



GETTYSBURG MONTESSORI CHARTER SCHOOL

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Gettysburg Montessori Charter School
Gettysburg, Pennsylvania**

Report on the Audit of the 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, 2024, and the related notes to the financial statements, which collectively comprise Gettysburg Montessori Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Gettysburg Montessori Charter School, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 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, the budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 60 through 63, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gettysburg Montessori Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gettysburg Montessori Charter School's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
April 16, 2025

Gettysburg Montessori Charter School
Management's Discussion and Analysis
June 30, 2024

The Management of Gettysburg Montessori Charter School (Gettysburg or the School) has prepared this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. The information presented here should be read and considered in conjunction with the School's financial statements.

Financial Highlights

For fiscal year 2023-2024, Gettysburg adopted a general fund budget in the amount of \$4,754,165. Actual general fund revenues were \$4,646,046. Actual general fund expenditures were \$4,511,633. This resulted in a general fund surplus from operations of \$134,413 for the year. The general fund also transferred \$63,639 to the food service fund during the 2023-24 school year. This additional reduction in conjunction with the general fund operational surplus of \$134,413 yielded a governmental fund surplus of \$70,774. The beginning fund balance of \$1,693,362 in addition to the surplus of \$70,774 results in a total fund balance of \$1,764,136.

The School's general fund cash balance at June 30, 2024 was \$1,928,219. School receivables consist of \$448,332 from other Local Education Agencies, \$15,906 in federal receivables, and \$8,427 in state receivables. Prepaids include insurance and property expenditures totaling \$18,772. Total cash, receivables, and prepaids amount to \$2,428,021.

General fund payables of \$226,010 and accrued expenditures of \$67,431 combine with other liabilities for total liabilities of \$663,885.

The School accounts for its food service operation in a proprietary fund, which reports functions presented as business-type activities in the government-wide financial statements. Total expenses were \$249,426 outpacing revenues of \$188,678, which impacts net position by (\$60,748). The general fund subsidized the food service fund in the amount of \$63,639, resulting in a net position at the end of the year in the amount of \$0.

Effective July 1, 2021, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. The adoption of this standard resulted in the reporting of right-to-use lease assets and a lease payable on the government-wide statements.

Government-wide net position increased by \$379,363 in the current year, bringing the ending net position to \$2,514,729. Business-Type Activities net position increased by \$2,891 in the current year. Total net position of the school at June 30, 2024 was \$2,514,729.

Overview of Financial Statements

This annual report consists of three parts: (1) management’s discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the School.

This Management’s Discussion and Analysis is intended to serve as an introduction to the School's basic financial statements. Government-Wide Financial Statements include a Statement of Net Position and Statement of Activities which are designed to provide readers with a short-term and long-term overview of the School's finances. The governmental fund statements indicate how basic services such as regular and special education were financed in the short-term as well as indicate future spending plans. Proprietary fund statements offer short-term and long-term financial information about the activities the School operates like a business, such as food services.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the governmental and fund financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School’s budget for the year.

Figure 1 shows how the various parts of this annual report are arranged and related to one another.

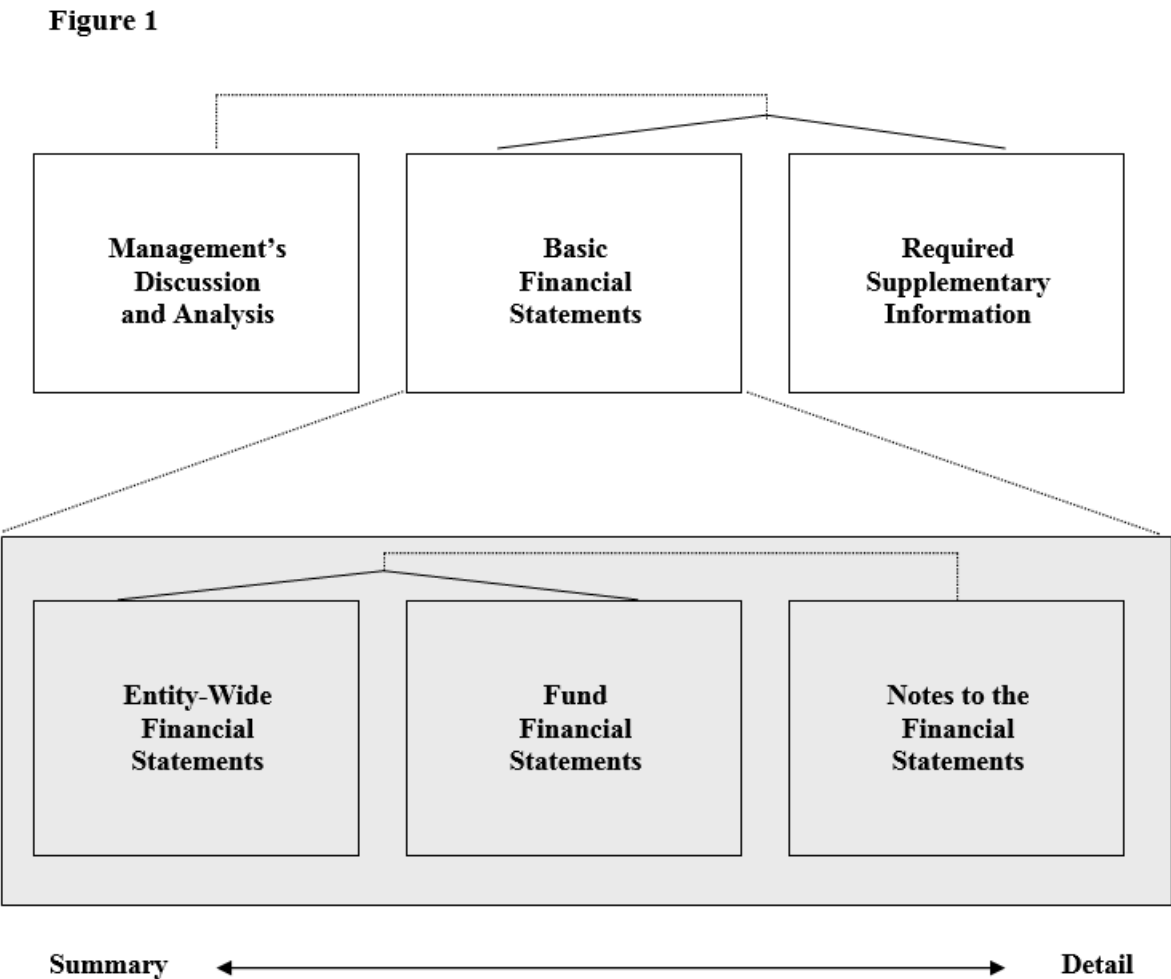


Figure 2 summarizes the major features of the School's financial statements, including the portion of School activity they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure 2

<u>Major Features of the Government-Wide and Fund Financial Statements</u>			
	Government-wide Statements	Fund Financial Statements	
		Governmental Fund	Proprietary Fund
Scope	Entire School (except fiduciary funds)	Activities of the School that are not proprietary or fiduciary, such as general operating and capital projects	Activities the School operates similar to private businesses, such as food services
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flow
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included	All assets and liabilities, both financial and capital, current and noncurrent
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies, referred to as the accrual basis of accounting.

The Statement of Net Position presents all of the School's assets and liabilities, deferred inflows and outflows of resources with the difference reported as "net position." Over time, increases and decreases in net position measure whether the School's financial condition is improving or deteriorating.

The Statement of Activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods.

Both statements report two activities:

- **Governmental Activities** - contain the basic services of the School, such as regular and special education and operation and maintenance of plant services, as well as the tuition revenue and federal and state grants which generally finance these programs.
- **Business-Type Activities** - The School charges fees to cover the costs of business-type services it provides. For food service operations, these consist of charges for meal purchases, and federal and state subsidies.

Fund Financial Statements

The fund financial statements provide more detailed information about the major individual funds of the School. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The School funds are divided into two categories: governmental and proprietary.

- **Governmental Fund** - Most of the School's basic services are included in the governmental fund that focuses on how money flows into and out of the fund and the balance left at the year-end for future spending. The governmental fund financial statements provide a detailed short-term view of the general operations and the basic services provided and provide some direction as to whether there will be more or fewer resources that can be spent in the near future to finance the School's programs.
- **Proprietary Fund (Enterprise)** - Services for which the School charges a fee are generally reported in the proprietary fund and utilize the accrual accounting method - the same method used by private sector businesses.

Government-Wide Financial Analysis

The Statement of Net Position contains information about what the School's assets, liabilities, deferred inflows and outflows of resources, and net position. Management has adopted Governmental Accounting Standards Board (GASB) Statement No. 34 which requires an analysis of current and prior periods. Figure 3 shows a summary of the School's net position for the years ended June 30, 2024 and 2023.

Figure 3 Comparative Statement of Net Position Summary	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 2,428,021	\$ 2,153,386	\$ -	\$ -	\$ 2,428,021	\$ 2,153,386
Capital assets, net	5,597,709	5,588,139	-	-	5,597,709	5,588,139
Deferred outflows of resources	149,217	140,778	-	-	149,217	140,778
Total assets & deferred outflows	\$ 8,174,947	\$ 7,882,303	\$ -	\$ -	\$ 8,174,947	\$ 7,882,303
Current liabilities	\$ 774,186	\$ 567,741	\$ -	\$ 2,891	\$ 774,186	\$ 570,632
Net notes payable & lease payable	3,687,855	3,797,682	-	-	3,687,855	3,797,682
Net pension and OPEB liabilities	924,000	1,018,589	-	-	924,000	1,018,589
Deferred inflows of resources	274,177	362,925	-	-	274,177	362,925
Total liabilities & deferred inflows	\$ 5,660,218	\$ 5,746,937	\$ -	\$ 2,891	\$ 5,660,218	\$ 5,749,828
Net invested in capital assets	\$ 1,639,940	\$ 1,682,740	\$ -	\$ -	\$ 1,639,940	\$ 1,682,740
Unrestricted (deficit)	874,789	452,626	-	(2,891)	874,789	449,735
Total net position (deficit)	2,514,729	2,135,366	-	(2,891)	2,514,729	2,132,475
Total liabilities & net position	\$ 8,174,947	\$ 7,882,303	\$ -	\$ -	\$ 8,174,947	\$ 7,882,303

The level of assets, liabilities, and net position are a result of the full scale educational operation. The fiscal year being reported is the fourth year of a five year charter.

Government-Wide Financial Analysis - continued

The results of operations for the fiscal year ended June 30, 2024 as a whole are reported in the Statement of Activities. Figure 4 is a summary of changes in net position for the years ended June 30, 2024 and 2023.

Revenues are defined as either program or general revenues. Program revenues are generated by the services themselves or provided externally for use in a particular function and are categorized as charges for services, operating grants and contributions, or capital grants and contributions. General revenues include investment earnings and other revenue that does not meet the criteria for program revenue. Expenses are categorized by function - instruction, support services, and non-instructional services.

Figure 4			
Comparative Statement of Activities Summary			
Year Ended June 30, 2024	Governmental	Business-Type	
	Activities	Activities	Total
Revenues			
Program Revenues			
Charges for services	\$ 4,387,402	\$ 25,357	\$ 4,412,759
Operating grants & contributions	195,834	163,321	359,155
General Revenues	62,810	-	62,810
Total revenues	4,646,046	188,678	4,834,724
Expenditures			
Instruction	2,249,778	-	2,249,778
Support services	1,743,334	-	1,743,334
Non-instructional services	36,001	249,426	285,427
Debt service	173,931	-	173,931
Total expenditures	4,203,044	249,426	4,452,470
Transfers	(63,639)	63,639	-
Change in net position	379,363	2,891	382,254
Net position (deficit), beginning	2,135,366	(2,891)	2,132,475
Net position, ending	\$ 2,514,729	\$ -	\$ 2,514,729

Figure 4			
Comparative Statement of Activities Summary			
Year Ended June 30, 2023	Governmental Activities	Business-Type Activities	Total
Revenues			
Program Revenues			
Charges for services	\$ 4,200,981	\$ 29,273	\$ 4,230,254
Operating grants & contributions	286,016	138,693	424,709
General Revenues	26,407	-	26,407
Total revenues	4,513,404	167,966	4,681,370
Expenditures			
Instruction	2,054,917	-	2,054,917
Support services	1,597,513	-	1,597,513
Non-instructional services	58,037	222,357	280,394
Debt service	178,474	-	178,474
Total expenditures	3,888,941	222,357	4,111,298
Transfers	(31,037)	31,037	-
Change in net position	593,426	(23,354)	570,072
Net position, beginning	1,541,940	20,463	1,562,403
Net position (deficit), ending	\$ 2,135,366	\$ (2,891)	\$ 2,132,475

The School's revenues are predominately local school district funds based on student enrollment in addition to both grants and contributions and miscellaneous general revenues. For the year ended June 30, 2024, the School's total revenues of \$4,834,724 and expenditures of \$4,452,470 resulted in an increase in net position at the end of the year by \$382,254.

Figure 5		
Net Cost (Income) of Governmental Activities	Total Cost	Net Cost
Fiscal Year Ended June 30, 2024	of Services	(Income)
		of Services
Instruction	\$ 2,249,778	\$ (60,397)
Instructional student support	188,633	(10,111)
Administrative and financial support services	856,068	(49,192)
Operation and maintenance of plant services	512,226	(136,615)
Pupil transportation	186,407	(2,603)
Student activities	36,001	(10,105)
Interest on long-term debt	173,931	(111,169)
Total	\$ 4,203,044	\$ (380,192)
Figure 6		
Net Cost of Business-Type Activities	Total Cost	Net Cost
Fiscal Year Ended June 30, 2024	of Services	(Income)
		of Services
Food Services	\$ 249,426	\$ 60,748
Figure 5		
Net Cost (Income) of Governmental Activities	Total Cost	Net Cost
Fiscal Year Ended June 30, 2023	of Services	(Income)
		of Services
Instruction	\$ 2,054,917	\$ 1,771,888
Support services	1,597,513	1,594,526
Student activities	58,037	55,106
Interest on long-term debt	178,474	178,474
Total	\$ 3,888,941	\$ 3,599,994
Figure 6		
Net Cost of Business-Type Activities	Total Cost	Net Cost
Fiscal Year Ended June 30, 2023	of Services	(Income)
		of Services
Food Services	\$ 222,357	\$ 54,391

Governmental Fund Financial Analysis

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year. The School's governmental fund reported an ending fund balance of \$1,764,136. Of the ending fund balance, \$27,137 is non-spendable and \$254,254 is committed.

Budget Variations - General Fund

The actual revenues came in slightly above budgeted amounts by \$42,601 primarily because the per-student subsidy paid by the school districts was slightly higher than budgeted.

Total budgeted expenditures, excluding other financing uses, tracked fairly closely to actual amounts, but with a variance of \$137,674 in the operation and maintenance of plant area, caused by the cost of paving the parking lot, and \$80,652 in transportation cost, with expenditures substantially beyond what was anticipated in the budget.

Capital Assets

As of June 30, 2024 and 2023, the School's investment in capital assets for its governmental activities totaled \$5,597,709 and \$5,588,139, respectively (net of accumulated depreciation and amortization). This investment in capital assets consists primarily of the school's building, equipment & furniture. Additional information on the School's capital assets can be found in Note 6 of this report.

Long-Term Debt

Outstanding long-term debt totaling \$3,798,156 as of June 30, 2024, consists of the construction loan payable of \$3,794,578 with maturities through 2031 and lease payable of \$3,578. Outstanding long-term debt at June 30, 2023 was \$3,905,399. Additional information on the School's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, tuitions received from local school districts, is dependent on the respective districts' budgets and expenditures. Revenue from all sources is expected to increase by approximately 3% during the next fiscal year. Enrollment is expected to remain approximately the same, at 278.

Contacting the School's 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, The Gettysburg Montessori Charter School, 888 Coleman Gettysburg, PA 17325.

GETTYSBURG MONTESSORI CHARTER SCHOOL

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,928,219	\$ -	\$ 1,928,219
Restricted cash - security deposits	8,365	-	8,365
Intergovernmental receivables	472,665	-	472,665
Prepaid expenditures	18,772	-	18,772
Capital assets:			
Capital assets not being depreciated	60,000	-	60,000
Capital assets, net of accumulated depreciation	5,533,774	-	5,533,774
Right-to-use assets, net of accumulated amortization	3,935	-	3,935
TOTAL ASSETS	8,025,730	-	8,025,730
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for pension	144,183	-	144,183
Deferred outflows of resources for other postemployment benefits	5,034	-	5,034
TOTAL DEFERRED OUTFLOWS OF RESOURCES	149,217	-	149,217
LIABILITIES			
Accounts payable	226,010	-	226,010
Accrued salaries and benefits	176,846	-	176,846
Accrued expenditures	67,431	-	67,431
Unearned revenue	193,598	-	193,598
Noncurrent liabilities, due within one year	110,301	-	110,301
Noncurrent liabilities:			
Loan payable	3,685,398	-	3,685,398
Lease payable	2,457	-	2,457
Net pension liability	890,000	-	890,000
Net other postemployment benefit liability	34,000	-	34,000
TOTAL LIABILITIES	5,386,041	-	5,386,041
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	244,177	-	244,177
Deferred inflows of resources for other postemployment benefits	30,000	-	30,000
TOTAL DEFERRED INFLOWS OF RESOURCES	274,177	-	274,177
NET POSITION			
Net investment in capital assets	1,639,940	-	1,639,940
Unrestricted	874,789	-	874,789
TOTAL NET POSITION	\$ 2,514,729	\$ -	\$ 2,514,729

See accompanying notes.

GETTYSBURG MONTESSORI CHARTER SCHOOL

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction	\$ 2,249,778	\$ 2,210,073	\$ 100,102	\$ 60,397	\$ -	\$ 60,397
Instructional student support	188,633	147,499	51,245	10,111	-	10,111
Administrative and financial support services	856,068	891,772	13,488	49,192	-	49,192
Operation and maintenance of plant services	512,226	617,842	30,999	136,615	-	136,615
Pupil transportation	186,407	189,010	-	2,603	-	2,603
Student activities	36,001	46,106	-	10,105	-	10,105
Interest on long-term debt	173,931	285,100	-	111,169	-	111,169
Total Governmental Activities	4,203,044	4,387,402	195,834	380,192	-	380,192
Business-Type Activities						
Food services	249,426	25,357	163,321	-	(60,748)	(60,748)
Total Primary Government	<u>\$ 4,452,470</u>	<u>\$ 4,412,759</u>	<u>\$ 359,155</u>	380,192	(60,748)	319,444
General Revenues						
Investment earnings				36,539	-	36,539
Miscellaneous income				26,271	-	26,271
Transfers in (out)				<u>(63,639)</u>	<u>63,639</u>	<u>-</u>
Total General Revenues and Transfers				<u>(829)</u>	<u>63,639</u>	<u>62,810</u>
Change in Net Position				379,363	2,891	382,254
Net Position - Beginning of Year				<u>2,135,366</u>	<u>(2,891)</u>	<u>2,132,475</u>
Net Position - End of Year				<u>\$ 2,514,729</u>	<u>\$ -</u>	<u>\$ 2,514,729</u>

See accompanying notes.

GETTYSBURG MONTESSORI CHARTER SCHOOL

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2024

	General Fund
ASSETS	
Cash and investments	\$ 1,928,219
Restricted cash - security deposits	8,365
Intergovernmental receivables	472,665
Prepaid expenses	18,772
TOTAL ASSETS	<u>\$ 2,428,021</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 226,010
Accrued salaries and benefits	176,846
Accrued expenditures	67,431
Unearned revenue	193,598
TOTAL LIABILITIES	663,885
FUND BALANCE	
Nonspendable	27,137
Committed	254,254
Unassigned	1,482,745
TOTAL FUND BALANCE	<u>1,764,136</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,428,021</u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2024

Amounts reported for governmental activities on the statement of net position are different because:

TOTAL FUND BALANCE - GOVERNMENTAL FUND		\$	1,764,136
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$6,368,955 and the accumulated depreciation and amortization is \$771,246.			5,597,709
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Loan payable	\$	(3,794,578)	
Lease payable		<u>(3,578)</u>	(3,798,156)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.			(989,994)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.			<u>(58,966)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$	<u><u>2,514,729</u></u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**

For the Year Ended June 30, 2024

	<u>General Fund</u>
REVENUES	
Local sources	\$ 4,452,052
State sources	23,903
Federal sources	<u>170,091</u>
TOTAL REVENUES	4,646,046
EXPENDITURES	
Current:	
Instructional services	2,295,940
Support services	1,900,222
Operation of noninstructional services	34,297
Debt service:	
Principal	107,243
Interest	<u>173,931</u>
TOTAL EXPENDITURES	<u>4,511,633</u>
EXCESS OF REVENUES OVER EXPENDITURES	134,413
OTHER FINANCING USES	
Transfers out	<u>(63,639)</u>
NET CHANGE IN FUND BALANCE	70,774
FUND BALANCE - BEGINNING OF YEAR	<u>1,693,362</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,764,136</u></u>

See accompanying notes.

GETTYSBURG MONTESSORI CHARTER SCHOOL

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$	70,774
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital outlays	\$ 222,514	
Less: depreciation and amortization expense	<u>(212,944)</u>	9,570

Issuance of long-term debt (e.g. loans) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of loan principal	103,928	
Repayment of lease principal	<u>3,315</u>	107,243

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Net pension liability and related deferred outflows and inflows	177,240	
Net OPEB liability and related deferred outflows and inflows	<u>14,536</u>	<u>191,776</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>379,363</u></u>
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GETTYSBURG MONTESSORI CHARTER SCHOOL

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2024

	<u>Food Service</u>
ASSETS	\$ -
LIABILITIES	-
NET POSITION	
Unrestricted	<u>-</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND**

For the Year Ended June 30, 2024

	<u>Food Service</u>
OPERATING REVENUES	
Food service revenues	\$ 25,357
OPERATING EXPENSES	
Salaries	48,369
Employee benefits	6,119
Supplies	187,974
Other operating expenses	<u>6,964</u>
TOTAL OPERATING EXPENSES	<u>249,426</u>
OPERATING LOSS	(224,069)
NONOPERATING REVENUES	
State subsidies	25,256
Federal subsidies	<u>138,065</u>
TOTAL OPERATING REVENUES	<u>163,321</u>
LOSS BEFORE TRANSFERS	(60,748)
TRANSFERS IN	<u>63,639</u>
CHANGE IN NET POSITION	2,891
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(2,891)</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes.

GETTYSBURG MONTESSORI CHARTER SCHOOL

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

Year Ended June 30, 2024

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	\$ 22,466
Payments to employees for services	(54,488)
Payments to suppliers for goods and services	<u>(194,938)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(226,960)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal sources	138,065
State sources	25,256
Transfers in	<u>63,639</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>226,960</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:	
Operating loss	\$ (224,069)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase (decrease) in:	
Unearned revenues	<u>(2,891)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (226,960)</u></u>

See accompanying notes.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

Gettysburg Montessori Charter School (the "Charter School") is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997. The Charter School is operating under a charter school contract ending June 30, 2025. The Charter 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gettysburg Montessori Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Charter School and its component units.

The Charter School used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine, through the exercise of management's professional judgment, that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, a legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Charter School has determined it has no component units.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the Charter School are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Other items properly not included in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the Charter School's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Charter School Reports the Following Major Governmental Fund:

General Fund: The general fund is the general operating fund of the Charter School. This fund is charged with all costs of operating the Charter School for which a separate fund has not been established.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The Charter School has the Following Major Enterprise Fund:

Food Service Fund: The food service fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the Charter School's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

The Charter School does not currently have any fiduciary funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as transfers in the business-type activities column.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (food service). Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered nonoperating revenues as no exchange transaction occurs.

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 Charter School considers revenues to be available if they are collected within 60 days of year-end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases and other right-to-use arrangements, are reported as other financing sources.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations, except unexpended grant appropriations and encumbrances, lapse at fiscal year end. The Charter School's 2023-2024 budget was prepared and approved by the board of trustees prior to submitting the budget to the Pennsylvania Department of Education.

F. Financial Position

1. Cash

The Charter School's reporting entity considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

The Charter School is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

2. Investments - continued

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Receivables

The intergovernmental receivables are amounts due from local school districts, the Pennsylvania Department of Education (PDE), and other governmental entities. Management evaluates the collectable nature of outstanding receivables and records an allowance if needed.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

6. Capital Assets, Depreciation, and Amortization

The Charter School's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value of the item at the date of donation. Right-to-use assets are reported when a qualifying liability is incurred.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

6. Capital Assets, Depreciation, and Amortization - continued

The Charter School generally capitalizes assets as purchase and construction outlays occur. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated/amortized using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Building and building improvements	10 - 40
Land improvements	15
Furniture and computer equipment	5 - 7
Right-to-use lease assets	5

7. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The Charter School periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the Charter School's long-lived assets were considered to be impaired as of June 30, 2024.

8. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Charter School has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

9. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize the face amount of debt issued or incurred and any original issue premiums or discounts are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Leases

Gettysburg Montessori Charter School is a lessee for a noncancellable lease of equipment. The Charter 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 Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease 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.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

10. Leases - continued

Key estimates and judgments related to leases include how the Charter 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 Charter 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 Charter School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the Charter School is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Charter School is reasonably certain to exercise.

The Charter 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.

Lease assets are reported with capital assets and lease liabilities are reported with liabilities on the statement of net position.

11. Pension

The Charter School contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The Charter School accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension 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.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

12. Other Postemployment Benefits (OPEB)

The Charter School's other postemployment benefit plan is accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The Charter School provides OPEB under the following plan:

PSERS OPEB Plan

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' 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.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The Charter School has two items that qualify for reporting in this category:

Deferred outflows of resources for pension relate to the Charter School's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the pension plan. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the Charter School's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

Deferred outflows of resources for other postemployment benefit liabilities relate to the Charter School's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the plan. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the Charter School's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Charter School has two types of items that qualify for reporting in this category:

Deferred inflows of resources for pensions relate to the Charter School's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the pension plan. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefit liabilities relate to the Charter School's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the plan. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The Charter School applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

15. Fund Balance Policies and Flow Assumptions

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

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and restricted security deposits.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Charter School's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Charter School that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Finance Committee or Principal/Chief Executive Officer may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The Charter School's policy states in circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expensed is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

16. Income Tax Status

The Internal Revenue Service has determined the Charter School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Consequently, the Charter School will not incur any liability for federal income tax with the exception of any liability arising from unrelated business income. The Charter 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.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

The Charter School had no material violations of finance related legal and contractual provisions.

B. Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, expenditures exceeded appropriations by \$119,639 in the general fund. Excess expenditures were covered by revenue in excess of budget.

NOTE 3 - CASH AND INVESTMENTS

The deposit and investment policy of the Charter School adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the Charter School.

The carrying amount of cash and investments as presented on the financial statements consist of the following at June 30, 2024:

Deposits	\$ 1,293,593
Certificate of Deposit	<u>634,626</u>
	<u>\$ 1,928,219</u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Charter School does not have a policy for custodial credit risk. As of June 30, 2024, the carrying amount of the Charter School's deposits and the bank balance was \$1,928,219. Of the bank balance, \$250,000 was covered by NCUA insurance, and \$1,678,219 was exposed to custodial credit risk because it was not covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables at June 30, 2024:

	<u>General Fund</u>
Local Education Agencies	\$ 448,332
Pennsylvania Commission on Crime and Delinquency	8,427
Pennsylvania Department of Education:	
Supporting Effective Instruction State Grant	2,071
Student Support and Academic Enrichment Program	2,857
Elementary and Secondary School Emergency Relief	<u>10,978</u>
Total intergovernmental receivables	<u><u>\$ 472,665</u></u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers are summarized as follows at June 30, 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 63,639
Enterprise - Food Service	<u>63,639</u>	<u>-</u>
	<u><u>\$ 63,639</u></u>	<u><u>\$ 63,639</u></u>

Interfund transfers were made to fund cash deficiencies in ongoing food service operations.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Construction in progress	69,852	-	(69,852)	-
Total assets not being depreciated	<u>129,852</u>	<u>-</u>	<u>(69,852)</u>	<u>60,000</u>
Capital assets being depreciated:				
Building and building improvements	5,718,111	-	-	5,718,111
Land improvements	-	222,514	69,852	292,366
Furniture and computer equipment	<u>292,591</u>	<u>-</u>	<u>-</u>	<u>292,591</u>
Total assets being depreciated	<u>6,010,702</u>	<u>222,514</u>	<u>69,852</u>	<u>6,303,068</u>
Less accumulated depreciation for:				
Building and building improvements	420,857	145,205	-	566,062
Land improvements	-	7,375	-	7,375
Furniture and computer equipment	<u>138,254</u>	<u>57,603</u>	<u>-</u>	<u>195,857</u>
Total accumulated depreciation	<u>559,111</u>	<u>210,183</u>	<u>-</u>	<u>769,294</u>
Total capital assets being depreciated, net	5,451,591	12,331	69,852	5,533,774
Right-to-use assets being amortized:				
Leased equipment	45,843	-	(39,956)	5,887
Less accumulated amortization for:				
Leased equipment	<u>39,147</u>	<u>2,761</u>	<u>(39,956)</u>	<u>1,952</u>
Total right-to-use assets being amortized, net	<u>6,696</u>	<u>(2,761)</u>	<u>-</u>	<u>3,935</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u><u>\$ 5,588,139</u></u>	<u><u>\$ 9,570</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,597,709</u></u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - CHANGES IN CAPITAL ASSETS - CONTINUED

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 114,070
Administrative and financial support services	2,761
Operation and maintenance of plant services	94,409
Student activities	<u>1,704</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 212,944</u>

NOTE 7 - LONG-TERM LIABILITIES

Construction Loan (Direct Borrowing)

On August 17, 2020, the Charter 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 Charter School's property. The loan is secured by real property located at 888 Coleman Road, Straban Township, PA 17325. The loan has an initial scheduled maturity date of August 2045 and has the following payment terms: 5.0% interest only payments, payable through the construction loan period ending in December 2021. The permanent loan period began in January 2022, with payments to include 4.5% interest and principal payments through August 2030.

The future annual payments required for the loan payable are as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 109,180	\$ 168,532	\$ 277,712
2026	114,196	163,516	277,712
2027	119,442	158,270	277,712
2028	124,509	153,203	277,712
2029	130,649	147,063	277,712
2030-2031	<u>3,196,602</u>	<u>22,967</u>	<u>3,219,569</u>
	<u>\$ 3,794,578</u>	<u>\$ 813,551</u>	<u>\$ 4,608,129</u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

Construction Loan (Direct Borrowing) - continued

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.

Leases

The Charter School has entered into a lease agreement for copiers. The lease has a termination date of July 2027. The lease includes monthly payments of principal and interest at a rate of 3.25% and is secured by the underlying assets of the lease.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2025	\$ 1,121	\$ 100	\$ 1,221
2026	1,158	63	1,221
2027	1,197	24	1,221
2028	102	-	102
	<u>\$ 3,578</u>	<u>\$ 187</u>	<u>\$ 3,765</u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

Leases - continued

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Loan payable	\$ 3,898,506	\$ -	\$ 103,928	\$ 3,794,578	\$ 109,180
Lease payable	6,893	-	3,315	3,578	1,121
Net pension liability	978,092	17,387	105,479	890,000	-
Net other postemployment benefit liability (OPEB)	40,497	-	6,497	34,000	-
Total governmental long-term liabilities	<u>\$ 4,923,988</u>	<u>\$ 17,387</u>	<u>\$ 219,219</u>	<u>\$ 4,722,156</u>	<u>\$ 110,301</u>

Total interest paid during the year ended June 30, 2024, was \$173,931. The lease liability will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general fund. The Charter School OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. 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.

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.

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). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1.0% or 2.5%, 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. For members whose membership started prior to July 1, 2011, after completion of 5 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 right to benefits is vested after 10 years of service.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, 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, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

The contribution policy is set by state statute and requires contributions by active members and employers. The contribution rates based on qualified member compensation for virtually all members is 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 July 22, 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	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued

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%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% 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 any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$105,183 for the year ended June 30, 2024. In addition, the Charter School's contribution to the defined contribution plan was \$858 for the year ended June 30, 2024.

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

At June 30, 2024, the Charter School reported a liability of \$890,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The Charter School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the Charter School's proportion was 0.0020% which was a decrease of 0.0002% from its proportion measured as of June 30, 2023.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

For the year ended June 30, 2024, the Charter School recognized pension expense of (\$72,057). At June 30, 2024, the Charter 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
Differences between expected and actual experience	\$ -	\$ 12,000
Changes of assumptions	13,000	-
Net difference between projected and actual investment earnings	26,000	-
Changes in proportion - plan level	-	232,000
Difference between employer contributions and proportionate share of total contributions	-	177
Contributions made subsequent to the measurement date	105,183	-
	<u>\$ 144,183</u>	<u>\$ 244,177</u>

The \$105,183 reported as deferred outflows of resources related to pensions resulting from Charter School contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2025	\$ (144,728)
2026	(74,538)
2027	5,545
2028	8,544
	<u>\$ (205,177)</u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions

The total pension liability at June 30, 2023 was determined by rolling forward the System's total pension liability at June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment 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 or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The PSERS 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.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

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.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Sensitivity of the Charter 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 one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Charter School's proportionate share of the net pension liability	\$ 1,153,000	\$ 890,000	\$ 667,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2024, the Charter School had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$26,073. This amount represents the Charter School's contractually obligated contributions for wages paid in April 2024 through June 2024.

403(b) Tax Shelter Plan

The Charter 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 Charter School matches the employee's contribution dollar for dollar up to 5% of their compensation. The Charter School's contributions to the plan for the year ended June 30, 2024 totaled \$77,060.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN

Employee Defined Benefit Other Postemployment Benefit Plan

The Charter School has other postemployment benefits (OPEB) under a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan).

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

PSERS (the System) provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. 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. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of the distributions.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

Pension Plan Description

PSERS is a governmental cost-sharing multiple-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.pa.gov.

Benefits Provided

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.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% 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 any unfunded accrued liability. Contributions to the OPEB plan from the Charter School were \$2,034 for the year ended June 30, 2024.

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2024, the Charter School reported a liability of \$34,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The Charter 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, 2024, the Charter School's proportion was 0.0019% which was a decrease of 0.0003% from its proportion measured as of June 30, 2023.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

For the year ended June 30, 2024, the Charter School recognized OPEB expense of (\$12,502). At June 30, 2024, the Charter 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
Changes of assumptions	\$ 3,000	\$ 6,000
Changes in proportion	-	24,000
Contributions made subsequent to the measurement date	2,034	-
	<u>\$ 5,034</u>	<u>\$ 30,000</u>

The \$2,034 reported as deferred outflows of resources related to OPEB resulting from Charter School contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	\$ (8,000)
2026	(8,000)
2027	(5,000)
2028	(5,000)
2029	<u>(1,000)</u>
Total	<u>\$ (27,000)</u>

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- 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.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 PSERS 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.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	1.2%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the 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 plan's 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 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Sensitivity of the Charter School's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the Charter School's proportionate share of the net OPEB liability for the June 30, 2023 measurement date, calculated using current Healthcare cost trends as well as what the Charter School's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Charter School's proportionate share of the net OPEB liability	\$ 34,000	\$ 34,000	\$ 34,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.13%) or one-percentage point higher (5.13%) than the current rate:

	<u>1% Decrease 3.13%</u>	<u>Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
Charter School's proportionate share of the net OPEB liability	\$ 39,000	\$ 34,000	\$ 31,000

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFIT PLAN - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2024, the Charter School had an accrued balance due to PSERS of \$26,073 including balances related to pension and OPEB. This amount represents the Charter School's contractually obligated contributions for wages paid in April 2024 through June 2024.

NOTE 10 - RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for unemployment compensation, for which the Charter School retains risk of loss. For insured programs, there were no significant reductions in insurance coverages for the 2023/2024 school year. Settlement amounts have not exceeded insurance coverage for the current year and three prior years.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 - CONTINGENT LIABILITIES

The Charter School receives federal, state and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Charter School officials do not expect any significant adjustments as a result of these examinations.

The Charter School is involved in various lawsuits that arise in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Charter School's management, the resolution of these matters will not have a material adverse effect on the financial condition of the Charter School.

NOTE 12 - FUND BALANCE

Details of the Charter School's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2024, were as follows:

General Fund

The general fund has nonspendable funds of \$27,137 related to prepaid expenditures and security deposits; committed funds of \$254,254 for building repairs; and unassigned funds totaling \$1,482,745.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Charter School's fiscal year ending June 30, 2025.
- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Charter School has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

GETTYSBURG MONTESSORI CHARTER SCHOOL

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Local sources	\$ 4,412,491	\$ 4,396,491	\$ 4,452,052	\$ 55,561
State sources	102,994	94,456	23,903	(70,553)
Federal sources	238,680	112,498	170,091	57,593
TOTAL REVENUES	4,754,165	4,603,445	4,646,046	42,601
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	1,891,592	1,891,592	1,760,839	130,753
Special programs - elementary/secondary	444,717	444,717	535,056	(90,339)
Other instructional programs - elementary/secondary	2,000	2,000	45	1,955
TOTAL INSTRUCTIONAL SERVICES	2,338,309	2,338,309	2,295,940	42,369
SUPPORT SERVICES:				
Students	150,471	150,471	109,635	40,836
Instructional staff	24,206	24,206	10,126	14,080
Administration	745,612	745,612	770,587	(24,975)
Pupil health	83,046	83,046	68,872	14,174
Business services	110,655	110,655	114,264	(3,609)
Operation and maintenance of plant	502,657	502,657	640,331	(137,674)
Student transportation services	105,755	105,755	186,407	(80,652)
TOTAL SUPPORT SERVICES	1,722,402	1,722,402	1,900,222	(177,820)
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Food services	224,626	-	-	-
Student activities	53,283	53,283	34,297	18,986
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	277,909	53,283	34,297	18,986
DEBT SERVICE PAYMENTS	278,000	278,000	281,174	(3,174)
TOTAL EXPENDITURES	4,616,620	4,391,994	4,511,633	(119,639)
EXCESS OF REVENUES OVER EXPENDITURES	137,545	211,451	134,413	(77,038)
OTHER FINANCING USES				
Transfers out	-	-	(63,639)	(63,639)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 137,545</u>	<u>\$ 211,451</u>	70,774	<u>\$ (140,677)</u>
FUND BALANCE - BEGINNING OF YEAR			1,693,362	
FUND BALANCE - END OF YEAR			<u>\$ 1,764,136</u>	

See note to required supplementary information.

GETTYSBURG MONTESSORI CHARTER SCHOOL

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023/2024 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, the general fund had an excess of expenditures over budget of \$119,639. The excess expenditures were covered by current year revenue.

Budgetary Compliance

The Charter School's only legally adopted budget is for the general fund. All budgetary transfers, if applicable, were made within the last nine months of the fiscal year. The Charter School cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2024. In addition, the Charter School includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

GETTYSBURG MONTESSORI CHARTER SCHOOL

**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN**

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Charter School's proportion of the collective net pension liability	0.0020%	0.0022%	0.0025%	0.0033%	0.0033%	0.0041%	0.0042%	0.0055%	0.0064%	0.0049%
Charter School's proportionate share of the collective net pension liability	\$ 890,000	\$ 978,092	\$ 1,026,418	\$ 1,624,888	\$ 1,543,826	\$ 1,968,000	\$ 2,074,000	\$ 2,726,000	\$ 2,773,000	\$ 1,939,000
Charter School's covered payroll	\$ 298,189	\$ 316,920	\$ 350,394	\$ 459,205	\$ 449,328	\$ 547,800	\$ 563,934	\$ 709,926	\$ 823,187	\$ 627,869
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	298.47%	308.62%	292.93%	353.85%	343.59%	359.26%	367.77%	383.98%	336.86%	308.82%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The Charter School's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

GETTYSBURG MONTESSORI CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 105,183	\$ 105,479	\$ 105,333	\$ 118,048	\$ 154,197	\$ 146,481	\$ 174,000	\$ 161,000	\$ 175,000	\$ 165,000
Contributions in relation to the contractually required contribution	105,183	105,479	105,333	118,048	154,197	146,481	174,000	161,000	175,000	165,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 313,374	\$ 298,189	\$ 316,920	\$ 350,394	\$ 459,205	\$ 449,328	\$ 547,800	\$ 563,934	\$ 709,226	\$ 823,187
Contributions as a percentage of covered payroll	33.56%	34.51%	33.24%	33.69%	33.58%	32.60%	31.74%	27.44%	24.53%	19.78%

GETTYSBURG MONTESSORI CHARTER SCHOOL

**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND RELATED RATIOS - PSERS OPEB PLAN**

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Charter School's proportion of the collective net PSERS OPEB liability	0.0019%	0.0022%	0.0025%	0.0033%	0.0033%	0.0041%	0.0042%	0.0055%
Charter School's proportionate share of the collective net PSERS OPEB liability	\$ 34,000	\$ 40,497	\$ 59,252	\$ 71,303	\$ 70,185	\$ 85,482	\$ 86,000	\$ 118,000
Charter School's covered payroll	\$ 298,189	\$ 316,920	\$ 355,450	\$ 459,205	\$ 449,328	\$ 547,800	\$ 563,934	\$ 709,926
Charter School's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.40%	12.78%	16.67%	15.53%	15.62%	15.60%	15.25%	16.62%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The Charter School's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

GETTYSBURG MONTESSORI CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,034	\$ 2,292	\$ 2,468	\$ 2,915	\$ 3,872	\$ 3,729	\$ 4,475
Contributions in relation to the contractually required contribution	<u>2,034</u>	<u>2,292</u>	<u>2,468</u>	<u>2,915</u>	<u>3,872</u>	<u>3,729</u>	<u>4,475</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered payroll	\$ 313,374	\$ 298,189	\$ 316,920	\$ 350,394	\$ 459,205	\$ 449,328	\$ 547,800
Contributions as a percentage of covered payroll	0.65%	0.77%	0.78%	0.83%	0.84%	0.83%	0.82%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, information for only those years available is shown.

**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***

**To the 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, 2024, 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 April 16, 2025.

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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gettysburg Montessori Charter School's financial statements are free of 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.

Herbein + Company, Inc.

Reading, Pennsylvania
April 16, 2025