REPORT ON
LEHIGH VALLEY DUAL
LANGUAGE CHARTER SCHOOL
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2023

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL

Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL

Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS (continued)

INTRODUCTORY SECTION

GORMAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

Board of Trustees
Lehigh Valley Dual Language Charter School
675 E. Broad Street
Bethlehem, PA 18018

We have performed the Single Audit of the Lehigh Valley Dual Language Charter School for the fiscal year ended June 30, 2023 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;

2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;

3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,

4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

Respectfully submitted,

Gorman & Associates, P.C.

January 4, 2024

1825 Franklin Street
Northampton, Pennsylvania 18067 - 1573
tele} 610/ 262/ 1280 fax} 610/ 262/ 1756
www.gaapc.com

REPORT DISTRIBUTION LIST

The Lehigh Valley Dual Language Charter School has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: (Electronically Submitted)	FEDERAL AUDIT CLEARINGHOUSE GENERAL SERVICES ADMINISTRATION
ONE COPY TO: (Electronically Submitted)	COMMONWEALTH OF PENNSYLVANIA OFFICE OF THE BUDGET/BUREAU OF AUDITS
ONE COPY TO:	COLONIAL I.U. #20 6 DANFORTH DRIVE EASTON, PA 18045

FINANCIAL SECTION

GORMAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lehigh Valley Dual Language Charter School
675 E. Broad Street
Bethlehem, PA 18018

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Governmental Activities, the Business-Type Activities, each major fund, the aggregate remaining fund information, and the General Fund budgetary comparison statement of the Lehigh Valley Dual Language Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lehigh Valley Dual Language Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-Type Activities, each major fund, the aggregate remaining fund information, and the General Fund budgetary comparison statement of the Lehigh Valley Dual Language Charter School, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2-G to the financial statements, in 2022-23, the School adopted new accounting guidance, GASB Statement No. 96, SBITA's. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the School had previously treated the food service operations as a separate entity, which was permissible. However, upon closer inspection of the transaction recording practices, it became evident that combining these activities with the General Fund would result in more coherent and efficient financial representation. This decision was not mandated but was made to enhance the clarity and accuracy of the financial reporting. Consequently, the financial statement of the Food Service Fund, General Fund, Business-Type Activities, and Governmental Activities have been adjusted to reflect this change in accounting treatment, restating their opening fund balance/net position accordingly. Our opinion is not modified with respect to this matter.

1825 Franklin Street
Northampton, Pennsylvania 18067 - 1573
tele} 610/ 262/ 1280 fax} 610/ 262/ 1756
www.gaapc.com

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lehigh Valley Dual Language Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-11, the schedules associated with the School's Net Pension Liability and the Net OPEB Liability on pages 51-58, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lehigh Valley Dual Language Charter School's basic financial statements. The accompanying combining and individual non-major fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Lehigh Valley Dual Language Charter School'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lehigh Valley Dual Language 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 Lehigh Valley Dual Language Charter School's internal control over financial reporting and compliance.

Respectfully submitted,

Northampton, Pennsylvania
December 6, 2023

The discussion and analysis of Lehigh Valley Dual Language Charter School's financial performance provides an overall review of the School's financial activities for the fiscal years ended June 30, 2023 and 2022. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

In this fiscal year the Lehigh Valley Dual Language Charter School's student enrollment remained relatively the same year-over-year (decreased from 455 to 454). Since student enrollment is directly related to revenues, revenue increased approximately 3.1% from $5,984,444 to $6,168,058. Although total enrollment remained essentially the same in 2023 as it was in 2022, there was a change in classification of seven students from regular education to special education. That is the primarily cause of the increase in school revenue in 2023.

Overview of the Financial Statements

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the School's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

- Proprietary fund statements offer short-and long-term financial information about the activities the government operates like businesses, such as food service.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position - the difference between the School's assets and liabilities - is one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the School include the Governmental Activities. Most of the School's basic services are included here, such as instruction, extracurricular activities, curriculum, staff development and general administration. Subsidies from local school districts and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law. The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain subsidies and grants.

The School has the following type of funds:

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

- Proprietary funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The Statement of Net Position provides the perspective of the School as a whole. The School's net position as of June 30, 2023 and 2022 were as follows:

Table A-1
Net Position
As of June 30, 2023 and June 30, 2022

	2022			2023		
	Governmental Activities	**Business-type Activities**	**Total**	**Governmental Activities**	**Business-type Activities**	**Total**
Current and Other Assets	$ 3,176,431	$ 208,908	$ 3,385,339	$ 4,049,699	$ -	$ 4,049,699
Non Current Assets	9,998,794	2,629	10,001,423	10,035,986	-	10,035,986
Deferred Outflows of Resources	832,223	9,262	841,485	687,992	-	687,992
Total Assets & Deferred Outflows of Resources	**$ 14,007,448**	**$ 220,799**	**$ 14,228,247**	**$ 14,773,677**	**$ -**	**$ 14,773,677**
Current and Other Liabilities	$ 1,677,643	$ 54,672	$ 1,732,315	$ 8,416,079	$ -	$ 8,416,079
Long-term Liabilities	12,659,447	60,500	12,719,947	5,250,013	-	5,250,013
Deferred Inflows of Resources	850,189	13,330	863,519	354,260	-	354,260
Total Liabilities & Deferred Inflows of Resources	**$ 15,187,279**	**$ 128,502**	**$ 15,315,781**	**$ 14,020,352**	**$ -**	**$ 14,020,352**
Net Position						
Net Investment in Capital Assets	$ 1,656,584	$ 2,504	$ 1,659,088	$ 2,410,625	$ -	$ 2,410,625
Restricted	-	-	-	-	-	-
Unrestricted	(2,836,415)	89,793	(2,746,622)	(1,657,300)	-	(1,657,300)
Total Net Position	**$ (1,179,831)**	**$ 92,297**	**$ (1,087,534)**	**$ 753,325**	**$ -**	**$ 753,325**

As of June 30, 2023, the Lehigh Valley Dual Language Charter School had total assets of $14,773,677 with 5% of those assets being deferred outflows of resources, 15% being in cash, 7% being in investments, 4% being in receivables and 68% being the net value of capital assets. The remaining 1% represent prepaid expenses and inventories. Total liabilities of $14,020,352 includes net pension liability, trade accounts payable, accrued expenses, salaries and benefits, and obligations from extended term financing arrangements. The resulting net position of $753,325 includes unrestricted assets of ($1,657,300), and $2,410,625 in net investments in capital assets.

As of June 30, 2022, the Lehigh Valley Dual Language Charter School had total assets of $14,228,247 with 6% of those assets being deferred outflows of resources, 6% being in cash, 9% being in investments and 7% being in receivables and 70% being the net value of capital assets. The remaining 2% represent prepaid expenses and inventories. Total liabilities of $15,315,781 includes net pension liability, trade accounts payable, accrued expenses, salaries and benefits, and obligations from extended financing arrangements. The resulting net position of ($1,087,534) includes unrestricted assets of ($2,746,622), and $1,659,088 in net investments in capital assets.

The Statement of Activities shows the revenues, expenses and changes in net position for fiscal years 2023 and 2022. The summarized figures are as follows:

Table A-2
Changes in Net Position
Fiscal Years ended June 30, 2023 and June 30, 2022

	2022 Governmental Activities	2022 Business-type Activities	2022 Total	2023 Governmental Activities	2023 Business-type Activities	2023 Total
REVENUES						
Program Revenues						
Charges for Services	$ 17,651	$ -	$ 17,651	$ 38,924	$ -	$ 38,924
Operating Grants and Contributions	1,298,941	599,488	1,898,429	1,848,001	-	1,848,001
Captial Grants and Contibutions	31,041	-	31,041	7,428	-	7,428
General Revenues						
State Grants and Subsidies	-	-	-	-	-	-
Receipt from Other LEAs	5,984,444	-	5,984,444	6,168,058	-	6,168,058
Investment Earnings	38,913	-	38,913	32,992	-	32,992
Miscellaneous	40,997	-	40,997	28,840	-	28,840
Special Item - Gain (loss) on Sale of Captial Assets	(400,190)	-	(400,190)	-	-	-
Fund Transfers	-	-	-	-	-	-
TOTAL REVENUES	$ 7,011,797	$ 599,488	$ 7,611,285	$ 8,124,243	$ -	$ 8,124,243
EXPENSES						
Instruction	$ 3,441,493	$ -	$ 3,441,493	$ 3,615,363	$ -	$ 3,615,363
Instructional and Administrative Support Services	1,157,195	-	1,157,195	1,364,875	-	1,364,875
Operation and Maintenance	714,165	-	714,165	831,722	-	831,722
Student Activities	123,589	-	123,589	21,548	-	21,548
Debt Service	11,864	-	11,864	13,044	-	13,044
Unallocated Depreciation	109,043	-	109,043	-	-	-
Food Service Services	-	417,115	417,115	436,832	-	436,832
TOTAL EXPENSES	$ 5,557,349	$ 417,115	$ 5,974,464	$ 6,283,384	$ -	$ 6,283,384
Increase (decrease) in Net Position	**$ 1,454,448**	**$ 182,373**	**$ 1,636,821**	**$ 1,840,859**	**$ -**	**$ 1,840,859**

The governmental activity revenue for the 2022-2023 school year from the Lehigh Valley Dual Language Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services of $6,168,058, grants from Federal Programs of $1,797,693 and subsidies from the State of $43,624. In addition, the School received approximately $124,238 from other resources including miscellaneous income, fundraising activities, investment earnings, student activities and proceeds from new leases. Note – Using the Statement of Revenues and Expenditures for these numbers, you are treating IDEA as local revenue.

The governmental activity revenue for the 2021-2022 school year from the Lehigh Valley Dual Language Charter School came from three major program sources. These program sources included subsidies from school districts for instructional services of $5,984,444, grants from Federal Programs of $1,304,314 and subsidies from the State of $25,668. In addition, the School received approximately $131,891 from other resources including miscellaneous income, fundraising activities, investment earnings, and student activities. Revenue from business-type activities (food service) amounted to $599,488.

MAJOR FINANCIAL ISSUES

Building Space

In August 2021, the School purchased the building located at 675 East Broad Street, Bethlehem, PA for $9,000,000 (see note below regarding long-term debt). This was done in order to secure the school's long-term home, fix its annual mortgage expense, and provide the Board and Management with the flexibility to make necessary modifications to enable programmatic innovation and future enrollment growth. The School's building purchase agreement replaced its previous lease agreement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2023, the School had a net value of $10,035,986 of capital assets that consisted office furniture, computer equipment, buildings and building improvements, and leasehold improvements. The School's policy requires the capitalization of individual furniture and equipment purchases of $2,500 or more.

On June 30, 2022, the School had a net value of $10,001,298 of capital assets that consisted office furniture, computer equipment, buildings and building improvements, and leasehold improvements. The School's policy requires the capitalization of individual furniture and equipment purchases of $2,500 or more.

Long-Term Debt

As of June 30, 2023, the School has a mortgage payable, in connection with the purchase of the building located at 675 East Broad Street, Bethlehem, PA, in the amount of $7,625,361.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School's budget for the fiscal year 2023-2024 has been prepared using a revenue amount of approximately $8.4 million based on a projected enrollment of 453 students. Expenditures have been budgeted to be approximately $8.0 million in this fiscal year. The budget includes COVID-19 federal stimulus funds of approximately $560,000 to cover operational costs.

Future Events that will Financially Impact the School

Management of the School notes that its fund balance has increased (to nearly $3.3M) over the past few years and is making plans in upcoming school years to utilize a portion of these reserves to address its strategic priorities. These priorities include adding and enhancing instructional spaces, administrative offices and communal gathering areas, investing in critical improvements in technology and security, and improving employee retention by providing financial incentives via a bonus structure.

The School's Management will also continue to focus its efforts on securing charter renewal every five (5) years with the Bethlehem School District. The School's performance is currently being reviewed by its authorizer in anticipation of a renewal decision in 2023, at which time the school expects to be renewed without condition based on its academic achievement and growth, strong leadership and governance, as well as its operational and fiscal health.

BUDGETED REVENUES

	2022-23	2021-22
Local	1.0%	1.1%
State	0.3%	1.0%
Federal	21.3%	25.9%
Member Districts	77.5%	72.0%

BUDGETED EXPENDITURES

	2022-23	2021-22
Instructional	55.4%	49.3%
Support Services	29.2%	35.0%
Non-Instructional/Community	6.2%	1.8%
Facility/Other	9.1%	13.8%

CONTACTING THE SCHOOL FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the School's Business Services Department.

BASIC FINANCIAL STATEMENTS

Lehigh Valley Dual Language Charter School
Statement of Net Position
As of June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 2,246,503	$ -	$ 2,246,503
Restricted Cash	1,750	-	1,750
Investments	1,099,506	-	1,099,506
Due From Other Governments	639,884	-	639,884
Inventories	6,946	-	6,946
Prepaid Expenses	55,110	-	55,110
Total Current Assets	4,049,699	-	4,049,699
Non-Current Assets:			
Land	337,800	-	337,800
Site Improvements (net of depreciation)	128,361	-	128,361
Buildings and Building Improvements (net of depreciation)	9,272,570	-	9,272,570
Furniture and Equipment (net of depreciation)	110,087	-	110,087
Intangible Right to Use Assets (net of amortization)	171,493	-	171,493
Vehicles	15,675	-	15,675
Total Non-Current Assets	10,035,986	-	10,035,986
Total Assets	14,085,685	-	14,085,685
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	674,169	-	674,169
Deferred Outflows of Resources - Related to OPEB	13,621	-	13,621
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 14,773,475**	**$ -**	**$ 14,773,475**
LIABILITIES			
Current Liabilities:			
Due to Other Governments	91,882	-	91,882
Accounts Payable	30,517	-	30,517
Loans and Current Portion of Long-Term Obligations	7,669,545	-	7,669,545
Accrued Salaries and Benefits	455,678	-	455,678
Payroll Deductions and Withholdings	156,229	-	156,229
Unearned Revenue	12,228	-	12,228
Total Current Liabilities	8,416,079	-	8,416,079
Non-Current Liabilities			
Bonds and Notes Payable	-	-	-
Long-Term Portion of Compensated Absences	55,199	-	55,199
Lease Obligations	128,497	-	128,497
Net OPEB Liabilitiy - Multiple Employer Plan	213,138	-	213,138
Net Defined Benefit Pension Liability	4,852,977	-	4,852,977
Total Liabilities	13,665,890	-	13,665,890
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	295,168	-	295,168
Deferred Inflows of Resources - Related to OPEB	59,092	-	59,092
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,020,150	-	14,020,150
NET POSITION			
Net Investment in Capital Assets	2,410,625	-	2,410,625
Restricted For:			
Capital Projects	-	-	-
Other Restrictions	-	-	-
Unrestricted (deficit)	(1,657,300)	-	(1,657,300)
TOTAL NET POSITION	753,325	-	753,325
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 14,773,475**	**$ -**	**$ 14,773,475**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Statement of Activities
For the Year Ended June 30, 2023

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
FUNCTION/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	$ 3,615,363	$ -	$ 1,223,005	$ 7,428	$ (2,384,930)	$ -	$ (2,384,930)
Instructional Student Support	283,852	-	126,481	-	(157,371)	-	(157,371)
Admin. & Fin'l Support Services	1,081,023	-	5,621	-	(1,075,402)	-	(1,075,402)
Oper. & Maint. Of Plant Svcs.	806,054	-	20,191	-	(785,863)	-	(785,863)
Pupil Transportation	25,668	-	-	-	(25,668)	-	(25,668)
Food Service	436,832	15,102	468,275	-	46,545	-	46,545
Student Activities	21,548	23,822	4,428	-	6,702	-	6,702
Interest on Debt	13,044	-	-	-	(13,044)	-	(13,044)
TOTAL GOVERNMENTAL ACTIVITIES	6,283,384	38,924	1,848,001	7,428	(4,389,031)	-	(4,389,031)
TOTAL PRIMARY GOVERNMENT	**$ 6,283,384**	**$ 38,924**	**$ 1,848,001**	**$ 7,428**	**$ (4,389,031)**	**$ -**	**$ (4,389,031)**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GENERAL REVENUES:			
Grants, Subsidies, & Contributions not Restricted	$ -	$ -	$ -
Receipts from Other Local Education Agencies	6,168,058	-	6,168,058
Investment Earnings	32,992	-	32,992
Miscellaneous Income	28,840	-	28,840
Special item - Gain (Loss) on Sale of Capital Assets	-	-	-
Extraordinary Items	-	-	-
Transfers	-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS	6,229,890	-	6,229,890
CHANGES IN NET POSITION	1,840,859	-	1,840,859
NET POSITION - BEGINNING (Restated)	(1,087,534)	-	(1,087,534)
NET POSITION - ENDING	**$ 753,325**	**$ -**	**$ 753,325**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Balance Sheet
Governmental Funds
As of June 30, 2023

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 2,246,503	$ -	$ 2,246,503
Restricted Cash	1,750	-	1,750
Investments	1,099,506	-	1,099,506
Due from Other Governments	639,884	-	639,884
Prepaid Expenditures	55,110	-	55,110
TOTAL ASSETS	4,042,753	-	4,042,753
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 4,042,753**	**$ -**	**$ 4,042,753**
LIABILITIES			
Due to Other Governments	$ 91,882	$ -	$ 91,882
Accounts Payable	30,517	-	30,517
Accrued Salaries and Benefits	455,678	-	455,678
Payroll Deductions and Withholdings	156,229	-	156,229
Unearned Revenue	12,228	-	12,228
TOTAL LIABILITIES	746,534	-	746,534
DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	746,534	-	746,534
FUND BALANCES			
Nonspendable	56,860	-	56,860
Restricted	5,135	-	5,135
Assigned	2,090,000	-	2,090,000
Unassigned	1,144,224	-	1,144,224
TOTAL FUND BALANCES	3,296,219	-	3,296,219
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 4,042,753**	**$ -**	**$ 4,042,753**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 3,296,219
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore they are not reported as assets in governmental funds. The cost of the assets is $10,848,681 and the accumulated depreciation/amortization is $812,695.	10,035,986
The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory.	6,946
This amount represents the difference between the deferred outflows of resources associated with the net pension liability and net OPEB liability less the deferred inflows of resourses pertaining to the net pension and OPEB liabilities.	333,530
Long-term liabilities, including mortgage payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,919,356)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$ 753,325**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	$ 6,292,296	$ -	$ 6,292,296
State Sources	43,624	-	43,624
Federal Sources	1,797,693	-	1,797,693
TOTAL REVENUES	8,133,613	-	8,133,613
EXPENDITURES			
Instruction	3,803,004	-	3,803,004
Support Services	2,269,631	-	2,269,631
Operation of Non-Instructional Services	466,048	-	466,048
Capital Outlay	98,762	-	98,762
Debt Service	614,134	-	614,134
TOTAL EXPENDITURES	7,251,579	-	7,251,579
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	882,034	-	882,034
OTHER FINANCING SOURCES (USES)			
Proceeds from Extended Term Financings	185,642	-	185,642
TOTAL OTHER FINANCING SOURCES (USES)	185,642	-	185,642
SPECIAL/EXTRAORDINARY ITEMS			
Special Items	-	-	-
Extraordinary Items	-	-	-
NET CHANGE IN FUND BALANCES	1,067,676	-	1,067,676
FUND BALANCES - BEGINNING (Restated)	2,228,543	-	2,228,543
FUND BALANCES - ENDING	**$ 3,296,219**	**$ -**	**$ 3,296,219**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS			$ 1,067,676
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. This is the amount by which depreciation exceeded capital outlays in the current period.			
	Depreciation expense	$ 249,281	
	less - capital outlays	283,969	34,688
Some capital assets acquired this year were financed with extended term debt. The amount financed by the debt is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities.			(185,642)
Repayments of note and lease principal are expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			601,090
In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.			(3,499)
In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.			(9,370)
The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide statement of net position and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds.			334,210
The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference.			1,706
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES			**$ 1,840,859**

The Accompanying Notes are an integral part of these financial statements.

Lehigh Valley Dual Language Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2023

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	$ 6,182,030	$ 6,182,030	$ 6,292,296	$ 110,266
State Sources	20,191	20,191	43,624	23,433
Federal Sources	1,675,475	1,675,475	1,797,693	122,218
TOTAL REVENUES	7,877,696	7,877,696	8,133,613	255,917
EXPENDITURES				
Regular Instruction	4,020,890	3,907,083	3,422,534	484,549
Special Programs	291,506	291,506	246,045	45,461
Vocational Programs	-	41,349	41,349	-
Other Instructional Programs	33,995	106,453	93,076	13,377
Pupil Personnel Services	112,877	170,800	170,800	-
Instructional Staff Services	81,249	2,183	2,183	-
Administrative Services	1,057,168	1,193,712	1,193,712	-
Pupil Health	77,728	109,994	109,994	-
Business Services	205,728	119,451	119,451	-
Operation & Maintenance of Plant Services	905,052	668,590	647,823	20,767
Student Transportation Services	2,977	28,645	25,668	2,977
Food Service	407,947	444,500	444,500	-
Student Activities	41,000	41,000	21,548	19,452
Scholarships and Awards	3,000	3,000	-	3,000
Facilities, Acquisition and Construction	-	98,762	98,762	-
Debt Service	600,045	614,134	614,134	-
TOTAL EXPENDITURES	7,841,162	7,841,162	7,251,579	589,583
Excess (deficiency) of revenues over expenditures	36,534	36,534	882,034	845,500
OTHER FINANCING SOURCES (USES)				
Proceeds From Extended Term Financing	-	-	185,642	185,642
TOTAL OTHER FINANCING SOURCES (USES)	-	-	185,642	185,642
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCE	36,534	36,534	1,067,676	1,031,142
FUND BALANCE - JULY 1, 2022 (Restated)	2,273,869	2,273,869	2,228,543	(45,326)
FUND BALANCE - JUNE 30, 2023	**$ 2,310,403**	**$ 2,310,403**	**$ 3,296,219**	**$ 985,816**

The Accompanying Notes are an integral part of these financial statements.

Note 1 - Description of the School and Reporting Entity

School

The Lehigh Valley Dual Language Charter School (the School) was established to operate a charter school within the Bethlehem Area School District through June 30, 2023 in accordance with the provisions of the Charter School Law, 24 P.S. 17 17-01-A et seq. The School is regulated by the Pennsylvania Department of Education. The region charter may be renewed for additional periods of five years and can only be terminated in accordance with the provisions of applicable law.

Lehigh Valley Dual Language Charter School established in 2002, is a non-profit, K-12 public charter school presently serving up to 450 students. As a charter school, LVDLCS is funded by public dollars and represents an alternative choice for parents/guardians to education available in public school districts.

The teachers will be extensively trained in dual language instruction. The students will benefit from their teachers' use of cutting edge instructional strategies such as Cognitive Academic Language Learning Approach (CALLA) and Sheltered Instruction Operational Protocol (SIOP). Effective, meaningful Spanish language instruction in the content areas will be provided for native English speakers. The goal is bilingualism/biculturalism for students.

When student complete their K-8 education at the LVDLCS, they will have many advantages over students from other schools. They will have valuable 21st century skills, achievement in bilingualism/biculturalism, and experience in how they can positively affect local community and global relationships. The thematic focus is on dual language acquisition and academic achievement. The School will implement a rigorous curriculum that will share the high expectations of the mainstream Bethlehem Area School District (BASD) program. Students will be placed in heterogeneous language groups to learn content materials in both English and Spanish. They will acquire the critical skills and information for each subject area as defined in the PA State Academic.

The School's financial statements are prepared in accordance with generally accepted accounting principles, (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Board of Trustees

As part of Lehigh Valley Dual Language Charter School's governing board, trustees are volunteers who support the continued success of Lehigh Valley Dual Language Charter School (LVDLCS) by contributing their experience and expertise to the oversight of School operations and accountability.

Members of the Board of Trustees are charged with setting overall policy and direction for the Lehigh Valley Dual Language Charter School. Specific duties are listed in the School's By Laws. Each Trustee is required to attend monthly Board Meetings and to serve as a liaison to various School committees and organizations.

Administration

The Chief Executive Officer (CEO), shall administer the School in conformity with Board policies and the School Laws of Pennsylvania. The CEO shall be directly responsible to, and therefore appointed by, the Board of Trustees. The CEO shall be responsible for the overall administration, supervision, and operation of the School.

The Accounting Manager, recommended by the CEO and appointed by the Board of Trustees, shall supervise and coordinate all business aspects of the School. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Lehigh Valley Dual Language Charter School. The Accounting Manager is directly responsible to the Chief Executive Officer.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Lehigh Valley Dual Language Charter School, this includes general operations, food service, and student related activities of the School.

Lehigh Valley Dual Language Charter School governed by an appointed seven-member board. As required by generally accepted accounting principles, these financial statements are to present Lehigh Valley Dual Language Charter School (the primary government) and organizations for which the primary government is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School in that the School approved the budget, the issuance of debt, or the levying of taxes. The Lehigh Valley Dual Language Charter School does not have any component unit.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board’s statements and interpretations, along with predecessors’ statements and interpretations, pertaining to governments into the hierarchy of the Governmental Accounting Standards Board’s jurisdiction.

A. Basis of Presentation

The School's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities, and for one business-type activity of the School.

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred Outflows of Resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred Inflows of Resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School's major governmental funds:

General Fund

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Fund of the School have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, Investment trust funds, Private-purpose trust funds and Custodial funds. The School currently has no fiduciary funds.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting in its financial statements, specifically:

The School is required to prepare a proposed operating budget for the following fiscal year. The budget is prepared on a form prescribed by the Pennsylvania Department of Education.

- The Board of Trustees may make transfers of funds appropriated to any particular item of expenditure by legislative action. There were no supplemental budget amendments for the year ended June 30, 2023.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Trustees, which authorize the School to make expenditures. Appropriations lapse at the end of the fiscal period. The level of control or the level on which expenditures may not legally exceed appropriations is the fund.
- Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

F. Use of Estimates

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

G. Changes in Accounting Principles

During the 2022-23 fiscal year the School implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations*).* The objective of this Statement is provides a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94 (PPP's). The objectives of the Statement are to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties: (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services: and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96 (SBITA's). This Statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 (Omnibus 2022). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

H. 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 and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. 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.

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of two thousand five hundred ($2,500) dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Leasehold Improvements	20 - 80 years
Site Improvements	20 - 80 years
Buildings & Building Improvements	39 years
Furniture and Equipment	3 - 25 years
Vehicles	10 - 30 years

Compensated Absences

The School provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries.

Sick leave benefits will be calculated based on the employee’s base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Unused sick leave benefits will be allowed to accumulate past 30 calendar days' worth of sick leave benefits. In lieu of this, the employee will be paid at the end of the benefit year for unused sick leave at a rate of $100 per day, up to a maximum of $2,000.

Leases

Lessee*:*

The School is a lessee for a noncancellable lease of equipment. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School recognizes lease liabilities with an initial, individual value of $20,000 or more.

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

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

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

At the commencement of a lease, the School initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the School enterers into Subscription-Based Information Technology Arrangements. These arrangements grant the School the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the School does not take physical possession of or have the right to control the software; instead, it accesses the uses the software remotely.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period they payment is due.

Other Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, which consists of mortgage payable, are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources while debt payments are reported as expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2023, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

The capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 9 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the School's intent to use resources for a specific purpose, which does not require formal action by the governing body.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The School's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The School's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

Note 3 - Reconciliation of Government-wide and Fund Financial Statements

A. *Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.*

The governmental fund balance sheet includes a reconciliation between "fund balance -total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this $12,919,356 difference are:

Mortgage Payable	$ 7,625,361
Compensated Absences	55,199
Lease Obligations	172,681
Net OPEB Liability - Multiple Employer Plan	213,138
Net Pension Liability	4,852,977
Net Adjustment to Reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	**$ 12,919,356**

B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and School-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

The amounts shown in the columns below represent:

a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.

b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.

c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Explanation of Differences between Governmental Fund Statements and School-Wide Statements

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Interest and Investment Earnings	$ 42,362	$ (9,370)	$ -	$ -	$ 32,992
Miscellaneous	21,890	-	-	-	21,890
Contributions and Donations	6,950	-	-	-	6,950
Charges for Services	23,822	-	-	-	23,822
Receipts from Other LEAs	6,168,058	-	-	-	6,168,058
Operating Grants and Contributions	2,365	-	-	-	2,365
STATE SOURCES:					
Operating Grants and Contributions	43,624	-	-	-	43,624
FEDERAL SOURCES:					
Operating Grants and Contributions	1,824,542	-	-	-	1,824,542
OTHER FINANCING USES:					
Proceeds from Leases	185,642	-	-	(185,642)	-
TOTAL REVENUES	8,319,255	(9,370)	-	(185,642)	8,124,243
			-		
EXPENDITURES/EXPENSES					
Instruction	3,803,004	(193,653)	6,012	-	3,615,363
Instructional Student Support	282,977	875	-	-	283,852
Admin. & Fin'l Support Services	1,313,163	(110,404)	(121,736)	-	1,081,023
Oper. & Maint. Of Plant Svcs.	647,823	(21,243)	179,474	-	806,054
Pupil Transportation	25,668	-	-	-	25,668
Food Service	444,500	(7,991)	323	-	436,832
Student Activities	21,548	-	-	-	21,548
Capital Outlay	98,762	-	(98,762)	-	-
Debt Service	614,134	-	-	(601,090)	13,044
TOTAL EXPENDITURES/EXPENSES	7,251,579	(332,416)	(34,689)	(601,090)	6,283,384
NET CHANGE FOR THE YEAR	**$ 1,067,676**	**$ 323,046**	**$ 34,689**	**$ 415,448**	**$ 1,840,859**

Note 4 - Stewardship, Compliance, and Accountability

A. *Compliance with finance related legal and contractual provisions*

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

B. *Deficit fund balance or net position of individual funds*

No individual fund contains a deficit fund balance or net position at June 30, 2023.

C. *Excess of expenditures over appropriations in individual funds*

No individual fund, which had legally adopted budget, had an excess of expenditures over appropriations.

D. *Budgetary compliance*

The Charter's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The School cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2023.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash – Charter School

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School does not have a policy for custodial credit risk. As of June 30, 2023, $2,271,995 of the Charter's bank balance of $2,974,870 was exposed to custodial credit risk, as follows:

Uninsured and Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	2,271,995
TOTAL	**$ 2,271,995**

Reconciliation to Financial Statements

Uncollateralized Amount Above	$ 2,271,995
Plus: Insured Amount	702,875
Less: Outstanding Checks	(3,000)
Carrying Amount - Bank Balances	2,971,870
Plus: Petty Cash	158
Deposits in Investment Pools Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	(725,525)
TOTAL CASH PER FINANCIAL STATEMENTS	**$ 2,246,503**

Investments

The School may invest in certificates of deposit issued by full service banks, savings banks, savings and loan association or other institutions insured by the F.D.I.C., U.S. Treasury Bills or notes, other investments permitted by the Public School Code of 1949, or upon satisfactory research and upon Board approval, other investments that would provide a favorable return on the School's investment in comparison to the risk.

As of June 30, 2023, the School had the following investments:

Investment	Maturities	Fair Value
Certificates of Deposit	Varies	$ 725,525
Annuity - Raymond James		264,153
Promissory Note - Good as New Ventures		109,828
TOTAL		**$ 1,099,506**

Interest Rate Risk

The Charter School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Charter School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the Charter School's investment with DLP, in the form of a promissory note, was subject to the following credit risk.

Investment	Standard & Poor's	Moody's
DLP Fixed Fund 6	Not Rated	Not Rated

Concentration of Credit Risk

The Charter School places no limit on the amount the School may invest in any one issuer. Of the General Fund activities, 24.02% was held in an annuity with Raymond James, 15.17%, 27.60% and 23.21% of the investments were held in Certificates of Deposit with Embassy, Fulton, and Peoples Security and 9.99% of investments were held in the form of a promissory note with DLP Fixed Fund 6. Of the Entity Wide activities, 24.02% was held in an annuity with Raymond James, 15.17%, 27.6%, and 23.21% of the investments were held in Certificates of Deposit with Embassy, Fulton, and Peoples Security and 9.99% of investments were held in the form of a promissory note with DLP Fixed Fund 6.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Charter School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Charter School's investment with DLP Fixed Fund 6 $109,828 is held by the counterparty and is uninsured.

Reconciliation to Financial Investments

Total Investments Above	$	1,099,506
Less: Deposits in Investment Pool Considered Cash Equivalents		-
Total Investments Per Financial Statements	**$**	**1,099,506**

Receivables

Receivables, as of year-end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

Schedule on Receivables for Major, Non-Major, and Fiduciary Funds

		GENERAL FUND
RECEIVABLES:		
Interest	$	-
Accounts		-
Intergovernmental		639,884
GROSS RECEIVABLES		639,884
Less: Allowance for Uncollectibles		-
NET RECEIVABLES	**$**	**639,884**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds.

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	UNAVAILABLE	UNEARNED
Advanced Tuition	-	-
TOTAL	**$ -**	**$ -**

Capital Assets

Capital asset balances and activity for the year ending June 30, 2023, were:

CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	$ 337,800	$ -	$ -	$ 337,800
Construction in Progress	716,849	98,328	(815,177)	-
TOTAL CAPITAL ASSETS BEING DEPRECIATED	1,054,649	98,328	(815,177)	337,800
Capital Assets being depreciated/amortized:				
Site Improvements	163,850	-	-	163,850
Buildings	8,773,067	815,176	-	9,588,243
Equipment	439,693	-	-	439,693
Furniture & Fixtures	82,338	-	-	82,338
Vehicles	51,115	-	-	51,115
Intangible Right to Use Assets	-	185,642	-	185,642
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	9,510,063	1,000,818	-	10,510,881
Less accumulated depreciation for:				
Site Improvements	(27,419)	(8,069)	-	(35,488)
Buildings	(101,228)	(214,445)	-	(315,673)
Equipment	(334,992)	(8,189)	-	(343,181)
Furniture & Fixtures	(67,402)	(1,362)	-	(68,764)
Vehicles	(32,373)	(3,067)	-	(35,440)
Intangible Right to Use Assets	-	(14,149)	-	(14,149)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(563,414)	(249,281)	-	(812,695)
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	8,946,649	751,537	-	9,698,186
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	**$ 10,001,298**	**$ 849,865**	**$ (815,177)**	**$ 10,035,986**

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:	
Instruction	$ 6,012
Admin. & Fin'l Support Services	4,198
Oper. & Maint. Of Plant Svcs.	238,748
Food Service	323
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	**$ 249,281**

The Governmental-type Activities did not dispose of any capital assets during the year.

Commitments

<u>*Encumbrances*</u>

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the School's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the School's legally adopted budget.

Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2023, were:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Other liabilities:					
Mortgage Payable	$ 8,213,489	$ -	$ 588,129	7,625,360	$ 7,625,360
Lease Obligations		185,642	12,960	172,682	44,185
Vested employee benefits:					
Sick pay	49,700	5,499	-	55,199	-
Other Retirement Benefits:					
Net Pension Liability	4,755,701	97,276	-	4,852,977	-
Net OPEB Liability - Multiple Employer	289,060	-	75,720	213,340	-
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	**$ 13,307,950**	**$ 288,417**	**$ 676,809**	**$ 12,919,558**	**$ 7,669,545**

Payments on mortgage are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds.

Total interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
Mortgage Interest	$ 11,916	$ 11,916
Leases	1,128	1,128
Refund of Prior Year Receipts	-	-
TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES	**$ 13,044**	**$ 13,044**

The School also has the following unused lines of credit. $150,000 with Embassy Bank and $250,000 with Peoples Security. Interest rate for the Embassy and Peoples Security note will be charged on the outstanding balance of the loan at a 8.50% APR.

Leases

670 E. North Street

On December 1, 2022, the Charter School entered into a three-year lease as lessee for the acquisition and use of commercial property located at 670 E. North St. Suite 101, Bethlehem, PA. An initial lease liability was recorded in the amount of $59,709 during the current fiscal year. As of June 30, 2023, the value of the lease liability was $50,713. The Charter School is required to make monthly payments of $1,750 that increase by 3% after every 12 months of the lease. The lease has an interest rate of 3%. The commercial property has a 39-year estimated useful life. The value of the right to use asset as of June 30, 2023 was $49,757 with accumulated amortization of $9,951.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	$ 20,119	$ 1,249
2024-25	21,381	628
2025-26	9,214	69
TOTAL OUTSTANDING	**$ 50,714**	**$ 1,946**

Sharp Copiers – Fraser Advanced

On March 14, 2023, the Charter School entered into a five-year lease as lessee for the acquisition and use of Sharp Copiers with Fraser Advanced Information Systems. An initial lease liability was recorded in the amount of $125,933 during the current fiscal year. As of June 30, 2023, the value of the lease liability was $121,968. The Charter School is required to make monthly fixed payments of $2,232. The School estimated its incremental cost of borrowing rate was 2.45% for the lease. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2023 was $121,736 with accumulated amortization of $4,198.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	$ 24,065	$ 2,719
2024-25	24,661	2,123
2025-26	25,272	1,512
2026-27	25,898	886
2027-28	22,071	249
TOTAL OUTSTANDING	**$ 121,967**	**$ 7,489**

Mortgage Payable

On August 2, 2021, the School purchased the building located at 675 East Broad Street, Bethlehem, PA 18018 for a total purchase price of $9,000,000. As of June 30, 2022, the School had made deposits towards the purchase of the building totaling $247,073. The balance owed as of the date of sale is to be owner-financed in the form of a promissory note secured by a first lien mortgage in the amount of $8,752,927 with an interest rate of 0.15% per annum. The School will make 27 monthly payments of $50,004 with a final payment on all outstanding principal and interest due one month following the final monthly payment.

The debt service requirements are at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	$ 7,625,361	$ 3,776
TOTAL OUTSTANDING	**$ 7,625,361**	**$ 3,776**

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one-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 three-years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three-years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between to 1% to 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.

<u>Contributions</u>

Member Contributions:

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

Member Contribution Rates

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22,1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22,1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%

T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The School's contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% 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 $527,204 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of $4,852,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the School's proportion was 0.0109%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized pension expense of $214,548. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	$ 1,965	$ -
Changes in Assumptions	145,000	-
Net difference between Projected and Actual Contributions made	-	3,168
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	82,000
Difference between Expected and Actual Experience	-	40,000
Changes in Proportion of the Net Pension Liability	-	170,000
District Contributions Subsequent to the Measurement Date	527,204	-
Total	$ 674,169	$ 295,168

$527,204 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, 2023. 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:	Amount
2023	$ (28,000)
2024	(27,426)
2025	(208,485)
2026	114,648
Thereafter	1,060
Total	$ (148,203)

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2022 was determined by rolling forward the System's Total Pension Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- 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, 2021 and as of June 30, 2022.

- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
    - Salary growth rate - decreased from 5.00% to 4.50%.
    - 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, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

<u>Discount Rate</u>

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.00%	Current Disount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 6,268,000	$ 4,846,000	$ 3,647,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2023, the School had $189.815 included in accrued wages liability, of which $139,703 is for the contractually required contribution for the second quarter of 2023 and $50,112 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Other Post-Employment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

Employer Contributions:

The School's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 $11,524 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of $213,340 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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 0.0108%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized OPEB expense of ($10,031). At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	$ 97	$ -
Changes in Assumptions	-	25,000
Net difference between Projected and Actual Contributions Made	-	92
Net difference between Projected and Actual Investment Earnings	1,000	-
Difference between Expected and Actual Experience	1,000	-
Changes in proportion of the Net OPEB Liability	-	34,000
District contributions subsequent to the measurement date	11,524	-
Total	$ 13,621	$ 59,092

$11,524 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:	Amount
2023	$ (21,000)
2024	(13,026)
2025	(8,043)
2026	(6,995)
2027	(8,040)
Thereafter	109
Total	$ (56,995)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - 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, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System Net OPEB Liability	$ 199,000	$ 199,000	$ 199,000

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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Disount Rate 4.09%	1% Increase 5.09%
District's Proportionate Share of the Net OPEB Liability	$ 225,000	$ 199,000	$ 177,000

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.

OPEB PSERS

As of June 30, 2023, the School had $4,125 included in accrued wages liability, of which $3,036 is for the contractually required contribution for the second quarter of 2023 and $1,089 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES

RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	*Pension - GASB 68* DR OR (CR) CURRENT YR BALANCE	*Multiple Employer OPEB - GASB 75* DR OR (CR) CURRENT YR BALANCE	*Pension & OPEB Total* DR OR (CR) CURRENT YR BALANCE
Change in Proportion	$ (170,000)	$ (34,000)	$ (204,000)
Current Year Contributions	527,204	11,524	538,728
Change in Assumption	145,000	(25,000)	120,000
Diff in Projected Vs Actual Contributions	(3,168)	(92)	(3,260)
Difference in Investment Earnings	(82,000)	1,000	(81,000)
Diff. between Expected vs Actual Experience	(40,000)	1,000	(39,000)
Diff. between Prop. Share vs Actual POS	1,965	97	2,062
Net Pension Liability	**$ 4,852,977**		**$ 4,852,977**
Net OPEB Liability		**$ 213,138**	**$ 213,138**

BUSINESS-TYPE ACTIVITIES

RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	*Pension - GASB 68* DR OR (CR) CURRENT YR BALANCE	*Multiple Employer OPEB - GASB 75* DR OR (CR) CURRENT YR BALANCE	*Pension & OPEB Total* DR OR (CR) CURRENT YR BALANCE
Change in Proportion	$ -	$ -	$ -
Current Year Contributions	-	-	-
Change in Assumption	-	-	-
Diff in Projected Vs Actual Contributions	-	-	-
Difference in Investment Earnings	-	-	-
Diff. between Expected vs Actual Experience	-	-	-
Diff. between Prop. Share vs Actual POS	-	-	-
Net Pension Liability	**$ -**		**$ -**
Net OPEB Liability		**$ -**	**$ -**

STATEMENT OF NET POSITION

Governmental & Business-Type Activities RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	*Total* DR OR (CR) CURRENT YR BALANCE
Change in Proportion	$ (204,000)
Current Year Contributions	538,728
Change in Assumption	120,000
Diff in Projected Vs Actual Contributions	(3,260)
Difference in Investment Earnings	(81,000)
Diff. between Expected vs Actual Experience	(39,000)
Diff. between Prop. Share vs Actual POS	2,062
Net Pension Liability	**$ 4,852,977**
Net OPEB Liability	**$ 213,138**

RECONCILIATION TO FINANCIAL STATEMENTS

Pension Plan	Bus. Type Activities	Governmental Activities
Net Pension Liability	$ -	$ 4,852,977
Deferred Outflow Related to Pension	-	(674,169)
Deferred Inflows Related to Pension	-	295,168
Total liab. Net deferred inflows/outflows	**$ -**	**$ 4,473,976**
OPEB - Single & Multiple Employer Plans		
Net OPEB Liability	$ -	$ 213,138
Deferred Outflows Related to OPEB	-	(13,621)
Deferred Inflows Related to OPEB	-	59,092
Total liab. Net deferred inflows/outflows	**$ -**	**$ 258,609**

Note 6 - Prior Period Adjustments – Food Service Fund, General Fund, Business Type Activities & Governmental Activities

	Food Service Fund	General Fund	Bus. Type Activities	Gov'tal Activities
Fund Balance/Net Position - June 30, 2022 (as reported)	$ 92,297	$ 2,072,307	$ 92,297	$ (1,179,831)
In the past, the Charter School had maintained separate accounting records for its food service operations, treating it as a proprietary fund. However, upon careful evaluation, it was determined that combining the food service operations into the General Fund, which is permissible, would result in a more coherent and effiecient financial representation. As a result, the school administration opted to consolidate the financials of the food service operations into the General Fund.	(92,297)	156,236	(92,297)	92,297.00
Fund Balance/Net Position - June 30, 2022 (restated)	$ -	$ 2,228,543	$ -	$ (1,087,534)

Note 7 - Risk Management

The School is exposed to various risks of loss related to torts; theft of damage to the destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs.

Note 8 - Income Taxes

The School is exempt from Federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

The School files a Return of Organization Exempt from Income Tax annually. The School is generally no longer subject to examination by the Internal Revenue Service for years before June 30, 2019.

Note 9 - Fund Balance Allocations

The General Fund had $56,860 in nonspendable fund balance at June 30, 2023, comprised of prepaid expenditures. The Charter School assigned $250,000 for future PSERS increases, $165,000 for future technology purchases, $325,000 for future health care increases, $350,000 for potential tuition rate reduction, and $1,000,000 for facility purchases.

Note 10 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of $10,035,986 with related debt of $7,625,361 in governmental activities. There is a (deficit) of ($1,657,300) in unrestricted net position in government activities.

Note 11 - New Accounting Pronouncements

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

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.

- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

Note 12 - Contingencies

Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School as of June 30, 2023.

Note 13 - Subsequent Events

Charter School Revenue Bonds – Series of 2023

On October 26, 2023, the Charter School issued $8,300,000 of Charter School Revenue Bonds, Series 2023. The proceeds will be used for: (1) refunding certain outstanding indebtedness of the Borrower incurred to acquire a certain building and other real property constituting the School's campus, including educational and parking facilities and other common elements located in the City of Bethlehem, Northampton County, Pennsylvania; (2) funding a debt service reserve fund; and (3) paying all or a portion of the costs of issuing the Bonds. The bonds mature from June 1, 2024 to June 1, 2053. Interest rate is fixed at 7.0% with total interest indebtedness of $12,029,986

The future debt service requirements are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	$ 55,000	$ 346,986
2024-25	85,000	577,150
2025-26	90,000	571,200
2026-27	100,000	564,900
2027-28	105,000	557,900
2028-33	655,000	2,667,350
2033-38	915,000	2,404,150
2038-43	1,290,000	2,034,900
2043-48	1,805,000	1,515,850
2048-53	3,200,000	789,600
TOTAL OUTSTANDING	**$ 8,300,000**	**$ 12,029,986**

REQUIRED

SUPPLEMENTAL INFORMATION

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
District's proportion of the net pension liability (asset)	0.0109%	0.0116%	0.0113%	0.0113%	0.0120%	0.0138%	0.0158%	0.0179%	0.1640%
District's proportionate share of the net pension liability (asset)	$ 4,846,000	$ 4,763,000	$ 5,564,000	$ 5,286,000	$ 5,761,000	$ 6,816,000	$ 7,830,000	$ 7,753,000	$ 6,491,000
District's covered employee payroll	1,536,589	1,573,028	1,655,478	1,593,840	1,539,084	1,606,471	1,801,894	2,047,129	2,308,022
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	315.37%	302.79%	336.10%	331.65%	374.31%	424.28%	434.54%	378.73%	281.24%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 527,204	$ 537,032	$ 557,731	$ 533,139	$ 501,741	$ 509,894	$ 526,153	$ 511,782	$ 473,145
Contributions in relation to the contractually required contribution	527,204	537,032	557,731	533,139	501,741	509,894	526,153	511,782	473,145
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 1,536,589	$ 1,573,028	$ 1,655,478	$ 1,593,840	$ 1,539,084	$ 1,606,471	$ 1,801,894	$ 2,047,129	$ 2,308,022
Contributions as a percentage of covered employee payroll	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
District's proportion of the net OPEB liability	0.0108%	0.0116%	0.0113%	0.0113%	0.0120%	0.0138%	0.0158%
District's proportionate share of the net OPEB liability (asset)	$ 199,000	$ 274,000	$ 244,000	$ 240,000	$ 250,000	$ 281,000	$ 340,000
District's covered-employee payroll	1,586,806	1,637,962	1,655,478	1,593,840	1,539,084	1,606,471	1,801,894
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	12.54%	16.73%	14.74%	15.06%	16.24%	17.49%	18.87%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 11,524	$ 12,584	$ 13,575	$ 13,388	$ 12,774	$ 13,334	$ 14,956	$ 17,196	$ 20,772
Contributions in relation to the contractually required contribution	11,524	12,584	13,575	13,388	12,774	13,334	14,956	17,196	20,772
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 1,536,589	$ 1,573,028	$ 1,655,478	$ 1,593,840	$ 1,539,084	$ 1,606,471	$ 1,801,894	$ 2,047,129	$ 2,308,022
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

- Valuation Date -- June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.75%.
- 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 discounted rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.

Proportionate Share of the Net Pension Liability

The amount reported as the School's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Multiple Employer Health Insurance Assistance

Changes of benefit terms

None

Changes in assumptions

The discount rate used to measure the Total OPEB liability decreased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and 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 PSER'S 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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 PSER'S experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

The amount reported as the School's proportionate share of the net OPEB liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

SUPPLEMENTAL INFORMATION SECTION

Lehigh Valley Dual Language Charter School
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

		Budget	Actual	Variance
6000 - Revenue from Local Sources				
6510	Investment Earnings	$ 27,319	$ 42,362	$ 15,043
6740	Fees	11,666	23,822	12,156
6832	Federal IDEA Revenue Received as Pass Through	-	26,849	26,849
6910	Rentals	21,492	21,890	398
6920	Contributions and Donations	3,000	6,950	3,950
6944	Receipts from Other LEAs in PA	6,103,077	6,168,058	64,981
6999	Miscellaneous	15,476	2,365	(13,111)
	TOTAL REVENUE FROM LOCAL SOURCES	$ 6,182,030	$ 6,292,296	$ 110,266
7000 - Revenue from State Sources				
7330	Health Services	-	8,331	8,331
7505	Ready to Learn Grant	20,191	20,191	-
7600	Revenue For Milk, Lunch and Breakfast Programs	-	15,102	15,102
	TOTAL REVENUE FROM STATE SOURCES	20,191	43,624	23,433
8000 - Revenue from Federal Sources				
8512	IDEA, Part B	21,773	-	(21,773)
8514	Title I	238,662	232,263	(6,399)
8515	Title II	24,297	23,524	(773)
8516	Title III	16,993	18,018	1,025
8517	Title IV	16,662	17,491	829
8531	Subsidies For Milk, Lunch, And Breakfast Programs	444,066	468,275	24,209
8743	ESSER II	396,136	407,692	11,556
8744	ARP ESSER III	516,886	552,083	35,197
8751	ARP ESSER Learning Loss	-	59,665	59,665
8753	ARP ESSER Afterschool Programs	-	18,682	18,682
	TOTAL REVENUE FROM FEDERAL SOURCES	1,675,475	1,797,693	122,218
9000 - Other Financing Sources				
9220	Proceeds from Leases	-	185,642	185,642
	TOTAL OTHER FINANCING SOURCES	-	185,642	185,642
	TOTAL REVENUE AND OTHER FINANCING SOURCES	**$ 7,877,696**	**$ 8,319,255**	**$ 441,559**

		Budget	Actual	Variance
1000 - Instruction				
1110	Regular Programs - Elem./Secondary	3,907,083	3,422,534	484,549
1241	Learning Support - Public	291,506	246,045	45,461
1341	Consumer and Homemaking Education	41,349	41,349	-
1420	Summer School	33,995	20,618	13,377
1450	Instructional Programs Outside Established Schools	72,458	72,458	-
	Total Instruction	$ 4,346,391	$ 3,803,004	$ 543,387

Lehigh Valley Dual Language Charter School
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

		Budget	Actual	Variance
2000 - Support Services				
2120	Guidance Services	168,164	168,164	-
2140	Psychological Services	1,250	1,250	-
2190	Other Pupil Personnel Services	1,386	1,386	-
2271	Instructional Staff Development Services	2,183	2,183	-
2350	Legal Services	7,800	7,800	-
2360	Office fo the Superintendent (Executive Director)	225,222	225,222	-
2380	Office of the Principal Services	960,690	960,690	-
2400	Support Services - Pupil Health	109,994	109,994	-
2500	Support Services - Business	119,451	119,451	-
2600	Operation and Maintenance of Plant Services	668,590	647,823	20,767
2700	Student Transportation Services	25,668	25,668	-
2790	Other Student Transportation Services	2,977	-	2,977
	Total Support Services	2,293,375	2,269,631	23,744
3000 - Operation of Non-Instructional Services				
3100	Food Services	444,500	444,500	-
3210	School Sponsored Student Activities	41,000	21,548	19,452
3400	Scholarships and Awards	3,000	-	3,000
	Total Non-Instructional Services	488,500	466,048	22,452
4000 - Facilities Acquisition, Construction, and Improvement Services				
4500	Building Acquisition and Construction Svcs.	10,000	10,000	-
4600	Existing Building Improvement Services	88,762	88,762	-
	Total Facilities Acquisition, Construction, and Improvement Services	98,762	98,762	-
5000 - Other Expenditures and Financing Uses				
5110	Debt Service	600,045	600,045	-
5140	Short Term Borrowing - Interest and Cost	14,089	14,089	-
	Total Other Expenditures and Financing Uses	614,134	614,134	-
	TOTAL EXPENDITURES AND OTHER FINANCING USES	**$ 7,841,162**	**$ 7,251,579**	**$ 589,583**
	TOTAL REVENUE AND OTHER FINANCING SOURCES	$ 7,877,696	$ 8,319,255	$ 441,559
	TOTAL EXPENDITURES AND OTHER FINANCING USES	7,841,162	7,251,579	589,583
	NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 36,534	$ 1,067,676	$ 1,031,142
	FUND BALANCE - JULY 1, 2022 (Restated)	2,273,869	2,228,543	(45,326)
	FUND BALANCE - JUNE 30, 2023	**$ 2,310,403**	**$ 3,296,219**	**$ 985,816**

SINGLE AUDIT SECTION

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2023

LEHIGH VALLEY DUAL LANGUAGE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	FOOT-NOTES
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)											2
ESSA - TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-1091	7/1/21 - 9/30/22	$ 222,916	$ 163,322	$ 163,322	$ -	$ -	$ -	
ESSA - TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-1091	7/1/22 - 9/30/23	$ 232,263	222,752	-	232,263	232,263	9,511	
TOTAL TITLE IA PROGRAM						386,074	163,322	232,263	232,263	9,511	
PASSED THROUGH THE PDE											2
ESSA - TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-1091	7/1/21 - 9/30/22	$ 22,334	16,252	16,252	-	-	-	
ESSA - TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-1091	7/1/22 - 9/30/23	$ 23,524	19,438	-	23,524	23,524	4,086	
TOTAL TITLE IIA PROGRAM						35,690	16,252	23,524	23,524	4,086	
PASSED THROUGH THE PDE											2
ESSA - TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARN.	I	84.365	FA-010-22-1091	7/1/21 - 9/30/22	$ 16,942	12,480	12,480	-	-	-	
ESSA - TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARN.	I	84.365	FA-010-23-1091	7/1/22 - 9/30/23	$ 18,018	16,993	-	18,018	18,018	1,025	
TOTAL TITLE III PROGRAM						29,473	12,480	18,018	18,018	1,025	
PASSED THROUGH THE PDE											2
ESSA - TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICH.	I	84.424	FA-144-22-1091	7/1/21 - 9/30/22	$ 16,940	12,425	12,425	-	-	-	
ESSA - TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICH.	I	84.424	FA-144-23-1091	7/1/22 - 9/30/23	$ 17,491	13,330	-	17,491	17,491	4,161	
TOTAL TITLE IVA PROGRAM						25,755	12,425	17,491	17,491	4,161	
PASSED THROUGH THE PDE											2
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND (ESSER II)	I	84.425D	FA-200-21-1091	3/13/20 - 9/30/23	$ 831,825	328,861	86,946	407,692	407,692	165,777	
COVID-19 AMERICAN RESCUE PLAN ACT - ESSER (ARP-ESSER)	I	84.425U	223-21-1091	3/13/20 - 9/30/24	$ 1,682,542	917,750	476,481	552,083	552,083	110,814	3
COVID-19 AMERICAN RESCUE PLAN ACT - ESSER (ARP-ESSER 7%)	I	84.425U	FA-225-21-1091	3/13/20 - 9/30/24	$ 130,772	61,819	(7,647)	78,347	78,347	8,881	
TOTAL EDUCATION STABILIZATION FUND						1,308,430	555,780	1,038,122	1,038,122	285,472	
PASSED THROUGH THE COLONIAL I.U. #20											2
IDEA, PART B	I	84.027	H027A210093	7/1/21 - 9/30/22	$ 21,773	21,773	21,773	-	-	-	1
IDEA, PART B	I	84.027	H027A220093	7/1/22 - 9/30/23	$ 26,849	26,849	-	26,849	26,849	-	1
COVID-19 ARP-IDEA	I	84.027X	H027X210093	7/1/21 - 9/30/23	$ 4,914	4,914	4,914	-	-	-	1
TOTAL IDEA CLUSTER						53,536	26,687	26,849	26,849	-	
TOTAL U.S. DEPARTMENT OF EDUCATION						1,838,958	786,946	1,356,267	1,356,267	304,255	
U. S. DEPARTMENT OF AGRICULTURE											
PASSED THROUGH THE PDE											2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21-6/30/22	N/A	1,237	1,237	-	-	-	
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22-6/30/23	N/A	243,209	-	243,209	243,209	-	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE ROUND 2 &3	I	10.555	N/A	N/A	N/A	21,082	-	21,082	21,082	-	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	7/1/21-6/30/22	N/A	-	-	-	-	-	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	7/1/22-6/30/23	N/A	203,356	-	203,356	203,356	-	
TOTAL CHILD NUTRITION CLUSTER						468,884	1,237	467,647	467,647	-	
PASSED THROUGH THE PDE											2
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	
TOTAL U.S. DEPARTMENT OF AGRICULTURE						469,512	1,237	468,275	468,275	-	
TOTAL FEDERAL FINANCIAL AWARDS						$ 2,308,470	$ 788,183	$ 1,824,542	$ 1,824,542	$ 304,255	

SOURCE: D -DIRECT; I -INDIRECT

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lehigh Valley Dual Language Charter School under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lehigh Valley Dual Language Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lehigh Valley Dual Language Charter School.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

NOTE 3 – ORGANIZATION AND SCOPE

The School recognized 21.9% of its total general fund revenue in federal awards.

NOTE 4 – INDIRECT COSTS

The School did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the School did not use the 10% de minimis cost rate.

NOTE 5 – PROGRAM DISCLOSURE – FOOTNOTES

1. The federal award, passed through the Colonial I.U. #20, under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.

2. The Federal Grants were passed through the following entities in the totals below:

Passed through	Total Awards	Total Expenditures
PA Department of Education	$ 3,215,567	$ 1,797,693
Colonial I.U. #20	53,536	26,849
Totals	**$ 3,269,103**	**$ 1,824,542**

3. Of the $552,083 of federal expenditures reported for the ARP ESSER grant, $12,210 were incurred in the prior fiscal year.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	$ 1,797,693
Federal Grants in Local Sources	26,849
Total Federal Revenue, per financial statements	1,824,542
Less - Medical Access	-
Federal Revenue on SEFA	**$ 1,824,542**

GORMAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

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

Board of Trustees
Lehigh Valley Dual Language Charter School
675 E. Broad Street
Bethlehem, PA 18018

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, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Lehigh Valley Dual Language Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lehigh Valley Dual Language Charter School's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lehigh Valley Dual Language Charter School's internal control over financial reporting (internal control) to determine the 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 Lehigh Valley Dual Language Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Lehigh Valley Dual Language Charter School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

1825 Franklin Street
Northampton, Pennsylvania 18067 - 1573
tele} 610/ 262/ 1280 fax} 610/ 262/ 1756
www.gaapc.com

Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

Herman & Associates, P.C.

Northampton, Pennsylvania
December 6, 2023

GORMAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

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

Board of Trustees
Lehigh Valley Dual Language Charter School
675 E. Broad Street
Bethlehem, PA 18018

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lehigh Valley Dual Language Charter School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lehigh Valley Dual Language Charter School's major federal programs for the year ended June 30, 2023. Lehigh Valley Dual Language 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, Lehigh Valley Dual Language 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, 2023.

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 the Lehigh Valley Dual Language 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 the Lehigh Valley Dual Language 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 of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lehigh Valley Dual Language Charter School's federal programs.

1825 Franklin Street
Northampton, Pennsylvania 18067 - 1573
tele} 610/ 262/ 1280 fax} 610/ 262/ 1756
www.gaapc.com

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lehigh Valley Dual Language 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 the Lehigh Valley Dual Language 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 the Lehigh Valley Dual Language 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 the Lehigh Valley Dual Language 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 the Lehigh Valley Dual Language 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Herman & Associates, P.C.

Northampton, Pennsylvania
December 6, 2023

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ 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 Deficiencies identified that are not considered to be material weaknesses? ☐ 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 section 200.516 of the Uniform Guidance? ☐ yes ☒ no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	COVID-19 - Education Stabilization Fund

Percentage of programs tested to total awards 56.9%

Dollar threshold used to distinguish between type A and type B program: $ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II – Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to federal awards, which are required to be reported in accordance with Uniform Guidance, Section 200.516.

Lehigh Valley Dual Language Charter School
675 E Broad St
Bethlehem, PA 18018

*Phone: 610-419-3120 * Fax: 610-419-3968*
Elsie Perez, CEO/COO
Lisa Pluchinsky, Principal

Summary Schedule of Prior Year's Audit Findings
For the Year Ended June 30, 2023

Prior Year Findings 2021-22

Finding No. 2022-001 (Cost Segregation)

Condition:	This finding was a significant deficiency stating the Charter School did not segregate federal grant expenditures within the accounting software, instead choosing to track the expenditures for each grant in excel. During the audit, there were inconsistencies with where expenditures were reported in the excel spreadsheet and where they were recorded in the software.
Recommendation:	It was recommended to the Charter School to utilize a more appropriate software for fund accounting that would allow for the segregation of federal grant expenditures directly in the software using a distinct source code for each grant in accordance with the PDE Chart of Accounts. The School concurred with the recommendation and had already begun using Sage Intacct in the 22-23 fiscal year
Current Status:	Corrective Action was taken in July 2022. No similar findings were noted in the 2023 audit.