



BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

AND

REPORT OF INDEPENDENT

CERTIFIED PUBLIC ACCOUNTANTS

AND

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Trustees
Bear Creek Community Charter School
Bear Creek Township, Pennsylvania

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bear Creek Community Charter School, Bear Creek Township, Pennsylvania as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse and Unmodified Opinions" section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the Bear Creek Community Charter School as of June 30, 2024, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-type Activities, and Each Major Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania, 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 Adverse and Unmodified 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 Bear Creek Community Charter School, Bear Creek, Pennsylvania, 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.

(BEAR CREEK COMMUNITY CHARTER SCHOOL)
(INDEPENDENT AUDITOR'S REPORT – CONTINUED)

Change in Accounting Principle

As described in Note 1 to the financial statements, Bear Creek Community Charter School adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Our opinions are not modified with respect to that matter.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bear Creek Community Charter School, Bear Creek Township, Pennsylvania'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 Responsibility 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 Bear Creek Community 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.

(BEAR CREEK COMMUNITY CHARTER SCHOOL)
(INDEPENDENT AUDITOR'S REPORT – CONTINUED)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bear Creek Community 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.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the School's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the School's primary government unless the School also issues financial statements for the financial reporting entity that include the financial data for its component unit. The School has not issued such reporting entity financial statements. The effects of not including the School's legally separate component unit on the aggregate discretely presented component units and the aggregate remaining fund information have not been determined.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the schedule of the School's proportionate share of the net pension liability on page 41, the schedule of the School's contributions to the pension plan on page 42, the schedule of the School's proportionate share of the net OPEB liability on page 43 and the schedule of the School's OPEB contributions on page 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bear Creek Community Charter School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the supplementary information on page 45 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information on page 45 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(BEAR CREEK COMMUNITY CHARTER SCHOOL)
(INDEPENDENT AUDITOR'S REPORT – CONTINUED)

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025 on our consideration of Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bear Creek Community 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 Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control over financial reporting and compliance.

Moscow, Pennsylvania
February 5, 2025

Murphy Dugherly & Co. (PA)

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The discussion and analysis of Bear Creek Community Charter School's (the "School") financial performances provides an overall review of the School's financial activities for the year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the independent auditors' report, the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS (GAAP) REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Net Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what funds remain for future spending. The Fund financial statements also provide an overview of the School's individual funds, the General Fund and the Food Service Fund.

As management of the School, we provide readers of the financial statements of the School this narrative overview and analysis summarizing the financial activities of the School for the year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- The School's General Fund revenues increased by a total of \$726,681 for the fiscal year ending June 30, 2024. A detail of the revenue sources for the years ended June 30, 2024 and 2023 as well as the related increases and decreases are summarized below.

<u>Revenue Source</u>	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Federal	\$ 1,776,349	\$ 2,087,323	\$ (310,974)
State	218,248	149,521	68,727
School Districts	7,736,136	6,780,777	955,359
Other	<u>53,806</u>	<u>40,237</u>	<u>13,569</u>
Total Revenue	\$ <u>9,784,539</u>	\$ <u>9,057,858</u>	\$ <u>726,681</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

- The School's General Fund expenditures increase by a total of \$6,360,254 for the fiscal year ending June 30, 2024. A detail of the expenditures for the years ended June 30, 2024 and 2023 as well as the related increases and decreases are summarized below.

<u>Expenditures</u>	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Instructional	\$ 4,415,763	\$ 4,455,642	\$ (39,879)
Support	3,330,934	3,342,046	(11,112)
Non-Instructional	40,418	30,154	10,264
Capital Outlay	5,877,318	9,838	5,867,480
Debt Service Interest	1,060,053	613,350	446,703
Debt Service Principal	<u>470,605</u>	<u>383,807</u>	<u>86,798</u>
Total Expenditures	\$ <u>15,195,091</u>	\$ <u>8,834,837</u>	\$ <u>6,360,254</u>

- The Food Service Fund includes funding from lunch and breakfast sales, federal subsidies, state subsidies and a minimal amount of other funding. The School's Food Service Fund revenues increased by a total of \$76,333 for the fiscal year ending June 30, 2024. A detail of the revenue sources for the years ended June 30, 2024 and 2023 as well as the related increases are summarized below.

<u>Revenue Source</u>	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Sales	\$ 154,017	\$ 137,149	\$ 16,868
Interest	129	29	100
State Subsidies	51,979	42,121	9,858
Federal Subsidies	<u>310,822</u>	<u>261,315</u>	<u>49,507</u>
Total Funding	\$ <u>516,947</u>	\$ <u>440,614</u>	\$ <u>76,333</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

- The School's Government-Wide cash and cash equivalents balance at June 30, 2024 and 2023 consisted of the following:

<u>Source</u>	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Checking	\$ 313,484	\$ 600,291	\$ (286,807)
Money Market	1,681,644	1,876,525	(194,881)
Certificates of Deposit	1,006,814	-	1,006,814
Cash on Hand	<u>525</u>	<u>500</u>	<u>25</u>
Total Funding	\$ <u>3,002,467</u>	\$ <u>2,477,316</u>	\$ <u>525,151</u>

- The Government-Wide assets of the School exceeded liabilities at June 30, 2024 and June 30, 2023. A summary of net position is as follows:

<u>Source</u>	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Invested in capital assets, net of related debt	\$ 8,214,842	\$ 8,924,599	\$ (709,757)
Unrestricted	<u>(1,631,457)</u>	<u>(2,348,971)</u>	<u>717,514</u>
Total Net Position	\$ <u>6,583,385</u>	\$ <u>6,575,628</u>	\$ <u>7,757</u>

- For the year ended June 30, 2024, the School had capital asset additions totaling \$289,686 in the General Fund and there were \$5,548 of capital asset additions in the Food Service Fund. The School had capital asset additions totaling \$550,385 in the General Fund and \$85,120 in the Food Service Fund for the year ended June 30, 2023.
- For the year ended June 30, 2024, disposition of assets totaled \$145,845 resulting in a loss of \$22,751. In the Government-Wide financial statements for the year ended June 30, 2023, the disposition of assets totaled \$56,771 resulting in no loss or gain.

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

OVERVIEW OF FINANCIAL STATEMENTS

The purpose of the management's discussion and analysis is to introduce our readers to the School's basic financial statements. The School's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between assets and liabilities reported as net position. Tracking increases and decreases in net position serves as a useful indicator of improvement or deterioration in the financial position of the School.

The Statement of Net Activities presents changes in the School's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future periods (i.e. salaries and benefits earned but unpaid as of year-end).

The government-wide Statement of Net Activities distinguishes functions/programs of the School supported primarily by per pupil operating revenue. The governmental activities of the School include instruction and supporting services.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School, like most charter schools or other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School maintains one Governmental Fund and one Proprietary Fund.

Governmental Fund

The Governmental Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

In particular, fund balance may serve as a useful measure of the School's net resources available for program purposes at the end of the fiscal year. For the fiscal year ended June 30, 2024, the School's Governmental Fund reported a surplus of \$2,961,929.

Because the focus of the Governmental Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions.

Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

between the Governmental Fund and governmental activities. The General Fund is the only Governmental Fund.

The School adopts an annual appropriated budget for its General Fund to demonstrate compliance with the budget.

Proprietary Fund

The School maintains one Proprietary Fund, the Food Service Fund. The Food Service Fund is a business-type activity. Similar to the Government-Wide financial statements, Proprietary Fund financial statements focus on the long-term and like private industry, focus on net income. Fixed assets are capitalized and depreciation is included in operating expenses in the fund financial statements. The fund financial statements also include a Statement of Cash Flows.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator in tracking changes in the School's financial position. In this case, the School's assets exceeded liabilities by \$6,636,674 as of June 30, 2024 and \$6,575,628 as of June 30, 2023.

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets	\$ 4,336,178	\$ 3,764,965
Capital assets	27,705,092	23,008,136
Deferred Outflows of Resources	<u>588,076</u>	<u>607,182</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>32,629,346</u>	\$ <u>27,380,283</u>
LIABILITIES	\$ <u>25,990,523</u>	\$ <u>20,676,245</u>
Deferred Inflows of Resources	<u>55,438</u>	<u>128,410</u>
NET POSITION		
Invested in capital assets, net of related debt	\$ 8,214,842	\$ 8,924,599
Unrestricted	<u>(1,631,457)</u>	<u>(2,348,971)</u>
TOTAL NET POSITION	\$ <u>6,583,385</u>	\$ <u>6,575,628</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The School's net position reflects its investment in capital assets (i.e. buildings and equipment) less any related debt used to acquire those assets that is still outstanding.

Comparison to Budget

Significant variances between the adopted budget and the actual results in the General Fund are as follows:

- Revenue from local sources was more than budgeted by \$27,413 for two main reasons. Tuition revenue was estimated based upon a 576 average daily membership calculation and the actual calculation was 579 for the school year. Additionally, interest rates continued to increase throughout the year.
- Revenue from federal sources was more than budgeted by \$41,277. The majority was from ARP ESSER. The school utilized set aside funds from this source for social emotional learning for students and training for staff as well as reading remediation.
- Special Education expenditures were down by \$52,054 due to substitutes used for employee leaves and resignations as well as a reduced need of subcontracted services to provide services throughout the year.
- Instructional staff support services were \$32,552 less than expected because a support service employee served in the classroom providing direct instruction and allocated as such in regular instruction.

BEAR CREEK COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors and creditors, with a general overview of the School's finances and to demonstrate the School's accountability. If you have any questions about this report or need additional information, please contact Mr. James Smith, Chief Executive Officer at (570) 820-4070 or by mail at the Bear Creek Community Charter School, 30 Charter School Way, Bear Creek Township, PA 18702.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,952,913	\$ 49,554	\$ 3,002,467
Intergovernmental Receivables	1,042,695	14,228	1,056,923
Prepaid Expenses	206,319	-	206,319
Internal Receivable	-	44,648	44,648
Other Current Assets	25,001	820	25,821
Total Current Assets	<u>4,226,928</u>	<u>109,250</u>	<u>4,336,178</u>
<u>NON-CURRENT ASSETS</u>			
Prepaid Lease	6,978,766	-	6,978,766
Leasehold Improvements	2,411,903	-	2,411,903
Fixtures and Equipment	3,122,529	339,059	3,461,588
Accumulated Depreciation	(2,309,822)	(263,219)	(2,573,041)
Right-of-use Asset	22,382,314	-	22,382,314
Accumulated Amortization	(4,956,438)	-	(4,956,438)
Total Non-current Assets	<u>27,629,252</u>	<u>75,840</u>	<u>27,705,092</u>
Total Assets	<u>31,856,180</u>	<u>185,090</u>	<u>32,041,270</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to OPEB	11,070	-	11,070
Deferred amounts related to pensions	577,006	-	577,006
Total Deferred Outflows of Resources	<u>588,076</u>	<u>-</u>	<u>588,076</u>
Total Assets and Deferred Outflows of Resources	<u>32,444,256</u>	<u>185,090</u>	<u>32,629,346</u>
<u>LIABILITIES</u>			
Accounts Payable	60,381	1,114	61,495
Accrued Salaries & Benefits	1,116,471	-	1,116,471
Internal Payable	44,648	-	44,648
Capital Lease and Technology Payable, Current	509,831	-	509,831
Other Current Liabilities	43,499	4,160	47,659
<u>NON-CURRENT LIABILITIES</u>			
Capital Lease and Technology Payable	18,980,419	-	18,980,419
Net Other Post Employment Benefit Liability	203,000	-	203,000
Net Pension Liability	5,027,000	-	5,027,000
Total Liabilities	<u>25,985,249</u>	<u>5,274</u>	<u>25,990,523</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to OPEB	55,179	-	55,179
Deferred amounts related to pensions	259	-	259
Total Deferred Inflows of Resources	<u>55,438</u>	<u>-</u>	<u>55,438</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	8,139,002	75,840	8,214,842
Unrestricted (Deficit)	(1,735,433)	103,976	(1,631,457)
TOTAL NET POSITION	<u>\$ 6,403,569</u>	<u>\$ 179,816</u>	<u>\$ 6,583,385</u>

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDING June 30, 2024

	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>GOVERNMENTAL ACTIVITIES</u>						
<u>INSTRUCTION:</u>						
Regular	\$ 2,975,932	\$ 4,535,812	\$ 1,043,562	\$ 2,603,442	\$ -	\$ 2,603,442
Special	1,190,662	3,200,324	431,542	2,441,204	-	2,441,204
Other	73,332	-	46,212	(27,120)	-	(27,120)
<u>TOTAL INSTRUCTIONAL SERVICES</u>	<u>4,239,926</u>	<u>7,736,136</u>	<u>1,521,316</u>	<u>5,017,526</u>	<u>-</u>	<u>5,017,526</u>
<u>SUPPORT SERVICES:</u>						
Pupil Personnel	263,948		120,032	(143,916)	-	(143,916)
Instructional Staff	376,946		82,089	(294,857)	-	(294,857)
Administration	558,711		12,165	(546,546)	-	(546,546)
Pupil Health	183,804		15,778	(168,026)	-	(168,026)
Business	274,460		24,127	(250,333)	-	(250,333)
Operation and Maintenance of Plant Services	1,385,131		149,680	(1,235,451)	-	(1,235,451)
Central	223,366		2,901	(220,465)	-	(220,465)
Other Support Services	9,354		64,749	55,395	-	55,395
Unallocated Depreciation Expense	370,687		-	(370,687)	-	(370,687)
Unallocated Amortization Expense	815,078		-	(815,078)	-	(815,078)
Interest on Long-Term Debt	1,060,053		-	(1,060,053)	-	(1,060,053)
<u>TOTAL SUPPORT SERVICES</u>	<u>5,521,538</u>	<u>-</u>	<u>471,521</u>	<u>(5,050,017)</u>	<u>-</u>	<u>(5,050,017)</u>
<u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u>	<u>40,027</u>	<u>-</u>	<u>1,760</u>	<u>(38,267)</u>	<u>-</u>	<u>(38,267)</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>9,801,491</u>	<u>7,736,136</u>	<u>1,994,597</u>	<u>(70,758)</u>	<u>-</u>	<u>(70,758)</u>
<u>BUSINESS TYPE ACTIVITY:</u>						
<u>FOOD SERVICE</u>	<u>469,487</u>	<u>154,017</u>	<u>362,801</u>	<u>-</u>	<u>47,331</u>	<u>47,331</u>
<u>TOTAL PRIMARY GOVERNMENT</u>	<u>\$ 10,270,978</u>	<u>\$ 7,890,153</u>	<u>\$ 2,357,398</u>	<u>(70,758)</u>	<u>\$ 47,331</u>	<u>\$ (23,427)</u>
<u>GENERAL REVENUES</u>						
Investment earnings				34,465	129	34,594
Loss on disposition of assets				(22,751)	-	(22,751)
Miscellaneous income				19,341	-	19,341
Transfers				-	-	-
<u>TOTAL GENERAL REVENUES AND TRANSFERS</u>				<u>31,055</u>	<u>129</u>	<u>31,184</u>
Change in Net Position				(39,703)	47,460	7,757
<u>NET POSITION, BEGINNING OF YEAR</u>				<u>6,443,272</u>	<u>132,356</u>	<u>6,575,628</u>
<u>NET POSITION, END OF YEAR</u>				<u>\$ 6,403,569</u>	<u>\$ 179,816</u>	<u>\$ 6,583,385</u>

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
BALANCE SHEET
GENERAL FUND
JUNE 30, 2024

	<u>GENERAL</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,952,913
Intergovernmental Receivables	1,042,695
Prepaid Expenses	206,319
Other Current Assets	<u>25,001</u>
 TOTAL ASSETS	 <u>\$ 4,226,928</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 60,381
Accrued Salaries & Benefits	1,116,471
Due to Food Service Fund	44,648
Other Current Liabilities	<u>43,499</u>
 TOTAL LIABILITIES	 <u>1,264,999</u>
 <u>FUND BALANCES</u>	
Nonspendable:	
Prepaid Expenses	206,319
Committed for:	
Capital Projects	1,604,425
Unassigned	<u>1,151,185</u>
 TOTAL FUND BALANCES	 <u>2,961,929</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,226,928</u>

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

General Fund Balance \$ 2,961,929

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Prepaid Lease	6,978,766	
Leasehold Improvements	2,411,903	
Furniture and Equipment	3,122,529	
Right-of-use Asset, net	11,548,558	
Accumulated Depreciation	<u>(2,309,822)</u>	
Total Capital Assets		21,751,934

The long-term lease payables are not due and payable in the current period and therefore are not reported as liabilities in the funds. (13,617,341)

The long-term Technology payables are not due and payable in the current period and therefore are not reported as liabilities in the funds. 4,409

The pension liability is not expected to be liquidated with expendable available financial resources and therefore are not reported in the funds. (5,027,000)

The other post employment benefit liability is not expected to be liquidated with expendable available financial resources and therefore are not reported in the funds. (203,000)

Deferred outflows of resources or deferred inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds. These consist of :

The difference between projected and actual earnings on pension plan and OPEB investments should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. (55,438)

Contributions to the pension and OPEB plans from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period should be reported as a deferred outflow of resources related to pensions. 588,076

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,403,569

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2024

REVENUES

Local Sources	\$ 7,789,942
State Sources	218,248
Federal Sources	<u>1,776,349</u>
TOTAL REVENUES	<u>9,784,539</u>

EXPENDITURES

Instructional Services

Regular	3,107,895
Special	1,233,963
Other Instructional Programs	<u>73,905</u>
Total Instructional Services	<u>4,415,763</u>

Support Services

Pupil Personnel	266,044
Instructional Staff	400,346
Administration	575,199
Pupil Health	191,161
Business	293,321
Operation and Maintenance of plant services	1,205,824
Central	267,616
Other Support Services	<u>131,423</u>
Total Support Services	3,330,934

Operation of Non-Instructional Services	40,418
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Capital Outlay	<u>5,877,318</u>
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Debt Service

Interest	1,060,053
Principal	<u>470,605</u>

TOTAL EXPENDITURES	<u>15,195,091</u>
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EXCESS OF REVENUES OVER EXPENDITURES	(5,410,552)
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OTHER FINANCING USES

Right-to-use Asset Proceeds	5,877,318
Transfers Out	<u>-</u>

NET CHANGE IN FUND BALANCE	466,766
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FUND BALANCE-BEGINNING	<u>2,495,163</u>
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FUND BALANCE-ENDING	<u>\$ 2,961,929</u>
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The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2024

Net change in Fund Balance- General Fund \$ 466,766

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

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 expense. Adjustments in the current period
are as follows:

Capital Outlay	289,686	
Prepaid Lease	58,080	
Disposition of Assets	(145,845)	
Accumulated Depreciation on Assets Disposed	123,094	
Technology Amortization	(4,622)	
Lease Amortization	(1,119,646)	
Depreciation expense	<u>(370,687)</u>	
Net change		<u>(1,169,940)</u>

Repayment of long-term debt and related bond costs is reported as
an expenditure in governmental funds, but the repayment reduces
long-term liabilities in the statement of net position. In the current
year, these amounts consist of:

Capital Technology Payments	4,409	
Capital Lease Payments	<u>466,196</u>	
		<u>470,605</u>

Governmental funds report pension contributions as expenditures,
however, in the statement of activities, the cost of the
pension benefits earned net of employee contributions is reported
as pension expense

Pension Contributions	577,006	
Cost of benefits earned net of employee contributions	<u>(403,137)</u>	
Net Change		<u>173,869</u>

Governmental funds report other post employment benefit contributions
as expenditures, however, in the statement of activities, the cost of the
other post employment benefits earned net of employee contributions is
reported as other post employment benefit expense

OPEB Contributions	11,070	
Cost of benefits earned net of employee contributions	<u>7,927</u>	
Net Change		<u>18,997</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (39,703)

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF NET POSITION
FOOD SERVICE FUND
JUNE 30, 2024

ASSETS

Cash and Cash Equivalents	\$ 49,554
Due from General Fund	44,648
Intergovernmental Receivables	14,228
Other Accounts Receivable	<u>820</u>
 Total Current Assets	 109,250
 Furniture & Equipment	 339,059
Accumulated Depreciation	<u>(263,219)</u>
Total Non-Current Assets	<u>75,840</u>
 Total Assets	 <u>185,090</u>

LIABILITIES

Accounts Payable	1,114
Prepayments	<u>4,160</u>
 TOTAL LIABILITIES	 <u>5,274</u>

NET POSITION

Invested in capital assets, net of related debt	75,840
Unrestricted	<u>103,976</u>
 TOTAL NET POSITION	 <u>\$ 179,816</u>

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION- FOOD SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2024

OPERATING REVENUE

Food service revenue	\$ 154,017
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OPERATING EXPENSES

Salaries	135,942
Employee benefits	36,175
Purchased Professional & Technical Services	60
Purchased property services	9,999
Other purchased services	632
Supplies	270,709
Depreciation	<u>15,970</u>

Total Operating Expenses	<u>469,487</u>
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Operating Income(Loss)	<u>(315,470)</u>
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NON-OPERATING REVENUES (EXPENSES)

Earnings on investments	129
State sources	51,979
Federal sources	<u>310,822</u>

Total Non-Operating Revenue (Expenses)	<u>362,930</u>
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Change in net position	47,460
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Transfer from General Fund	-
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NET POSITION, BEGINNING OF YEAR	<u>132,356</u>
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NET POSITION, END OF YEAR	<u><u>\$ 179,816</u></u>
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The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOOD SERVICE FUND
FOR THE YEAR ENDING JUNE 30, 2024

	<u>FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 109,458
Cash payments to employees for services	(172,117)
Cash payments to suppliers for goods and services	<u>(284,201)</u>
Net Cash Used for Operating Activities	<u>(346,860)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING SOURCES</u>	
State sources	58,116
Federal sources	<u>335,898</u>
Net Cash Provided by Non-capital Financing Activities	<u>394,014</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Equipment	<u>(5,548)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(5,548)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Earnings on investments	<u>129</u>
Net Cash Provided by Investing Activities	<u>129</u>
Net Increase in Cash and Cash Equivalents	41,735
CASH AND CASH EQUIVALENTS, BEG. OF YEAR	<u>7,819</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 49,554</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>	
Operating Loss	(315,470)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	15,970
Increase in due from General Fund	(44,648)
Increase in Other Accounts Receivable	(820)
Decrease in accounts payable	(2,801)
Increase in prepayments	<u>909</u>
Total Adjustments	<u>(31,390)</u>
CASH USED FOR OPERATING ACTIVITIES	<u>\$ (346,860)</u>

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bear Creek Community Charter School (the School) located in Bear Creek Township, Pennsylvania, operates a charter school under an approved charter received from the Wilkes-Barre Area School District, acting pursuant to authority conferred under the Public School Code of 1949, as amended by Act 22 of 1997, the Charter School Law, 24 P.S. sections 17-1701-A et seq. The School provides a full range of educational services appropriate to grade levels kindergarten through 8th grade to students living in the greater Wilkes-Barre – Scranton area. Educational Services include regular education and special education programs for gifted and handicapped children. The School has an eight-member appointed board of trustees and appointed Chief Executive Officer who oversees the daily operations of the School.

The School is organized as a not-for-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The initial charter established September 27, 2004 was for a five-year period and was renewed for a third time with the Wilkes-Barre Area School District with a resolution dated on June 25, 2018 for a five-year period ending on August 31, 2024.

The accounting policies of Bear Creek Community Charter School conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the School's significant accounting policies:

A. REPORTING ENTITY

Consistent with guidance contained in Statement No. 61 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity: Omnibus- an amendment of GASB Statement No. 14, the criteria used by the School to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School reviews the applicability of the following criteria:

The School is financially accountable for:

- Organizations that make up the School's legal entity.
- Legally separate organizations if School officials appoint a majority of the organization's governing body and the School is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School as defined below.

Impose Its Will – If the School can significantly influence the programs, projects or activities of, or the level of services performed or provided by the organization.

Financial Benefit or Burden – If the School (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to the organization or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the School. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the School.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

As defined, the Bear Creek Foundation, Inc. is a component unit of the Bear Creek Community Charter School (the primary government) and is considered a part of the reporting entity. The Bear Creek Foundation, Inc. is a legally separate organization that owns property which is leased to the Bear Creek Community Charter School. The School is also a co-borrower on the debt of the Bear Creek Foundation, Inc. resulting in financial benefit and burden. These financial statements present only the data of the Bear Creek Community Charter School (the primary government) and do not include the data of the Bear Creek Foundation, Inc. (component unit). Reporting in conformity with generally accepted accounting principles would require the inclusion of the Bear Creek Foundation, Inc. (component unit) in the Bear Creek Community Charter School (primary government) thus these financial statements do not conform to generally accepted accounting principles. Requests for financial statements of the Bear Creek Foundation, Inc. should be addressed to the Treasurer, Bear Creek Foundation, Inc., 1900 Bear Creek Boulevard, Bear Creek Township, PA 18702.

B. BASIS OF PRESENTATION, FUND ACCOUNTING

The accounts of the School are organized on the basis of funds or account groups, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The following fund types and account groups are used by the School:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the School are financed. The acquisition, use and balances of the School's expendable financial resources and the related liabilities are accounted for through governmental funds. The School has one Governmental Fund, the General Fund.

GENERAL FUND

The General Fund accounts for the general operations of the School and all financial transactions not properly accounted for in another fund.

PROPRIETARY FUND TYPES

Proprietary Fund Types account for operations that are financed and operated in a manner similar to private business enterprises. The School has one Proprietary Fund, the Food Service Fund.

FOOD SERVICE FUND

The Food Service Fund accounts for all financial resources associated with the operations of the cafeteria.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Net Activities. These statements report financial information for the School as a whole excluding fiduciary activities such as the trust and agency fund. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. The statements distinguish governmental activities, generally supported by School general revenues, from business-type activities, generally financed in whole or in part with fees charged for services.

The Statement of Net Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the School's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. State and local aid and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the School are prepared in accordance with accounting principles generally accepted in the United States of America. The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide, proprietary fund and component unit financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 120 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

Major revenue sources susceptible to accrual include: intergovernmental revenues, investment income, student tuition and certain miscellaneous revenues. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

E. BUDGETARY DATA

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The School utilizes the Executive Budget approach to budgetary control. This approach requires the Chief Executive Officer to prepare and submit a plan of financial operation to the School's Board of Trustees.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisting of cash, certificates of deposit and liquid asset funds, are all carried at cost, which approximates fair value.

G. CAPITAL ASSETS AND DEPRECIATION

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more for a single item and \$2,500 for a group of items, as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings and building improvements	20-50 years
Furniture, fixtures & equipment	3-10 years

H. FUNDING

The School is funded primarily by the Pennsylvania Department of Education, receiving an amount equal to the calculation of selected expenditures per average daily membership for each pupil attending the School. Additional funding is received under state and federal grants and subsidies. Funding is recognized as revenue as it is earned.

I. PENSION PLAN

Full-time and part-time employees of the School who are expected to work in excess of 500 hours and were hired prior to August 1, 2014 participate in a cost-sharing multiple employer defined benefit pension plan. The School recognizes annual pension expenditures or expenses equal to its contractually required contributions, subject to the modified accrual basis of accounting in governmental funds. (That is, if contributions from governmental funds are required but not made, the difference would not be reported as an expenditure until payable with expendable, available financial resources.) The School made all required contributions for the year ended June 30, 2024 and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

J. DEFERRED REVENUES

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied. On the governmental fund financial statements the deferred revenues represent federal and state grant funds that have been received but have not been spent by June 30, 2024. It is expected that the grant funds will be expended in the subsequent fiscal year.

K. NET POSITION

Net position represents the difference between assets and liabilities. Assets invested in capital assets are net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. USE OF ESTIMATES

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

M. ALLOCATION OF INDIRECT EXPENSES

The School does not allocate any indirect expenses including depreciation.

N. FUND BALANCES

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during fiscal year 2012. The statement establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned.

In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent because they are either in a) nonspendable form or b) legally or contractually required to be maintained intact.

Restricted - Amounts which can be spent only for specific purposes because of state and federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts which can be spent only for purposes determined by the Board of Trustees' formal action through a resolution.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

Assigned- Amounts which can be spent only for specific purposes determined by a committee or individual authorized by the Board of Trustees.

Unassigned - All amounts not included in other spendable classifications.

O. DEFERRED OUTFLOWS / INFLOWS

A deferred outflow of resources represents a consumption of net position that applies to a future period not recognized as an outflow of resources until a future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period not recognized as an inflow until a future period. The School has deferred amounts related to the pension and Other Postemployment Benefits (OPEB) that qualify for reporting in these categories.

P. ADOPTION OF NEW ACCOUNTING GUIDANCE

The School implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, beginning with the year ending June 30, 2024. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2024 the bank balance of the School's deposits with financial institutions including cash equivalent investments was \$3,026,395 compared to the carrying amounts of \$3,022,467. The total bank balance that was secured by Federal Depository Insurance was \$1,250,000. The remaining bank balance was covered by securities pledged by the financial institutions for such funds but not in the School's name.

Under Section 440.1 of the Public School Code of 1949, as amended, the 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 or 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 is pledged by the depository.

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

NOTE 3 – DUE FROM OTHER GOVERNMENTS

A summary of the receivables due from other governments at June 30, 2024 is as follows:

<u>Funding Source</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Federal grants	\$ 272,816	\$ 11,998	\$ 284,814
State subsidies	113,756	2,230	115,986
Other	<u>656,123</u>	<u></u>	<u>656,123</u>
Total Receivable	\$ <u>1,042,695</u>	\$ <u>14,228</u>	\$ <u>1,056,923</u>

NOTE 4 – CAPITAL ASSETS

A summary of changes in the capital assets is as follows:

	<u>BALANCE</u> <u>2023</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>2024</u>
Governmental activities:				
Prepaid Lease	\$ 7,229,876	\$ 58,080	\$ 309,190	\$ 6,978,766
Leasehold Improvements	2,411,903	-	-	2,411,903
Equipment & furniture	2,978,688	289,686	145,845	3,122,529
Right-of-use Asset	<u>16,504,996</u>	<u>5,877,318</u>	<u>-</u>	<u>22,382,314</u>
Total Historical Cost	<u>29,125,463</u>	<u>6,225,084</u>	<u>455,035</u>	<u>34,895,512</u>
Less: Accumulated Depreciation:				
Leasehold Improvements	281,507	72,827	-	354,334
Equipment & furniture	1,780,722	297,860	123,094	1,955,488
Right-of-use Asset	<u>4,141,360</u>	<u>815,078</u>	<u>-</u>	<u>4,956,438</u>
Total Accumulated Depreciation	<u>6,203,589</u>	<u>1,185,765</u>	<u>123,094</u>	<u>7,266,260</u>
Governmental Activities, net	\$ <u>22,921,874</u>	\$ <u>5,039,319</u>	\$ <u>331,941</u>	\$ <u>27,629,252</u>
Business-type Activities:				
Equipment & furniture	\$ 333,511	\$ 5,548	\$ -	\$ 339,059
Less: Accumulated Depreciation	<u>247,249</u>	<u>15,970</u>	<u>-</u>	<u>263,219</u>
Business Type Activities, net	\$ <u>86,262</u>	\$ <u>(10,422)</u>	\$ <u>-</u>	\$ <u>75,840</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

NOTE 5- RETIREMENT PLAN

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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 refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms investments are reported at fair value.

General Information about the Pension Plan

Plan description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.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. Benefits are generally equal to 2% 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 five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T - E and Class T - F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined 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.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The School's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% 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 School were \$577,006 for the year ended June 30, 2024.

The School is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. For the year ended June 30, 2024 the contribution rate was 0.64 percent of covered payroll and the School contributed \$11,070.

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

At June 30, 2024, the School reported a liability of \$5,027,000 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 School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School's proportion was .0113 percent, which was less than the proportion measured, .0116 percent, as of June 30, 2022.

For the year ended June 30, 2023, the School recognized pension expense of \$403,137. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between employer contributions and proportionate share of total contributions		\$ (30,128)
Net difference between projected and actual investment earnings		-
Net difference between projected and actual experience		5,503
Net difference between projected and actual experience		5,503
Changes in proportion		24,884
Contributions subsequent to the measurement date	\$ 577,006	-
	<u>\$ 577,006</u>	<u>\$ 259</u>

The \$577,006 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 3,546
2026	(2,351)
2028	(936)
Total	<u>\$ 259</u>

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:

- 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 Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2022 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2022.

Investments

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 pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

<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%
Absolute return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
School's proportionate share of the net pension liability	\$6,516,000	\$5,027,000	\$3,770,000

Pension plan fiduciary net position

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

Bear Creek Community Charter School 403(b) Plan

The School implemented the Bear Creek Community Charter School 403(b) Plan in lieu of the Pennsylvania Public School Employees Retirement System for employees hired on or after August 1, 2014. The new plan requires employees to contribute 5% of eligible wages with a 5% match from the School. Employees are eligible for mandatory and matching contributions if they are expected to work more than 400 hours during the calendar year. All School employees are eligible to make salary deferrals to the plan.

School matching contributions for the year ended June 30, 2024 were \$114,415. Discretionary contributions totaled \$35,000.

NOTE 6- OTHER POSTEMPLOYMENT BENEFITS

Health Insurance Premium Assistance Program

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 (HOP). As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

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, and
- Participate in the HOP or employer-sponsored health insurance program.

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. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The 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 School were \$11,070 for the year ended June 30, 2024.

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

At June 30, 2024, the School reported a liability of \$203,000 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 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, 2023, the School's proportion was .0112 percent.

For the year ended June 30, 2024, the School recognized an OPEB expense *credit* of \$7,927. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between employer contributions and proportionate share of total contributions		\$ -
Net difference between projected and actual experience		1,500
Net difference between projected and actual investment earnings		1,179
Changes in assumption		28,500
Changes in proportion		24,000
Contributions subsequent to the measurement date	\$ 11,070	-
	<u>\$ 11,070</u>	<u>\$ 55,179</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

\$12,915 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$	19,807
2026		16,979
2027		16,979
2028		1,414
Total	\$	55,179

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:

- 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%

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

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.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

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

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

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

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

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.

Sensitivity of PSERS Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare costs 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. 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 PSERS net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what PSERS net OPEB liability would be if its healthcare cost trends were 1-percentage point lower or 1-percentage point higher than the current year.

	<u>1% Decrease</u>	<u>Healthcare Trend Costs</u>	<u>1% Increase</u>
PSERS Net OPEB liability	\$203,000	\$203,000	\$203,000

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

Sensitivity of the 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 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.13%	4.13%	5.13%
School's proportionate share of the net OPEB liability	\$229,000	\$203,000	\$180,000

OPEB plan fiduciary net position

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

NOTE 7 – CONTINGENT LIABILITIES

The School participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

The School is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the School solicitor, the ultimate disposition of any matters outstanding at June 30, 2024 will not have a material effect on the School's financial position.

NOTE 8 – RISK MANAGEMENT

Other Risks

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School has purchased various insurance policies to safeguard the assets of the School from risk of loss.

NOTE 9- CAPITAL LEASES

In December 2015, the School entered into a lease agreement with the Bear Creek Foundation, Inc. to lease buildings and other real estate to provide educational, administrative, and extra-curricular activities at 30 Charter School Way. The lease requires current a monthly lease of \$97,110, a monthly payment of \$76,237, which includes principal and interest, as well as amortization of the prepaid lease component of \$20,873 per month. The lease terms include the School's responsibility for utilities, insurance and all maintenance costs for use of the property and an expiration in May 2045. Lease payments for the year ended June 30, 2024 totaled \$914,840. The following is a schedule of future minimum rent payments under the lease as of June 30, 2024:

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

<u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 384,091	\$ 530,749	\$ 914,840
2026	400,737	514,103	914,840
2027	418,104	496,736	914,840
2028	436,224	478,616	914,840
2029	455,129	459,711	914,840
2030-2034	2,589,168	1,985,032	4,574,200
2035-2039	3,200,994	1,373,206	4,574,200
2040-2044	3,957,395	616,805	4,574,200
2045	<u>821,053</u>	<u>17,550</u>	<u>838,603</u>
	\$ <u>12,662,895</u>	\$ <u>6,472,508</u>	\$ <u>19,135,403</u>

On October 1, 2017 there was an amendment to the lease agreement for 30 Charter School Way. The addition to the lease is for a maintenance facility building and additional parking. The lease requires a monthly lease payment of \$4,050, which includes principal and interest, subject to the same terms and conditions of the original lease. The following is a schedule of the additional future minimum rent payments under the lease as of June 30, 2024:

<u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 16,643	\$ 31,957	\$ 48,600
2026	17,539	31,061	48,600
2027	18,482	30,118	48,600
2028	19,476	29,124	48,600
2029	20,523	28,077	48,600
2030-2034	120,409	122,591	243,000
2035-2039	156,464	86,536	243,000
2040-2044	203,314	39,686	243,000
2045	<u>43,402</u>	<u>1,148</u>	<u>44,550</u>
	\$ <u>616,252</u>	\$ <u>400,298</u>	\$ <u>1,016,550</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

On January 1, 2021 there was another amendment to the lease agreement for 30 Charter School Way. The addition to the lease is for two additional classrooms along with a hallway corridor. The lease requires a monthly lease payment of \$2,407, which includes principal and interest, subject to the same terms and conditions of the original lease. The following is a schedule of the additional future minimum rent payments under the lease as of June 30, 2024:

<u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 12,127	\$ 16,757	\$ 28,884
2026	12,652	16,232	28,884
2027	13,201	15,683	28,884
2028	13,773	15,111	28,884
2029	14,370	14,514	28,884
2030-2034	81,747	62,673	144,420
2035-2039	101,064	43,356	144,420
2040-2044	124,946	19,474	144,420
2045	<u>25,923</u>	<u>554</u>	<u>26,477</u>
	\$ <u>399,803</u>	\$ <u>204,354</u>	\$ <u>604,157</u>

On August 1, 2023 there was another amendment to the lease agreement for 30 Charter School Way. The addition is for an expansion wing to increase to three classes of each grade level. The lease requires current a monthly lease of \$58,677, a monthly payment of \$53,340, which includes principal and interest, as well as amortization of the prepaid lease component of \$5,337 per month subject to the same terms and conditions of the original lease. The following is a schedule of the additional future minimum rent payments under the lease as of June 30, 2024:

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

<u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 92,395	\$ 547,685	\$ 640,080
2026	101,565	538,515	640,080
2027	111,645	528,435	640,080
2028	122,726	517,354	640,080
2029	134,906	505,174	640,080
2030-2034	904,001	2,296,399	3,200,400
2035-2039	1,450,931	1,749,469	3,200,400
2040-2044	2,328,758	871,642	3,200,400
2045	<u>559,800</u>	<u>26,940</u>	<u>586,740</u>
	\$ <u>5,806,727</u>	\$ <u>7,581,613</u>	\$ <u>13,388,340</u>

NOTE 10 – OPERATING LEASE

On April 1, 2022 the School entered into a lease agreement with the Bear Creek Foundation, Inc. to lease the property at 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702 to use for storage. The lease requires a monthly lease payment of \$525. The initial lease term is for one year, ending on March 31, 2024 which was extended for one year and is now ending March 31, 2025.

NOTE 11- PREPAID LEASE AND BUILDING PROJECT

The Bear Creek Community Charter School (the "School") in conjunction with the Bear Creek Foundation (the "Foundation"), a component unit, began construction of the facility located at 30 Charter School Way on July 21, 2014. Substantial completion occurred on December 21, 2015. The building and related costs were capitalized on the financial statements of the Foundation while the movable equipment was capitalized on the financial statements of the School. The School began moving in to the building in December 2015 and the students took occupancy on January 4, 2016.

The project was funded partially by the School in the form of a pre-paid lease in the amount of \$7,389,163. The prepaid lease is amortized over the life of the lease. The majority of the building costs were funded by loans from the United States Department of Agriculture ("USDA") totaling \$12,833,964. Both the School and the Foundation are considered "Borrowers" on these loans.

The School completed the expansion project at 30 Charter School Way which was occupied by students on September 5, 2023. The project was funded partially by the School in the form of a pre-paid lease in the amount of \$1,889,399. The Foundation contributed \$600,000. Construction began May 16, 2022 and substantial completion occurred as of July 15, 2023. The prepaid lease is amortized over the life of the lease. The majority of the building costs were funded a construction loan through

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS- CONTINUED

FNCB Bank which was refinanced with the USDA on November 15, 2023. Loans total \$11,409,000. Both the School and the Foundation are considered "Borrowers" on these loans.

NOTE 12 – Subscription Based Lease Agreement

Subscription Based IT Arrangements

The School subscribes to software under a subscription arrangement that expires in June 2025.

At June 30, 2024, the minimum future rental payments under the subscription arrangement for the remaining period and in the aggregate are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,574	\$ 309	\$ 4,883

NOTE 13 – PENDING CHANGES IN ACCOUNTING PRINCIPALS

The Government Accounting Standards Board has issued the following standards which have not yet been implemented:

GASB Statement No. 101, *Compensated Absences*, will be effective for the School beginning with its year ending June 30, 2025 (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

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

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

	Last Ten (10) Fiscal Years									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
School's proportion of the net pension liability	0.0113%	0.0116%	0.0120%	0.0130%	0.0132%	0.0142%	0.0142%	0.0147%	0.0162%	0.0168%
School's proportionate share of the net pension liability	\$ 5,027,000	\$ 5,157,000	\$ 4,927,000	\$ 6,401,000	\$ 6,175,000	\$ 6,817,000	\$ 7,013,000	\$ 7,285,000	\$ 7,017,000	\$ 6,649,000
School's covered-employee payroll	N/A	N/A	N/A	N/A	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583	\$ 2,079,245	\$ 2,146,950
School's reported contributions**	\$ 593,201	\$ 578,787	\$ 570,587	\$ 605,396	N/A	N/A	N/A	N/A	N/A	N/A
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	338.07%	356.64%	371.53%	382.90%	337.48%	309.70%
School's proportionate share of the net pension liability as a percentage of its reported contributions	847.44%	891.00%	863.50%	1057.32%	N/A	N/A	N/A	N/A	N/A	N/A
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%	54.35%	57.24%

Amounts were determined as of the cost-sharing plan's June 30, 2020 fiscal year.

**The Pension plan has changed the method for how the proportionate share is calculated. Beginning the fiscal year ended June 30, 2020, the Pension plan is utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. In prior years, the Pension plan proportionate share was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF SCHOOL CONTRIBUTIONS
PENSION PLAN

Last Ten (10) Fiscal Years

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 577,006	\$ 594,267	\$ 578,393	\$ 570,552	\$ 608,805	\$ 591,978	\$ 605,100	\$ 569,306	\$ 491,032	\$ 397,486
Contributions in relation to the contractually required contribution	\$ (577,006)	\$ (594,267)	\$ (578,393)	\$ (570,552)	\$ (608,805)	\$ (591,978)	\$ (605,100)	\$ (569,306)	\$ (491,032)	\$ (397,486)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employees payroll	N/A	N/A	N/A	N/A	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583	\$ 2,079,245	\$ 1,938,956
School's reported contributions**	\$ 593,201	\$ 578,797	\$ 570,587	\$ 605,396						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	33.3%	31.0%	32.1%	29.9%	23.6%	20.5%
Contributions as a percentage of school's reported contributions	97.3%	102.7%	101.4%	94.2%	N/A	N/A	N/A	N/A	N/A	N/A

Amounts are based on actual contributions during the fiscal year.

**The Pension plan has changed the method for how the proportionate share is calculated. Beginning the fiscal year ended June 30, 2020, the Pension plan is utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. In prior years, the Pension plan proportionate share was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE OTHER POSTEMPLOYMENT BENEFITS LIABILITY

	2024	2023	2022	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.0112%	0.0115%	0.0120%	0.0130%	0.0132%	0.0142%	0.0142%	0.0147%
School's proportionate share of the net OPEB liability	\$ 203,000	\$ 212,000	\$ 283,000	\$ 281,000	\$ 281,000	\$ 296,000	\$ 289,000	\$ 317,000
School's covered-employee payroll	\$ 1,720,391	\$ 1,696,658	\$ 1,695,270	\$ 1,817,862	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.8%	12.5%	16.7%	15.5%	15.4%	15.5%	15.3%	16.7%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

Note: Data is not available for years prior to June 30, 2017

Note: Covered-employee payroll above represents the amount for the year coinciding with the measurement date.

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF SCHOOL CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Last Ten (10) Fiscal Years*

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution	\$ 11,070	\$ 12,915	\$ 13,554	\$ 13,886	\$ 21,437	\$ 15,072	\$ 15,824	\$ 15,735
Contributions in relation to the contractually required contribution	<u>\$ (11,070)</u>	<u>\$ (12,915)</u>	<u>\$ (13,554)</u>	<u>\$ (13,886)</u>	<u>\$ (21,437)</u>	<u>\$ (15,072)</u>	<u>\$ (15,824)</u>	<u>\$ (15,735)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 1,720,391	\$ 1,696,658	\$ 1,695,270	\$ 1,817,862	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583
Contributions as a percentage of covered-employee payroll	0.64%	0.76%	0.80%	0.76%	1.17%	0.79%	0.84%	0.83%

Amounts are based on actual contributions during the fiscal year.

*This schedule is presented to illustrate the requirement to show information for ten (10) years, however, until a full 10-year trend is complete, available information is presented.

The accompanying notes are an integral part of these financial statements.

BEAR CREEK COMMUNITY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) VS. ACTUAL
GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2024

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
<u>REVENUES</u>				
Local Sources	\$ 7,795,371	7,762,529	\$ 7,789,942	\$ 27,413
State Sources	106,722	212,102	218,248	6,146
Federal Sources	1,556,265	1,735,072	1,776,349	41,277
TOTAL REVENUES	9,458,358	9,709,703	9,784,539	74,836
<u>EXPENDITURES</u>				
Instructional Services				
Regular	2,988,683	3,104,899	3,107,895	(2,996)
Special	1,204,266	1,286,017	1,233,963	52,054
Other Instructional Programs	58,191	60,643	73,905	(13,262)
TOTAL INSTRUCTIONAL SERVICES	4,251,140	4,451,559	4,415,763	35,796
Support Services				
Pupil Personnel	181,600	259,768	266,044	(6,276)
Instructional Staff	531,004	432,898	400,346	32,552
Administration	577,333	593,316	575,199	18,117
Pupil Health	199,290	201,879	191,161	10,718
Business	297,563	297,786	293,321	4,465
Operation and Maintenance of plant services	2,933,966	1,198,633	1,205,824	(7,191)
Central	253,139	260,659	267,616	(6,957)
Other Support Services	1,100	130,857	131,423	(566)
TOTAL SUPPORT SERVICES	4,974,995	3,375,796	3,330,934	44,862
Operation of Non-Instructional Services	48,309	52,510	40,418	12,092
Capital Outlay	50,000	50,000	5,877,318	(5,827,318)
<u>Debt Service</u>				
Interest		1,059,579	1,060,053	(474)
Principal		524,318	470,605	53,713
TOTAL EXPENDITURES	9,324,444	9,513,762	15,195,091	(5,681,329)
EXCESS OF REVENUES OVER EXPENDITURES	133,914	195,941	(5,410,552)	(5,606,493)
OTHER FINANCING USES				
Right-to-use Technology Proceeds	-	-	5,877,318	(5,877,318)
Transfers Out	-	-	-	-
NET CHANGE IN FUND BALANCE	133,914	195,941	466,766	\$ (5,606,493)
FUND BALANCES-BEGINNING	2,495,163	2,495,163	2,495,163	
FUND BALANCES-ENDING	\$ 2,629,077	\$ 2,691,104	\$ 2,961,929	

The accompanying notes are an integral part of these financial statements.

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

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MICHAEL DOUGHERTY, CPA

PAUL T. MURPHY, CPA
LEAH C. ROSENKRANS, CPA

February 5, 2025

Board of Trustees
Bear Creek Community Charter School
Bear Creek Township, Pennsylvania

We have performed the Single Audit of the Bear Creek Community Charter School for the year ended June 30, 2024 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance. It entailed: 1. An audit of the general purpose financial statements and our opinion thereon;
2. a review of compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards;
3. an audit of the Schedule of Expenditures of Federal Awards and our opinion thereon;
4. a review of compliance with requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance.

Please be advised that a management letter was not necessary as part of our report.

One copy of the Audit Report was distributed to:

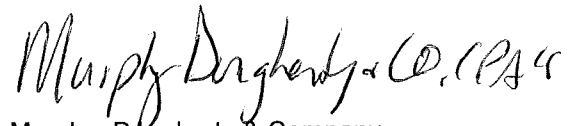
- | | |
|---|--|
| a) Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10 th Street
Jeffersonville, IN 47132 | b) Court of Common Pleas
Luzerne County
Wilkes-Barre, Pennsylvania
18711 |
| c) LIU. # 18
368 Tioga Ave
Kingston, Pennsylvania 18704 | d) Office of Prothonotary
Luzerne County
Wilkes-Barre, Pennsylvania
18711 |

The Audit Report was distributed electronically to:

- a) Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place – 8th Floor
555 Walnut Street
Harrisburg, Pennsylvania 17101

Your cooperation in this matter is appreciated.

Very truly yours,

A handwritten signature in black ink that reads "Murphy, Dougherty & Company, CPAs". The signature is written in a cursive, flowing style.

Murphy, Dougherty & Company
Certified Public Accountants

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

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

Board of Trustees
Bear Creek Community Charter School
Bear Creek Township, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's basic financial statements and have issued our report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bear Creek Community Charter School, Bear Creek Township, Pennsylvania'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 Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of Bear Creek Community Charter School, Bear Creek Township, Pennsylvania'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 the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moscow, Pennsylvania
February 5, 2025

Murphy Dwyer & Co. CPAs

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Bear Creek Community Charter School
Bear Creek Township, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bear Creek Community Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Bear Creek Community Charter School's major federal programs for the year ended June 30, 2024. Bear Creek Community Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bear Creek Community Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements

(BEAR CREEK COMMUNITY CHARTER SCHOOL - AUDITORS' REPORT – CONTINUED)

of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bear Creek Community Charter School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

(BEAR CREEK COMMUNITY CHARTER SCHOOL - AUDITORS' REPORT – CONTINUED)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

February 5, 2025
Moscow, Pennsylvania

Murphy Dinigarty & Co. CPAs

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2024

FEDERAL GRANTOR/ Pass-through Grantor Project Title	Source Code*	Federal CFDA Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 6/30/2023	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 6/30/2024
U.S. DEPARTMENT OF EDUCATION Rural Education Achievement Program	D	84.358A	N/A	7/1/2023-9/30/2024		\$ 13,563	\$ -	\$ 13,563	\$ 13,563	\$ -
U.S. DEPARTMENT OF EDUCATION Passed through the Pennsylvania Department of Education										
Title I- Improving Basic Programs	I	84.010	013-211039	7/1/2023-9/30/2024	328,911	328,911	-	328,911	328,911	-
Title I- Improving Basic Programs	I	84.010	013-211039	7/1/2022-9/30/2023	331,619	21,886	21,886	-	-	-
TOTAL CFDA# 84.010						350,797	21,886	328,911	328,911	-
Title II- Improving Teacher Quality	I	84.367	020-211039	7/1/2022-9/30/2023	32,741	2,144	2,144	-	-	-
Title II- Improving Teacher Quality	I	84.367	020-211039	7/1/2023-9/30/2024	25,253	22,270	-	25,253	25,253	2,983
TOTAL CFDA# 84.367						24,414	2,144	25,253	25,253	2,983
Title IV-Student Support and Academic Enrichment	I	84.424	144-211039	7/1/2022-9/30/2023	24,708	10,293	10,293	-	-	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-211039	7/1/2023-9/30/2024	25,961	15,576	-	25,961	25,961	10,385
TOTAL CFDA# 84.424						25,869	10,293	25,961	25,961	10,385
ARP ESSER	I	84.425	223-211039	3/13/2020-9/30/2024	1,650,887	810,436	134,243	935,641	935,641	259,448
ARP ESSER 7%	I	84.425	225-211039	3/13/2020-9/30/2024	128,310	48,991	28,344	20,647	20,647	-
TOTAL CFDA# 84.425						859,427	162,587	956,288	956,288	259,448
Total Passed through the Pennsylvania Department of Education						1,260,507	196,910	1,336,413	1,336,413	272,816
U.S. DEPARTMENT OF EDUCATION Passed through the Pennsylvania Coalition of Public Charter Schools										
Pennsylvania Charter Schools Program	I	84.282	PACSP-2021-0001	7/1/2021-9/30/2024	1,500,000	576,730	266,061	310,669	310,669	-
Passed through LIU 18										
Individuals with Disabilities Education Act	I	84.027	062-22-0018	7/1/2022-9/30/2023	115,990	38,885	38,885	-	-	-
Individuals with Disabilities Education Act	I	84.027	062-22-0018	7/1/2023-9/30/2024	114,752	114,752	-	114,752	114,752	-
TOTAL CFDA# 84.027						153,637	38,885	114,752	114,752	-
Passed through Hazleton Area School District										
IDEA - Section 619	I	84.173	N/A	7/1/2023-9/30/2024	952	952	-	952	952	-
TOTAL DEPARTMENT OF EDUCATION						2,005,389	501,856	1,776,349	1,776,349	272,816

*Source Codes: D - Direct Funding, I - Indirect Funding, F - Federal Share
(1) - Denotes Special Education Cluster

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2024

FEDERAL GRANTOR/ Pass-through Grantor Project Title	Source Code*	Federal CFDA Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 6/30/2023	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 6/30/2024
U.S. DEPARTMENT OF AGRICULTURE										
Passed through the Pennsylvania Department of Education										
Supply Chain Assistance	I	10.555	N/A	7/1/2023-6/30/2024	N/A	16,629	-	16,629	16,629	-
National School Lunch Program-Commodities	I	10.555	N/A	7/1/2023-6/30/2024	N/A	43,137	-	43,137	43,137	-
After School Snack Program	I-F	10.555	N/A	7/1/2022-6/30/2023	N/A	843	843	-	-	-
After School Snack Program	I-F	10.555	N/A	7/1/2023-6/30/2024	N/A	759	-	759	759	-
National School Lunch Program-Cash	I-F	10.555	N/A	7/1/2022-6/30/2023	N/A	24,864	24,864	-	-	-
National School Lunch Program-Cash	I-F	10.555	N/A	7/1/2023-6/30/2024	N/A	161,766	-	170,277	170,277	8,511
TOTAL CFDA# 10.555						247,998	25,707	230,802	230,802	8,511
School Breakfast Program	I-F	10.553	N/A	7/1/2022-6/30/2023	N/A	11,367	11,367	-	-	-
School Breakfast Program	I-F	10.553	N/A	7/1/2023-6/30/2024	N/A	75,880	-	79,367	79,367	3,487
TOTAL CFDA# 10.553						87,247	11,367	79,367	79,367	3,487
TOTAL CHILD NUTRITION CLUSTER						335,245	37,074	310,169	310,169	11,998
P-EBT Local Admin Funds	I	10.649	N/A	7/1/2023-6/30/2024	N/A	653	-	653	653	-
TOTAL DEPARTMENT OF AGRICULTURE						335,898	37,074	310,822	310,822	11,998
TOTAL FEDERAL AWARDS						\$ 2,341,287	\$ 538,930	\$ 2,087,171	\$ 2,087,171	\$ 284,814

*Source Codes: D - Direct Funding, I - Indirect Funding, F - Federal Share
(1) - Denotes Special Education Cluster

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness (es) identified? ☐ yes ☒ no
Significant deficiency (ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:
Material weakness (es) identified? ☐ yes ☒ no
Significant deficiency (ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) ☐ yes ☒ no

Identification of major programs:
CFDA Number

Name of Federal Program or Cluster

84.425 Elementary and Secondary Schools Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000
Auditee qualified as low risk auditee? ☒ yes ☐ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

BEAR CREEK COMMUNITY CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bear Creek Community Charter School (the School) located in Bear Creek Township, Pennsylvania, operates a charter school under an approved charter received from the Wilkes-Barre Area School District, acting pursuant to authority conferred under the Public School Code of 1949, as amended by Act 22 of 1997, the Charter School Law, 24 P.S. sections 17-1701-A et seq.

REPORTING ENTITY

Consistent with guidance contained in Statement No. 61 of the Governmental Accounting Standards Board (GASB), The Financial Reporting Entity: Omnibus- an amendment of GASB Statement No. 14, the criteria used by the School to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School reviews the applicability of the following criteria:

The School is financially accountable for:

- Organizations that make up the School's legal entity.
- Legally separate organizations if School officials appoint a majority of the organization's governing body and the School is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School as defined below.

Impose Its Will – If the School can significantly influence the programs, projects or activities of, or the level of services performed or provided by the organization.

Financial Benefit or Burden – If the School (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to the organization or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the School. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the School.

As defined, the Bear Creek Foundation, Inc. is a component unit of the Bear Creek Community Charter School (the primary government) and is considered a part of the reporting entity. The Bear Creek Foundation, Inc. is a legally separate organization that owns property which is leased to the Bear Creek Community Charter School. The School is also a co-borrower on the debt of the Bear Creek Foundation, Inc. resulting in financial benefit and burden. These financial statements present only the data of the Bear Creek Community Charter School (the primary government) and do not include the data of the Bear Creek Foundation, Inc. (component unit). Reporting in conformity with generally accepted accounting principles would require the inclusion of the Bear Creek Foundation, Inc. (component unit) in the Bear Creek Community Charter School (primary government) thus these financial statements do not conform to generally accepted accounting principles. Requests for financial statements of the Bear Creek Foundation, Inc. should be addressed to the Treasurer, Bear Creek Foundation, Inc., 1900 Bear Creek Boulevard, Bear Creek Township, PA 18702.

B. BASIS OF ACCOUNTING

This financial statement has been prepared on the modified basis of accounting except for the National School Lunch Program which uses the full accrual method.

C. INVENTORY OF MATERIALS, SUPPLIES AND EQUIPMENT

Materials, supplies and equipment of all federal funds except the National School Lunch Programs Inventories are expended on a first-in, first-out basis as the foodstuffs and supplies are consumed in providing meals and services.

BEAR CREEK COMMUNITY CHARTER SCHOOL
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

* NO PRIOR FINDINGS NOTED.