909	-	-	3,921	2,909
Other	54	(36)	-	-	54	(36)
Total revenues	4,194	3,232	192	74	4,386	3,306
Expenses						
Instruction	1,767	1,507	-	-	1,767	1,507
Support services	1,301	1,144	-	-	1,301	1,144
Noninstructional services	67	4	-	-	67	4
Interest on long-term debt	185	55	-	-	185	55
Food services	-	-	216	108	216	108
Other	34	48	(34)	(48)	-	-
Total expenses	3,354	2,758	182	60	3,536	2,818
Increase (decrease) in net position	$ 840	$ 474	$ 10	$ 14	$ 850	$ 488

Total revenues for the year ended June 30, 2022 increased by approximately $1,080,000, or 32.7% percent, from the year ended June 30, 2021. The School recognized increased revenues from local sources and decreased revenues from subsidy sources. The largest portion of the increase was attributable to increasing enrollment to 285 students compared with 261 students at June 30, 2021.

Total expenses increased by approximately $718,000, or 25.5% percent, for the year ended June 30, 2022 compared to the year ended June 30, 2021. There were increases in personnel, nonemployee professionals, professional development, and books and supplies expense, resulting in an increase of general fund expenditures, but they were offset by decreases in the PSERS and related liability balances, resulting in a net increase in expenses.

The School's Funds

Information shown in the School's fund statements is accounted for using the modified accrual basis of accounting. The School's general fund recognized total revenues of $ 4,154,268 and the unassigned fund balance at June 30, 2022 was $ 1,065,542, or 25.2% of budgeted expenditures for fiscal year 2022–2023.

The School expects that salaries and benefits will increase by approximately $ 230,364, or 12.5%, in the 2022-2023 fiscal year. Staffing needs are reviewed prior to the adoption of each school year budget in order to determine the appropriate staffing levels for the upcoming fiscal year. Employee benefit costs are expected to be driven by a decrease in the cost of employer contributions to the employee retirement plan. These costs are planned to decrease by 106.0% for the 2022-2023 fiscal year. The increase in the rate owed by employers into the retirement system has shown significant double digit increases for the past several years and is now slowing down; however, this cost will remain a significant component of expenditures for several years into the future. The School is also likely to see an increase in employee health benefits costs in 2022-2023 as it transitions to an Affordable Care Act (ACA)-eligible plan in order to comply with federal mandate.

General Fund Budget

The School prepares its annual budget in accordance with Pennsylvania law and is based on accounting for certain transactions on the modified cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the fiscal year, the Board of Trustees authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School. A schedule is included as part of this financial report that shows the School's original and final budget amounts compared with amounts actually paid and received during the year.

The General Fund Budget revenues varied from the final budget by 5.6%. Expenditures varied by approximately 11.7%.

Capital Assets

At June 30, 2022, the School's governmental funds had $ 5,735,212 invested in land, buildings, equipment, and construction-in-progress, net of accumulated depreciation. Table 3 shows balances at June 30, 2022 and at June 30, 2021.

TABLE 3
CAPITAL ASSETS – NET OF DEPRECIATION
(in thousands)

	June 30, 2022	June 30, 2021
Land	$ 60	$ 60
Buildings and improvements	5,419	1,452
Furniture and equipment	248	287
Construction-in-progress	8	3,604
Total Capital Assets	$ 5,735	$ 5,403

The most significant addition to capital assets during the year ended June 30, 2022 was $ 4,059,466 in building related to the completion of the building project. No significant deletions to capital assets were made during the year ended June 30, 2022. The School evaluates the condition of its facilities annually and makes capital plan expenditures accordingly. Additional information on the School's capital assets can be found in the notes to financial statements.

Outstanding Debt

At June 30, 2022, the School had $ 3,998,326 of notes outstanding, $ 59,252 in net OPEB liability and $ 1,026,418 of net pension liability. Note 9 of the financial statements details the accounting for the retirement plan that results in the pension liability. Table 4 shows principal balances of outstanding notes at June 30, 2022 compared to June 30, 2021. Outstanding notes have scheduled maturities through 2030. Principal and interest payments are scheduled to provide consistent debt service cost from fiscal year to fiscal year.

TABLE 4
OUTSTANDING DEBT

	June 30, 2022	June 30, 2021
Direct Borrowing		
Members 1st Construction Loan	$ 3,998,326	2,579,874
Total Outstanding Debt	$ 3,998,326	$ 2,579,874

Other Items Affecting the Financial Strength of the School

The School considers its financial condition to be sound and believes its local community support to be very positive. The school's enrollment has grown steadily and has now reached its full capacity of 285 students for the 2022-23 school year. This growth is attributable both to the school's strong academic reputation and to its physical enhancements – namely, the completion of new K-6 classrooms, a library and an outdoor courtyard/play area prior to the start of the 2021-22 school year.

There is no known significant litigation to the School that may have a future financial effect upon its financial position.

Contacting the School Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the CEO, Gettysburg Montessori Charter School, 888 Coleman Road, Gettysburg, PA 17325.

GETTYSBURG MONTESSORI CHARTER SCHOOL
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 1,449,366	$ -	$ 1,449,366
Receivables			
Intergovernmental	191,397	-	191,397
Federal subsidies	53,800	21,802	75,602
State subsidies	-	706	706
Prepaid expenses	18,760	-	18,760
Total current assets	1,713,323	22,508	1,735,831
Noncurrent Assets			
Security deposit	8,365	-	8,365
Capital assets not being depreciated			
Land	60,000	-	60,000
Construction in progress	7,651	-	7,651
Capital assets net of accumulated depreciation			
Buildings and improvements	5,419,317	-	5,419,317
Furniture and equipment	221,528	-	221,528
Right-to-use assets - equipment	26,716	-	26,716
Total noncurrent assets	5,743,577	-	5,743,577
Total Assets	7,456,900	22,508	7,479,408
Deferred Outflow of Resources			
Deferred outflows related to pension liability	169,152	-	169,152
Deferred outflows related to OPEB liability	9,769	-	9,769
Total deferred outflows of resources	178,921	-	178,921
Total Assets and Deferred Outflows of Resources	$ 7,635,821	$ 22,508	$ 7,658,329
LIABILITIES			
Current liabilities			
Accounts payable	$ 53,171	$ -	$ 53,171
Unearned revenue	194,369	2,045	196,414
Accrued salaries and benefits	124,686	-	124,686
Accrued expenses	2,541	-	2,541
Portion due or payable within one year			
Lease obligations	20,220	-	20,220
Notes payable	99,816	-	99,816
Total current liabilities	494,803	2,045	496,848
Noncurrent liabilities			
Portion due or payable after one year			
Notes payable	3,898,510	-	3,898,510
Lease obligations	6,893	-	6,893
Net OPEB liability	59,252	-	59,252
Net pension liability	1,026,418	-	1,026,418
Total noncurrent liabilities	4,991,073	-	4,991,073
Total Liabilities	5,485,876	2,045	5,487,921
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension liability	649,431	-	649,431
Deferred inflows related to OPEB liability	34,306	-	34,306
Total deferred inflows of resources	683,737	-	683,737
NET POSITION			
Net investment in capital assets	1,709,773	-	1,709,773
Unrestricted	(243,565)	20,463	(223,102)
Total Net Position	1,466,208	20,463	1,486,671
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 7,635,821	$ 22,508	$ 7,658,329

GETTYSBURG MONTESSORI CHARTER SCHOOL
Statement of Activities
Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities						
Instruction	$ 1,766,693	$ -	$ 205,014	$ (1,561,679)	$ -	$ (1,561,679)
Support services	1,301,264	-	2,343	(1,298,921)	-	(1,298,921)
Noninstructional services	67,496	12,495	-	(55,001)	-	(55,001)
Interest on long-term debt	185,276	-	-	(185,276)	-	(185,276)
Total governmental activities	3,320,729	12,495	207,357	(3,100,877)	-	(3,100,877)
Business-type activities						
Food services	216,362	3,371	188,894	-	(24,097)	(24,097)
Total primary government	$ 3,537,091	$ 15,866	$ 396,251	(3,100,877)	(24,097)	(3,124,974)
General revenues and transfers						
Receipts from other local education agencies				3,921,114	-	3,921,114
Investment earnings				2,011	-	2,011
Miscellaneous income				11,293	-	11,293
Gain on disposal of capital assets				40,677	-	40,677
Transfers in (out)				(34,301)	34,301	-
Total general revenues and transfers				3,940,794	34,301	3,975,095
Change in net position				839,917	10,204	850,121
Net position - beginning (as restated)				626,291	10,259	636,550
Net position - ending				$ 1,466,208	$ 20,463	$ 1,486,671

GETTYSBURG MONTESSORI CHARTER SCHOOL
Balance Sheet – Governmental Fund
June 30, 2022

		General Fund
ASSETS		
Cash and cash equivalents	$	1,449,366
Intergovernmental receivables		191,397
Federal receivables		53,800
Security deposits		8,365
Prepaid expenditures		18,760
Total assets	$	1,721,688
LIABILITIES		
Accounts payable	$	53,171
Accrued salaries and benefits		124,686
Accrued expenses		2,541
Unearned revenue		194,369
Total liabilities		374,767
FUND BALANCES		
Nonspendable		27,125
Committed		254,254
Unassigned		1,065,542
Total fund balances		1,346,921
Total liabilities and fund balances	$	1,721,688

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

June 30, 2022

Total fund balances - governmental funds		$ 1,346,921
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund balance sheet, but are reported in the governmental activities of the Statement of Net Position.		
Cost of assets	6,113,750	
Accumulated depreciation/amortization	(378,538)	5,735,212
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and associated deferred inflows and deferred outflows consist of:		
Bonds and notes payable, net of discount and premium	(3,998,326)	
Lease obligations	(27,113)	
Net pension liability	(1,026,418)	
Deferred outflows related to net pension liability	169,152	
Deferred inflows related to net pension liability	(649,431)	
Net OPEB liability	(59,252)	
Deferred outflows related to net OPEB liability	9,769	
Deferred inflows related to net OPEB liability	(34,306)	(5,615,925)
Net position of governmental activities in the Statement of Net Position		$ 1,466,208

GETTYSBURG MONTESSORI CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
Year Ended June 30, 2022

	General Fund
REVENUES	
Local sources	$ 3,952,152
State sources	5,799
Federal sources	168,720
Other revenues	27,597
Total revenues	4,154,268
EXPENDITURES	
Instruction	1,987,991
Support services	1,456,905
Noninstructional services	38,540
Facilities acquisition, construction and improvements	444,982
Debt service	
Principal	32,578
Interest	184,198
Total expenditures	4,145,194
OTHER FINANCING SOURCES (USES)	
Issuance of long-term debt	1,456,917
Interfund transfers in (out)	(34,301)
Total other financing sources (uses)	1,422,616
Net change in fund balances	1,431,690
Fund balances - beginning	(84,769)
Fund balances - ending	$ 1,346,921

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities

Year Ended June 30, 2022

Net change in fund balances - total governmental funds		$ 1,431,690
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Gain on disposal of equipment	40,677	
Asset retirement obligation	138,500	
Depreciation/amortization expense	(178,284)	
Capital outlays	542,919	
		543,812
The issuance of long term obligations (loans) provides current financial resources to governmental funds, while the repayment of principal of long term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Repayment of loan principal is an expenditure and other financing use in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.		
Repayment of long term obligations - principal		32,578
Proceeds from construction loan		(1,451,030)
Lease payments		(6,965)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:		
Net pension liability and related deferred outflows and inflows		284,842
Net OPEB liability and related deferred outflows and inflows		7,999
Asset retirement obligation and related deferred outflow		(3,009)
Change in net position of governmental activities		$ 839,917

Statement of Net Position – Proprietary Fund
June 30, 2022

	Food Service
ASSETS	
Current Assets	
Federal receivables	$ 21,802
State receivables	706
Total assets	$ 22,508
LIABILITIES	
Current Liabilities	
Unearned revenues	$ 2,045
Total current liabilities	2,045
NET POSITION	
Unrestricted	20,463
Total net position	20,463
Total liabilities and net position	$ 22,508

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2022

	Food Service
OPERATING REVENUE	
Food service revenues	$ 3,371
Total operating revenues	3,371
OPERATING EXPENSES	
Food and milk purchases	172,152
Salaries	38,362
Employee benefits	5,848
Total operating expenses	216,362
Operating (loss)	(212,991)
NONOPERATING REVENUES	
Federal subsidies	183,403
State subsidies	5,491
Total nonoperating revenues	188,894
TRANSFERS	
Interfund transfers in	34,301
Net change in net position	10,204
Total net position - beginning	10,259
Total net position - ending	$ 20,463

Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2022

	Food Service
Cash flows from operating activities	
Cash received from food sales	$ 522
Cash payments to suppliers for goods	(172,152)
Cash payments to and on behalf of employees	(44,210)
Net cash (used) by operating activities	(215,840)
Cash flows from noncapital financing activities	
Federal subsidies	176,754
State subsidies	4,785
Interfund transfers in (out)	34,301
Net cash provided by noncapital financing activities	215,840
Net increase in cash and cash equivalents	-
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	$ -
Reconciliation of loss from operations to net cash (used) by operating activities	
Operating loss	$ (212,991)
Adjustments to reconcile operating loss to net cash (used) by operating activities	
Increase (decrease) in	
Unearned revenues	(2,849)
Total adjustments	(2,849)
Net cash (used) by operating activities	$ (215,840)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

Gettysburg Montessori Charter School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997. The School is operating under a charter school contract ending on June 30, 2025. The School receives funding from various local School Districts on a monthly basis based upon the enrollment from the corresponding School District. The rate of funding per student is determined on an annual basis.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial statements of the School include all funds, functions, and activities to which the Board of Trustees has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Gettysburg Montessori Charter School.

Governmental Accounting Standards Board (GASB) statements define the criteria used to determine the composition of the reporting entity. These standards require the reporting entity to include (1) the primary government, (2) organizations for which the primary government is financially accountable, (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the above criteria, the School is not included in any other governmental reporting entity and there are no component units of the School.

Fund Accounting

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School are grouped into two categories governmental and proprietary.

1. **Governmental Fund**

   The Governmental Fund is the fund through which most governmental functions of the School are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The School reports the following major governmental fund:

a. ***General Fund***

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from receipts from other local education agencies, and state and federal subsidies. Many of the more important activities of the School, including instruction, support services, and certain noninstructional services are accounted for in this fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

2. Proprietary Fund

The Proprietary Fund is used to account for the School's ongoing activities which are similar to those often found in the private sector. The focus of the proprietary fund is on the determination of net earnings and capital maintenance. The following fund is utilized:

a. ***Food Service Fund – Enterprise Fund – Major Fund***

This fund accounts for all revenues and expenses pertaining to cafeteria operations. It is the intent of the governing body that the cost of providing food, goods, or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the School. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if applicable) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. There were no fiduciary funds at June 30, 2022.

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific School expenditures is recognized when the related expenditures are incurred and the related revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing food services, including charges for meals and the costs of food, salaries and benefits, depreciation, and other expenses, Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, and money market accounts.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements. There were no business-type activity capital assets at June 30, 2022.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

	Governmental Activities Estimated Lives
Buildings and improvements	15 – 40 years
Furniture and equipment	5 – 7 years
Right-to-use assets - equipment	5 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School has several items that qualify for reporting in this category, various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School's deferred inflows of resources consist of various amounts related to pension and OPEB liabilities (on the statement of net position).

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is adopted.

Interfund Activity

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are shown separately in proprietary funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of those items, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements.

Leases

Lessee: The School is a lessee for a noncancellable leases of equipment and buildings. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Other Postemployment Benefits Other Than Pensions

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The School's other postemployment benefits are accounted for in accordance with these standards.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

The School contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School accounts for the plan under the provisions of GASB Standards, which establish standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

For purposes of measuring 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 Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The School also provides an alternative defined contribution pension plan for full-time employees that do not participate in PSERS through the Gettysburg Montessori Charter School 403(b) Plan. Non-PSERS employees participate from the date of employment, with a mandatory minimum contribution of 5%. The School matches the employee's contribution dollar for dollar up to 5% of their compensation. The School's contributions to the plan for the year ended June 30, 2022, totaled $ 58,442.

Net Position – Government-Wide/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted Net Position: This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position: This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Funds

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Board of Trustees. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than in the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the Board of Trustees, or a subordinate high-level body, such as the finance committee, or principal/CEO that is authorized to assign amounts to be used for specific purposes. The Board of Trustees has the authority to make assignments of fund balance. Thus, these assignments would be made or changed by formal action of the Board. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and assigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the School's policy is to use restricted resources first and then apply unrestricted resources in the following order: committed, assigned and unassigned. This order of spending may be altered per board approval.

Change in Accounting Principles – Adoption of GASB 87 – Leases

During the year ended June 30, 2022, the School adopted GASB 87, Leases. The standard provides guidance on the identification, accounting, and financial reporting of leases. The adoption of this accounting standard resulted in certain funds being reclassified to the General Fund and resulted in the restatement of fund balance/net position as detailed in Note 13.

Income Tax Status

The Internal Revenue Service has determined the School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Consequently, the School will not incur any liability for federal income tax with the exception of any liability arising from unrelated business income. The School's federal and state tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

NOTE 2 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2022, the School has a bank balance of $ 1,452,485. Of this balance, $ 250,000 is covered by NCUA insurance. The remaining balance of $ 1,202,485 was exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the School's name.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the School have pledged collateral on a pooled basis on behalf of the School and all other governmental depositors in the respective financial institutions.

NOTE 3 INTERFUND TRANSFERS

Interfund transfers were as follows for the year ended June 30, 2022:

Funds	Operating Transfers In	Operating Transfers Out
General	$ -	$ 34,301
Food Service	34,301	-
	$ 34,301	$ 34,301

For the year ended June 30, 2022, transfers from the General Fund to the Food Service Fund were made to satisfy cash deficiencies in ongoing food service operations.

NOTE 4 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022 consist of the following:

		General Fund	Food Service Fund
Local:	Other local education agencies	$ 191,397	$ -
State:	Child nutrition	-	706
Federal:	Various programs	53,800	21,802
		$ 245,197	$ 22,508

NOTE 5 CAPITAL ASSETS

Capital asset activity for the School consists of the following as of and for the year ended June 30, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Cost				
Assets not being depreciated/amortized				
Land	$ 60,000	$ -	$ -	$ 60,000
Construction in progress	3,604,498	462,619	4,059,466	7,651
Assets being depreciated/amortized				
Buildings and improvements	1,635,692	4,059,466	-	5,695,158
Furniture and equipment	346,213	46,262	87,377	305,098
Right-to-use asset - building	-	8,342	8,342	-
Right-to-use asset - equipment	-	45,843	-	45,843
Total cost	5,646,403	4,622,532	4,155,185	6,113,750
Less accumulated depreciation/amortization				
Buildings and improvements	(183,676)	(92,165)	-	(275,841)
Furniture and equipment	(59,417)	(58,649)	(34,496)	(83,570)
Right-to-use asset - building	-	(8,342)	(8,342)	-
Right-to-use asset - equipment	-	(19,127)	-	(19,127)
Total accumulated depreciation/amortization	(243,093)	(178,283)	(42,838)	(378,538)
Capital assets, net	$ 5,403,310	$ 4,444,249	$ 4,112,347	$ 5,735,212

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2022 was charged to governmental functions as follows:

Instruction	$	81,627
Instructional student support		95,201
Student activities		1,455
	$	178,283

The construction in progress consists of the following at June 30, 2022:

Sun tunnel	$	7,651

As of June 30, 2022, the School had the following construction commitments:

	Total Contracts	Total Costs Incurred	Total Costs To Be Incurred
Sun tunnel	$ 22,953	$ 7,651	$ 15,302

NOTE 6 ACCRUED SALARIES AND BENEFITS

Accrued salaries and benefits consist of the following as of June 30, 2022:

		General Fund
Accrued salaries	$	72,032
Accrued payroll taxes		5,510
Retirement		47,144
	$	124,686

NOTE 7 LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Direct Borrowing Construction Loan	$ 2,579,874	$ 1,451,030	$ (32,578)	$ 3,998,326	$ 99,816	$ 3,898,510
Lease obligations	-	54,185	(27,072)	27,113	20,220	6,893
Total long-term liabilities	$ 2,579,874	$ 1,505,215	$ (59,650)	$ 4,025,439	$ 120,036	$ 3,905,403

Construction Loan

On August 17, 2020, the School closed on an open-end construction loan for $ 4,031,000 from Members 1st Credit Union. The proceeds were used to refund the Centric Bank Mortgages (A) and (B), pay costs to issue the note, and payments funding renovations, additions, and improvements to the School's property. The loan is secured by real property located at 888 Coleman Road, Straban Township, PA 17325. This loan has an initial scheduled maturity date of August 2045 and has the following payment terms: 5.0% interest only payments, payable

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

through the construction loan period ending in December 2021. The permanent loan period begins in January 2022, with payments to include 4.5% interest and principal payments through July 2045.

Upon default of the Construction Loan, the Credit Union has the following remedies: (a) declare all or any part of any Obligations note payable on demand to be immediately due and payable without demand or notice of any kind; (b) terminate any obligation it may have to grant any additional loan, credit or other financial accommodation to Debtor; (c) peaceably retake possession of the Collateral with or without notice or process of law, and for that purpose may enter upon any premises where the Collateral is located and remove the same; (d) sell, lease or otherwise dispose of the Collateral in one or more parcels at public or private sale or sales upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk; (e) demand, collect and sue on any Collateral consisting of accounts or any other Collateral; (f) place an administrative hold on and set off against the Obligations any property held in a deposit or other account with Secured Party or otherwise owing by Secured Party in any capacity to Debtor.

The annual debt requirements for future general obligation notes, using the stated interest rate as of June 30, 2022 are as follows:

Fiscal Year Ended June 30	Direct Borrowing Construction Loan Principal	Interest	Leases Principal	Interest	Total Principal	Interest
2023	$ 99,816	$ 177,896	$ 20,220	$ 582	$ 120,036	$ 178,478
2024	104,402	173,310	3,315	146	107,717	173,456
2025	109,198	168,514	1,121	100	110,319	168,614
2026	114,215	163,497	1,158	63	115,373	163,560
2027	119,462	158,250	1,197	24	120,659	158,274
2028-2032	684,849	703,712	102	-	684,951	703,712
2033-2037	857,291	531,270	-	-	857,291	531,270
2038-2042	1,073,154	315,407	-	-	1,073,154	315,407
2043-2046	835,939	64,256	-	-	835,939	64,256
	$ 3,998,326	$ 2,456,112	$ 27,113	$ 915	$ 4,025,439	$ 2,457,027

Leases Obligations

The School has four leases included in the lease obligation liability. The leases are for equipment and buildings which have interest rates of 3.25% and have payments terms of 3 to 5 years with expiration dates ranging from July 2021 to December 2026. The leases have monthly payment requirements ranging from $ 102 to $ 8,365 and are secured by the underlying assets of the leases. The associated right-to-use assets are disclosed in the Capital Assets footnote.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

The Public School Employees' Retirement System (PSERS) provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $ 100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. Healthcare cost trends were applied to retirees receiving less than $ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of $ 1,200. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program.

The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.85% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were $ 2,769 for the year ended June 30, 2022.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2022, the School reported a liability of $ 59,252 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021 the School's proportion was 0.0033 percent, which was consistent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022 the School recognized OPEB expense (benefit) of $ (5,230).

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,000	$ -
Changes in assumptions	6,000	1,000
Net difference between projected and actual investment earnings	-	-
Changes in proportions - plan	-	33,000
Difference between employer contributions and proportionate share of total contributions	-	306
Benefit payments/contributions subsequent to the measurement date	2,769	-
	$ 9,769	$ 34,306

The amount of $ 2,769 is reported as a deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2022. related to the PSERS plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	
2023	$ (8,093)
2024	(8,093)
2025	(4,093)
2026	(4,015)
2027	(1,008)
2028	(2,004)
Total	$ (27,306)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2021, was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry age normal – level % of pay.
Investment Rate of Return	2.18% - S&P 20-year municipal bond rate.
Salary	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Mortality	Based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience, and projected using a modified version of the MP-2015 Mortality Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	Applied to retirees with less than $ 1,200 in premium assistance per year. Benefit is capped at $ 1,200 per year.

Investment Return

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	(0.3%)
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the OPEB liability was 2.18% for PSERS. Under the PSERS plan's funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB's plan fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School, as well as what the School's liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
PSERS - School's proportionate share of the net OPEB liability	$ 68,000	$ 59,252	$ 52,000

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the School, as well as what the plans total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
PSERS - School's proportionate share of the net OPEB liability	$ 58,659	$ 59,252	$ 59,845

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

As of June 30, 2022, the School had $ 1,103 included in accrued wages liability, of which $ 719 is for the contractually required contribution for the second quarter of 2022 and $ 384 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (C) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the rights to benefits is vested after ten years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

> Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.
>
> Defined benefits for T-G and T-H are 1.25% or 1.00%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. A members' right to a defined benefit is vested in 10 years.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefits the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Contributions (Continued)

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member contributions

The contribution rates on qualified member compensation for virtually all members are presented below:

Member Contribution Rates

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.3%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary

Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2022 was 34.14% of covered payroll for the defined benefit portion and .85% of covered payroll for the defined contribution portion, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School to the pension plan from the School were $ 111,523 for the year ended June 30, 2022.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2022, the School reported a liability of $ 1,026,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School's proportion was 0.0025 percent.

For the year ended June 30, 2022, the School recognized pension expense in the Governmental Activities in the amount of $ (283,039).

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,000	$ 13,000
Changes in assumptions	50,000	-
Net difference between projected and actual investment earnings	-	164,000
Changes in proportionate share - plan	-	383,000
Difference between employer contributions and proportionate share of total contributions	-	89,431
Contributions subsequent to the measurement date	118,152	-
	$ 169,152	$ 649,431

The deferred outflows of resources related to pension of $ 118,152 resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2023	$ (254,027)
2024	(145,702)
2025	(145,702)
2026	(53,000)
Total	$ (598,431)

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021 using the fulling actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment rate of return – 7.00%, includes inflation at 2.50%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

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 plan investment expenses 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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0)%	0.1%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	6.00%	7.00%	8.00%
School's proportionate share of the net pension liability	$ 1,347,000	$ 1,026,418	$ 756,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

Payables to the Pension Plan

As of June 30, 2022, the School had $ 42,801 included in accrued wages liability, of which $ 27,897 is for the contractually required contribution for the second quarter of 2022 and $ 14,904 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

NOTE 10 RISK MANAGEMENT

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School has purchased commercial insurance to cover general liability, directors' and officers' liability, unemployment compensation and employees' health coverage. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

NOTE 11 FUND BALANCE

The following table provides details of the fund balance classifications which are aggregated on the governmental fund balance sheet:

	General Fund
FUND BALANCES	
Nonspendable	
Security deposits	$ 8,365
Prepaid expenditures	18,760
Committed	
Building	254,254
Unassigned	1,065,542
Total fund balances	$ 1,346,921

NOTE 12 COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

The School participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 13 RESTATEMENT

During the year ended June 30, 2022, the School adopted GASB Statement No. 87, *Leases*, which required the School to change the presentation of leases in the financial statements and required the following restatement of its net position.

	Governmental Activities
Net position as of June 30, 2021, as originally stated	$ 624,700
Implementation of GASB 87	1,591
Net position as of June 30, 2021, as restated	$ 626,291

REQUIRED SUPPLEMENTARY INFORMATION

GETTYSBURG MONTESSORI CHARTER SCHOOL
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2022

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL (BUDGETARY/ GAAP BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	$ 3,632,607	$ 3,632,607	$ 3,952,152	$ 319,545
State sources	3,456	3,456	5,799	2,343
Federal sources	294,332	294,332	168,720	(125,612)
Other revenues	4,500	4,500	27,597	23,097
Total revenues	3,934,895	3,934,895	4,154,268	219,373
EXPENDITURES				
Instruction	2,077,403	2,077,403	1,987,991	89,412
Support services	1,356,145	1,356,145	1,456,905	(100,760)
Noninstructional services	18,404	18,404	38,540	(20,136)
Facilities acquisition, construction and improvements	80,000	80,000	444,982	(364,982)
Debt service				
Principal	52,000	52,000	32,578	19,422
Interest	126,000	126,000	184,198	(58,198)
Total expenditures	3,709,952	3,709,952	4,145,194	(435,242)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	1,456,917	(1,456,917)
Interfund transfers	-	-	(34,301)	(34,301)
Total other financing sources and (uses)	-	-	1,422,616	(1,491,218)
Net change in fund balances	$ 224,943	$ 224,943	$ 1,431,690	$ 1,206,747

Schedule of School's Proportionate Share of Net Pension Liability - Public School Employee's Retirement System

For the Fiscal Year Ended June 30	School's Proportion of the Net Pension Liability (Asset)	School's Proportionate Share of the Net Pension Liability (Asset)	School's Covered Payroll - Measurement Period	School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.2500%	$ 1,026,418	$ 350,394	292.93%	63.67%
2021	0.0033%	1,624,888	459,205	353.85%	54.32%
2020	0.0033%	1,543,826	449,328	343.59%	55.66%
2019	0.0041%	1,968,000	547,800	359.26%	54.00%
2018	0.0042%	2,074,000	563,934	367.77%	51.84%
2017	0.0055%	2,726,000	709,926	383.98%	50.14%
2016	0.0064%	2,773,000	823,187	336.86%	54.36%
2015	0.0049%	1,939,000	627,869	308.82%	57.24%
2014	0.0035%	1,432,000	442,766	323.42%	54.49%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during the 2016/2017 fiscal year:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment rate of return – 7.00%, includes inflation at 2.75%
- Salary growth – effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases
- Mortality rates were based on RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The following actuarial assumptions were changed during the 2021/2022 fiscal year:

- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% Pub T-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Schedule of School's Pension Contributions - Public School Employee's Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2022	$ 111,523	$ 111,523	$ -	$ 326,664	34.14%
2021	118,048	118,048	-	350,394	33.69%
2020	154,197	154,197	-	459,205	33.58%
2019	146,481	146,481	-	449,328	32.60%
2018	174,000	174,000	-	547,800	31.74%
2017	161,000	161,000	-	563,934	27.44%
2016	175,000	175,000	-	709,226	24.53%
2015	165,000	165,000	-	823,187	19.78%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

Schedule of School's Proportionate Share of Net OPEB Liability - Public School Employee's Retirement System

For the Fiscal Year Ended June 30	School's Proportion of the Net OPEB Liability (Asset)	School's Proportionate Share of the Net OPEB Liability (Asset)	School's Covered Payroll - measurement period	School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.0025%	$ 59,252	$ 355,450	16.67%	5.30%
2021	0.0033%	71,303	459,205	15.53%	5.69%
2020	0.0033%	70,185	449,328	15.62%	5.56%
2019	0.0041%	85,482	547,800	15.60%	5.56%
2018	0.0042%	86,000	563,934	15.25%	5.73%
2017	0.0055%	118,000	709,926	16.62%	5.47%

NOTES

The amounts presented for each fiscal year were determined as the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule with be expanded to show 10 fiscal years once information becomes available in the future.

Schedule of School's OPEB Contributions - Public School Employee's Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2022	$ 2,613	2,613	$ -	$ 326,664	0.80%
2021	2,915	2,915	-	355,450	0.82%
2020	3,872	3,872	-	459,205	0.84%
2019	3,729	3,729	-	449,328	0.83%
2018	4,475	4,475	-	547,800	0.82%

NOTES

This schedule with be expanded to show 10 fiscal years once information becomes available in the future.

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

Board of Trustees
Gettysburg Montessori Charter School
Gettysburg, Pennsylvania

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Gettysburg Montessori Charter School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Gettysburg Montessori Charter School's basic financial statements, and have issued our report thereon dated January 9, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Gettysburg Montessori Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Elliott Kearns & Company LLC

Hanover, Pennsylvania
January 9, 2023