

EVERGREEN COMMUNITY  
CHARTER SCHOOL

BASIC FINANCIAL STATEMENTS

AS AT JUNE 30, 2023

EVERGREEN COMMUNITY CHARTER SCHOOL  
Index to Basic Financial Statements  
As at June 30, 2023

---

Independent Auditor's Report

Management's Discussion and Analysis

Statement of Net Position	Exhibit A
---------------------------	-----------

Statement of Activities	Exhibit B
-------------------------	-----------

Governmental Fund Balance Sheet - General Fund	Exhibit C
--	-----------

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	Schedule 1
---	------------

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	Exhibit D
--	-----------

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	Schedule 2
---	------------

Notes to Financial Statements

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (GAAP Basis) - General Fund	Schedule 3
--	------------

Schedule of Proportionate Share of the Net Pension Liability	Schedule 4
--	------------

Schedule of Contributions	Schedule 5
---------------------------	------------



BUSINESS ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS

John J. Riley, CPA (Founder/1969-2012)

Paul V. Conforti, CPA

Scott A. Miller, CPA, CFE, CVA

Mary R. Frantz, SHRM-SCP

Mail: P.O. Box 1049, Stroudsburg, PA 18360

Office: 1290 N. 9th Street, Stroudsburg, PA 18360

{570} 424-0667

Fax: {888}-839-8616

[www.rileyandcompany.com](http://www.rileyandcompany.com)

e-mail: [info@rileyandcompany.com](mailto:info@rileyandcompany.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Evergreen Community Charter School  
Mountainhome, PA

### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of Evergreen Community Charter School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Evergreen Community Charter School, as of June 30, 2023, and the respective changes in financial position 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 (GAAS). 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 Evergreen Community Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Financial Statements**

Evergreen Community Charter School's 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 Evergreen Community Charter School's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **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 GAAS 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 GAAS, 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 Evergreen Community Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Evergreen Community Charter School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund Budget and Actual Comparison, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

*Biley and Company, Inc.*

Stroudsburg, PA  
December 14, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

**EVERGREEN COMMUNITY CHARTER SCHOOL**  
**Management Discussion and Analysis (Unaudited)**  
**As at June 30, 2023**

Page 1

---

Management's Discussion and Analysis of Evergreen Community Charter School's financial performance provides an overall review of the Charter School's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

**SCHOOL PROFILE**

Evergreen Community School was established in 1995 as a nonprofit, private, academic school. In 2006 the school was approved by the PA Department of Education and Pocono Mountain School District to become Evergreen Community Charter School. The School is located in Cresco, PA. Since its inception, Evergreen Community Charter School has been a "brick and mortar" school designed for mid and upper grades (6<sup>th</sup> -12<sup>th</sup>) with an average enrollment of 100 students. The School is a co-educational, non-sectarian school of choice, dedicated to the premise that education is best achieved in a small, personalized, and safe community. Evergreen prides itself on a rigorous curriculum with high standards. Our students are motivated to learn and work hard to prepare for their futures. Evergreen graduates are typically accepted to the college/post-secondary training of their choice.

Evergreen employs a Director, Principal, Office Manager, certified School Nurse, and a Maintenance/Network IT person. In addition, there are 12 teachers on staff. Both the Director and Principal are also certified teachers. This brings total employment to 17 individuals.

Students attending Evergreen Community Charter School come from the Pocono Mountain, Stroudsburg, East Stroudsburg, Pleasant Valley, and Wallenpaupack School Districts.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2023, the governmental activities' total liabilities and deferred inflows of resources exceeded its total assets and deferred outflows of resources by \$1,967,642, primarily due to the long-term net pension liability.
- Total General Fund revenues for the Charter School were \$2,060,570 for the year ended June 30, 2023.
- Total General Fund expenses for the Charter School were \$1,956,575 for the year ended June 30, 2023.
- As of June 30, 2023, the Charter School's governmental funds reported ending fund balances of \$285,587.
- Enrollment continues to be steady, with 102 students for the 2022-2023 school year, compared to 100 and 99 in the previous two school years.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 2

**OVERVIEW OF THE FINANCIAL STATEMENTS**

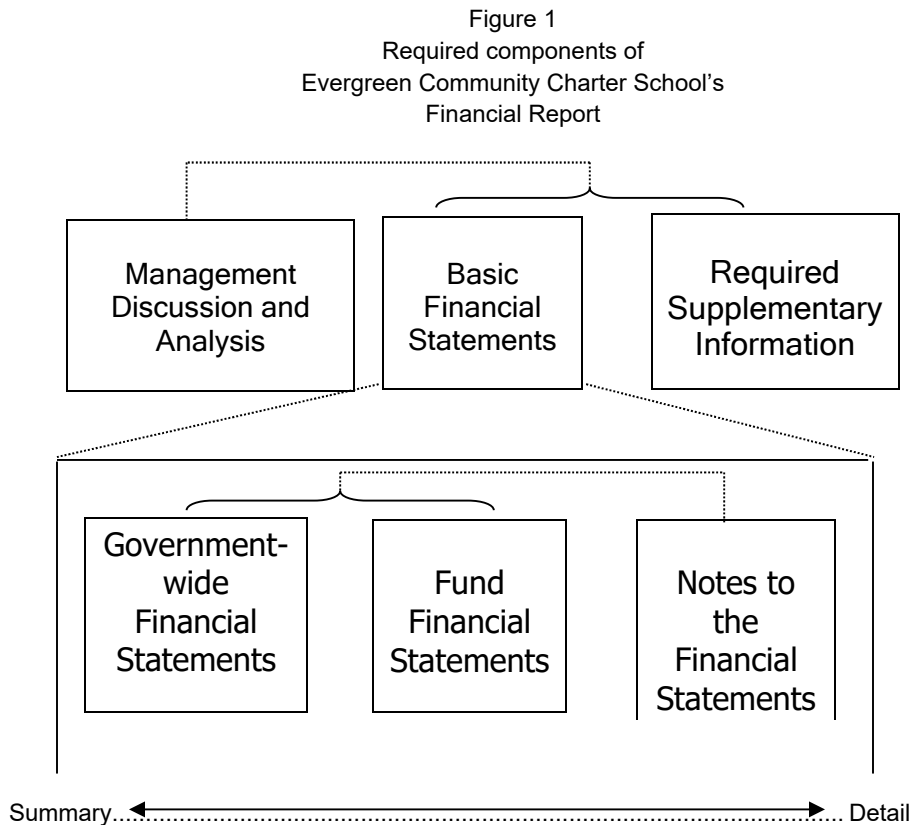
Management's Discussion and Analysis is intended to serve as an introduction to Evergreen Community Charter School's basic financial statements. The Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Entity-Wide Statements**

The statements of net position and activities report the Charter School's net position and how it has changed. Net position, the difference between the Charter School's assets and liabilities, is one way to measure the Charter School's financial health or position. Over time, increases or decreases in the Charter School's net position are an indication of whether its financial health is improving or deteriorating.

The annual financial report also contains the independent auditor's report, as well as required budgetary and pension related schedules.

Figure 1 shows how the required parts of the Financial Section are arranged and relate to one another:





EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 3

---

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Charter School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Charter School's financial status as a whole.

The two government-wide statements report the Charter School's net position and how it has changed. Net position is the difference between The Charter School's total assets plus deferred outflows of resources minus the total of liabilities plus deferred inflows of resources. Measuring net position is one way to gauge the Charter School's financial condition.

Fund Financial Statements

The Charter School's fund financial statements provide detailed information about the Charter School's General Fund – not the Charter School as a whole.

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

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL AS A WHOLE

A portion of the Charter School's net position is invested in capital assets (building improvements, fixtures/furniture and equipment), net of related debt. The remaining unrestricted net assets are a combination of designated and undesignated amounts. The designated balances are amounts set-aside to fund future equipment purchases or for capital projects as may be planned by the Charter School.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the Charter School's activities that are supported by other general revenues, which primarily consist of grants that are not restricted for a specific program.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 4

A condensed statement of net position which summarizes the assets, liabilities, deferred inflows of resources and net position at June 30, 2023 and 2022 is as follows:

Figure 2		
Condensed Statement of Net Position		
	2023	2022
Assets:		
Current assets	\$456,390	\$379,174
Capital assets	151,384	175,717
Other noncurrent assets	328,576	492,863
 Total Assets	 936,350	 1,047,754
 Deferred outflows of resource	 442,216	 521,739
Liabilities:		
Current Liabilities	319,746	318,848
Long-term Liabilities	2,888,462	2,933,559
 Total Liabilities	 3,208,208	 3,252,407
 Deferred inflows of resources	 138,000	 446,000
Net Position:		
Net investment in capital assets	133,401	152,567
Restricted	3,741	6,866
Unrestricted	(2,104,784)	(2,288,347)
 Total Net Position	 (\$1,967,642)	 (\$2,128,914)

The other noncurrent asset is the right-to-use asset for the building, which is leased from the Evergreen Community School Foundation. A corresponding lease liability is included in long-term liabilities.

Long-term liabilities also includes \$2,712,000 in net pension liability. These amounts are recorded based on financial information provided by the Public School Employees' Retirement System. These long-term pension liabilities are what cause the negative Unrestricted Net Position.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 5

Revenues, expenses and the change in net position is summarized in the following condensed statement of activities for the year ended June 30, 2023 and 2022.

	Figure 3	
	Condensed Statement of Activities	
	2023	2022
Program Expenses:		
Governmental Activities:		
Instructional	\$1,107,171	\$1,117,880
Support	695,066	605,436
Non-instructional	59,481	72,131
Interest	16,040	21,955
Total Program Expenses	1,877,758	1,817,402
Program Revenues:		
Charges for services	1,948,596	1,842,441
Operating grants and contributions	52,481	32,417
Capital grants and contributions	0	0
Total Program Revenues	2,001,077	1,874,858
General Revenues:		
Unrestricted grants	36,933	15,613
Miscellaneous	6,463	6,463
Total General Revenues	43,396	22,076
Total Revenues	2,044,473	1,896,934
Change in Net Position	166,715	79,532
Net Position - Beginning of Year	(2,128,914)	(2,208,446)
Net Position - End of Year	(\$1,962,199)	(\$2,128,914)

EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 6

The focus of the Charter School's General Fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing each schools' financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Figure 4 is a comparison of General Fund revenues and expenditures compared to the prior year.

	Figure 4			
	2023	2022	Change	% Change
Revenues:				
Local sources	\$2,020,950	\$1,832,564	\$188,386	10.28%
State sources	2,687	6,063	(3,376)	-55.68%
Federal sources	36,933	15,613	21,320	136.55%
Total Revenues	<u>\$2,060,570</u>	<u>\$1,854,240</u>	<u>\$206,330</u>	<u>11.13%</u>
Expenditures:				
Instruction	\$1,170,067	\$1,124,768	(\$45,299)	-4.03%
Support Services	547,027	415,114	(131,913)	-31.78%
Noninstructional Services	59,481	72,131	12,650	17.54%
Debt Service	180,000	180,000	0	0.00%
Total Expenditures	<u>\$1,956,575</u>	<u>\$1,792,013</u>	<u>(\$164,562)</u>	<u>-9.18%</u>

Local sources consist primarily of tuition charged to participating school districts. For 2022-2023, tuition accounted for 93% of the Charter School's total revenues.

The increase in Support Services expenditures relates to the Charter School having a Principal for the first time during the 2022-2023 school year. Other increases in Instruction and Support Services expenditures primarily related to increases in job costs, including wages, health care and required pension contributions.

For the year ended June 30, 2023, a total of \$2,029,608 was budgeted for General Fund Expenditures. Total expenditures came in slightly under budget.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Management Discussion and Analysis (Unaudited)  
As at June 30, 2023

Page 7

---

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2023, the Charter School reported \$151,384 as net capital assets, which consists of leasehold improvements, classroom furniture and teaching equipment.

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

For 2023, Capital Asset additions consisted primarily of instructional equipment and classroom furniture.

Depreciation expense of \$45,358 was reported in the Statement of Activities.

##### Debt Administration

The Charter School reports a long-term liability for its lease of the school building. Monthly principal and interest payments of \$15,000 are due to the Evergreen Community School Foundation through June 30, 2025.

#### ANALYSIS OF CURRENT ECONOMIC STATUS

Evergreen Community Charter School is extremely fortunate to have had a wait list for every year it has been in operation. The annual budget is based on an average enrollment of 100 students per year. Because enrollment is based on a lottery, the School never knows how many new students from each sending District will be enrolled. Each District reimburses Evergreen different amounts based on deductions applied. Evergreen Community Charter School makes every effort to operate within its means. For the most part, tuition reimbursements are received in a timely manner from every sending District.

The School's goal is to remain small with an enrollment averaging 100 students in grades 6-12. During the 2022-2023 school year, the School was been able to promote a lead teacher to the position of Principal. Evergreen's Board of Trustees has approved pay increases for all employees at a rate of 5% per year. With the monies from our COVID and Rural Schools grants the School purchased Chromebooks for all students as well as technology upgrades for every classroom. Evergreen continues to provide digital resources for all classes. This provides both enrichment and support for our students.

The School has returned to providing field trips and educational opportunities off-site which enhance the learning experience for all students.

#### CHARTER SCHOOL'S FINANCIAL ADMINISTRATION CONTACT INFORMATION

This financial report is designed to provide a general overview of Evergreen Community Charter School's finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Evergreen Community Charter School, PO Box 523, Mountainhome, Pennsylvania, 18342 or by phone at (570) 595-6355.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Statement of Net Position  
As at June 30, 2023

Exhibit A  
Page 1

---

Current Assets:	
Cash	\$391,387
Restricted cash	10,854
Due from other governments	29,544
Prepaid expenses	15,605
Security deposit	<u>9,000</u>
Total Current Assets	<u>456,390</u>
Noncurrent Assets:	
Capital assets - Net of accumulated depreciation	151,384
Right to use leased asset - Net of amortization	<u>328,576</u>
Total Noncurrent Assets	<u>479,960</u>
Total Assets	<u>936,350</u>

The "Notes to Financial Statements" are in integral part of these  
statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Statement of Net Position  
As at June 30, 2023

Exhibit A  
Page 2

---

Deferred Outflows of Resources:	
Deferred outflows of resources related to pension	<u>442,216</u>
Current Liabilities:	
Pension contributions payable	68,085
Accrued wages	66,668
Payroll taxes payable	7,783
Deferred grant revenue	7,113
Current portion of building lease	<u>170,097</u>
Total Current Liabilities	<u>319,746</u>
Long-term Liabilities:	
Net pension liability	2,712,000
Building lease	<u>176,462</u>
Total Long-term Liabilities	<u>2,888,462</u>
Total Liabilities	<u>3,208,208</u>
Deferred Inflows of Resources:	
Deferred inflows of resources related to pension	<u>138,000</u>
Net Position:	
Net investment in capital assets	133,401
Restricted	3,741
Unrestricted	<u>(2,104,784)</u>
Total Net Position	<u><u>(\$1,967,642)</u></u>

The "Notes to Financial Statements" are in integral part of these  
statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Statement of Activities  
For the Year Ended June 30, 2023

Exhibit B  
Page 1

		Program Revenues			
		Charges for	Operating	Capital Grants	Net
	Expenses	Services	Grants and	and	(Expense)
			Contributions	Contributions	Revenues
Governmental Activities:					
Instructional:					
Regular	(\$845,319)	\$1,391,849	\$2,687	\$0	\$549,217
Special	(261,852)	498,771	9,294	0	246,213
Support:					
Administration	(327,488)	0	0	0	(327,488)
Operation and maintenance	(294,157)	0	40,500	0	(253,657)
Pupil health	(73,421)	0	0	0	(73,421)
Non-Instructional:					
Student activities	(48,548)	52,854	0	0	4,306
Food services	(6,137)	5,122	0	0	(1,015)
School sponsored athletics	(4,796)	0	0	0	(4,796)
Interest	(16,040)	0	0	0	(16,040)
Total Governmental Activities	<u>(\$1,877,758)</u>	<u>\$1,948,596</u>	<u>\$52,481</u>	<u>\$0</u>	<u>\$123,319</u>

The "Notes to Financial Statements" are in integral part of these statements and should be read in conjunction therewith.



EVERGREEN COMMUNITY CHARTER SCHOOL  
Statement of Activities  
For the Year Ended June 30, 2023

Exhibit B  
Page 2

		Program Revenues			
			Operating	Capital Grants	Net
		Charges for	Grants and	and	(Expense)
	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Revenues</u>
General Revenues:					
Grants					\$36,933
Miscellaneous					<u>1,020</u>
Total General Revenues					<u>37,953</u>
Net Changes in Net Position					161,272
Net Position at Beginning of Year					<u>(2,128,914)</u>
Net Position at End of Year					<u><u>(\$1,967,642)</u></u>

The "Notes to Financial Statements" are in integral part of these  
statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Governmental Fund Balance Sheet -  
General Fund  
As at June 30, 2023

Exhibit C

---

Assets:	
Cash and cash equivalents	\$391,387
Restricted cash	10,854
Prepaid expense	15,605
Due from other governments	8,390
Security deposit	<u>9,000</u>
Total Assets	<u><u>\$435,236</u></u>
Liabilities:	
Pension contributions payable	\$68,085
Accrued wages	66,668
Payroll taxes payable	7,783
Deferred grant revenue	<u>7,113</u>
Total Liabilities	149,649
Fund Balances:	
Restricted	3,741
Unassigned	<u>281,846</u>
Total Fund Balances	<u><u>285,587</u></u>
Total Liabilities and Fund Balances	<u><u>\$435,236</u></u>

The "Notes to Financial Statements" are in integral part of these  
statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
As at June 30, 2023

Schedule 1

---

Total Fund Balance - Governmental Fund	\$285,587
--	-----------

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

Tuition payments that have not been received within sixty days of year-end are reported as receivable on the Statement of Net Position but not on the Governmental Funds Balance Sheet.	21,154
---	--------

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet.	151,384
---	---------

Right-to-use leased assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet.	328,576
---	---------

The long-term lease liability is reported on the Statement of Net Position but not on the Governmental Funds Balance Sheet.	(346,559)
---	-----------

Net pension obligations are not due and payable in the current period, and, therefore, are not reported in the governmental-type fund statements.	(2,712,000)
---	-------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental-type fund statements.	<u>304,216</u>
--	----------------

Total Net Position - Governmental Activities	<u><u>(\$1,967,642)</u></u>
--	-----------------------------

The "Notes to Financial Statements" are in integral part of these statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Governmental Fund Statement of Revenues, Expenditures and  
Changes in Fund Balance - General Fund  
For the Year Ended June 30, 2023

Exhibit D

Revenues:	
Local sources	\$2,020,950
State sources	2,687
Federal sources	<u>36,933</u>
Total Revenues	<u>2,060,570</u>
Expenses:	
Instruction:	
Regular programs	894,752
Special programs	<u>275,315</u>
Total Instruction	<u>1,170,067</u>
Support Services:	
Administration	344,173
Operation and maintenance	124,780
Pupil health	<u>78,074</u>
Total Support Services	<u>547,027</u>
Noninstructional Services	
Student activities	48,548
Food services	6,137
School sponsored athletics	<u>4,796</u>
Total Noninstructional Services	<u>59,481</u>
Debt Service	<u>180,000</u>
Total Expenses	<u>1,956,575</u>
Net Changes in Fund Balance	103,995
Fund Balance at Beginning of Year	<u>181,592</u>
Fund Balance at End of Year	<u><u>\$285,587</u></u>

The "Notes to Financial Statements" are in integral part of these  
statements and should be read in conjunction therewith.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Reconciliation of the Governmental Fund Statement of Revenues,  
Expenditures, and Changes in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2023

Schedule 2

---

Net Changes in Fund Balance - Governmental Fund	\$103,995
---	-----------

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

Tuition payments that have not been received within sixty days of year-end are not considered "available", and are not reported as revenue on the governmental fund.	(21,540)
--	----------

Principal payments on the building lease are reported as expenditures on the governmental funds but are recorded as a reduction of the lease liability on the governmental-wide statements.	163,960
---	---------

Amortization of the right-to-use asset is recorded as an expenditure on the government-wide statement activities, but not on the governmental funds.	(164,287)
--	-----------

Capital outlay is reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of capitalized assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay during the year.	(24,333)
---	----------

The change in net pension liability, along with the recording of deferred inflows and deferred outflows of resources relating to the pension, resulted in additional pension expense on the Statement of Activities.	103,477
--	---------

Net Changes in Net Position - Governmental Activities	<u><u>\$161,272</u></u>
---	-------------------------

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 1

---

Note 1: Summary of Significant Accounting Policies:

Organization

Evergreen Community Charter School is an academic charter school located in Monroe County, Pennsylvania. The Charter School opened in 1996 as Evergreen Community School and obtained charter school status for the 2006-2007 fiscal year. The Charter School provides a quality education for students in grades six through twelve.

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Charter School applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole.

The statement of net position presents the financial condition of the governmental activities of the Charter School at year-end and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and other obligations. The Charter School's net position is reported in three parts, when applicable - net investment in capital assets; restricted; and unrestricted. The restricted component of net position utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not properly included among program revenues are reported instead as general revenues.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 2

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements

The Charter School's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses, as appropriate. At this time, the Charter School uses only the governmental fund type. A brief description of its accounting purpose is discussed below.

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. For the classification of Governmental Funds, the Charter School considers an expenditure to be made from the most restrictive first, when more than one classification is available. The Charter School has one governmental fund, the General Fund, which is always considered a major fund:

General Fund

The General Fund is the general operating fund of the Charter School. It is used to account for all financial resources, except those required to be accounted for in another fund.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 3

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Basis of Accounting/Measurement Focus

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The governmental fund types follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The Charter School considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest payments on long-term debt, which is recognized when due, are recorded when the related fund liability is incurred, if measurable. Expenditures for services to be performed in future years are recorded as prepayments. Materials and supplies are considered expenditures when purchased.



EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 4

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Basis of Accounting/Measurement Focus (Continued)

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned because they are measurable and available.

Grant revenues are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Conversely, when such funds are received in advance, they are recorded as deferred revenues until earned.

Cash and Cash Equivalents

Cash and cash equivalents include demand and interest-bearing bank deposits and are carried at cost plus accrued interest, which approximates fair value.

Use of Estimates

The preparation of the basic 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.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations do not lapse at fiscal year-end and outstanding encumbrances are recorded as a reserve of the fund balance. Accordingly, differences may exist between actual results and the applicable budgetary data presented in the accompanying financial statements. There were no encumbrances as of June 30, 2023.

Capital Assets

Capital assets, which include leasehold improvements and furniture and equipment, are reported in the applicable governmental column on the government-wide financial statements. Capital assets are recorded at cost. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 5

Note 1: Summary of Significant Accounting Policies: (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Charter School are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	5-20
Furniture and equipment	5

Right-to-use Assets

The Charter School has recorded a right-to-use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease. See Notes 4 and 6 for additional information.

Equity Classification - Government-Wide Financial Statements

Equity is classified as net position and is displayed in three components for government-wide presentation:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "net investment in capital assets."

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 6

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Equity Classification - Governmental Fund Financial Statements

In the fund financial statements, the Charter School reports fund balance classifications in accordance with the provisions of GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following are the Charter School's fund balance categories:

Non-Spendable - Not in spendable form or legally or contractually required to remain intact.

Restricted - Externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – Can only be used for specific purposes pursuant to constraints by formal action of the highest level of decision-making authority. The Charter School's Committed Fund Balance is fund balance reporting required by the Charter School Trustees, either because of a Charter School Policy or the Charter School Policy Manual, or because of motions that passed at Board meetings.

Assigned - Constrained by intent to be used for a specific purpose. The Charter School's Assigned Fund Balance is fund balance reported under the direction of authorized Charter School Personnel.

Unassigned - Residual classification of the Charter School's general fund and includes all spendable amounts not contained in the other classifications.

Currently, the Charter School has Restricted and Unassigned Fund Balance.

No minimum fund balance policies have been established.

For the General Fund, the Charter School's policy is to first use externally restricted resources and then use unrestricted resources - committed, assigned, and unassigned - in order as needed. When both restricted and unrestricted resources are available for use in funds other than the General Fund, it is the Charter School's policy to first use unrestricted resources - committed, and assigned - in order as needed, and then use externally restricted resources.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 7

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Pension

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

***General Information about the Pension Plan***

Plan Description

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

PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 8

Note 1: Summary of Significant Accounting Policies: (Continued)

Benefits Provided (Continued)

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 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 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.

Contributions

Member Contributions:

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

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 9

Note 1: Summary of Significant Accounting Policies: (Continued)

Contributions (Continued)

Member Contributions (Continued)

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

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

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

Employees who become an active member of PSERS on or after July 1, 2019, are enrolled in a hybrid plan that has a defined benefit and defined contribution component. Members who joined PSERS after June 30, 2019, automatically contribute at the Membership Class T-G rate of 8.25% (base rate), including a 2.75% defined contribution component of the member's qualifying compensation. All new hires after June 30, 2019, who elect T-H membership, contribute at 7.50% (base rate), including a 3.00% defined contribution component of the member's qualifying compensation. Membership Class T-G and T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%. All new members can also elect a DC membership and contribute at 7.50% (base rate) to a defined contribution plan that has no defined benefit component.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 10

---

Note 1: Summary of Significant Accounting Policies: (Continued)

Contributions (Continued)

Employer Contributions:

The Charter School's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$339,788 for the year ended June 30, 2023

Note 2: Cash and Cash Equivalents:

Deposit and Investment Policy

The Charter School does not have a formally adopted deposit and investment policy that limits allowable deposits or investments and addresses the specific types of risk to which they are exposed.

Custodial Credit Risk to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. The Charter School's policy for minimizing credit risk for bank balances exceeding Federal Deposit Insurance Corporation's (FDIC) insured limits relies upon Act 72 of 1971. The Act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. At year-end, deposits in excess of FDIC coverage totaled \$173,818.

Credit Risk

The Charter School is permitted to invest funds in U.S. Treasury Bills, Short-Term Obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, Certificates of Deposit, Secured Purchase Agreements, authorized Investment Trust Companies, and Time or Share Accounts of Institutions insured or secured by the FDIC to the extent such certificates are insured by a proper bond or collateral in accordance with the law.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 11

Note 3: Capital Assets:

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Capital Assets Being Depreciated:				
Leasehold Improvements	\$431,516	\$0	\$0	\$431,516
Equipment	196,397	21,025	0	217,422
Total Depreciable Capital Assets	627,913	21,025	0	648,938
Less: Accumulated Depreciation	(452,196)	(45,358)	0	(497,554)
Total Capital Assets, Net of Accumulated Depreciation	<u>\$175,717</u>	<u>(\$24,333)</u>	<u>\$0</u>	<u>\$151,384</u>

Depreciation was charged to governmental activities as follows:

Instruction:	
Regular	\$24,957
Support Services:	
Operation of Plant and Maintenance	<u>20,401</u>
Total	<u>\$45,358</u>

Note 4: Right-to-use Leased Asset:

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Right-to-use Assets				
Leased building	\$821,437	\$0	\$0	\$821,437
Less: Accumulated Amortization	(328,574)	(164,287)	0	(492,861)
Total Right-to-use Assets, Net of Accumulated Amortization	<u>\$492,863</u>	<u>(\$164,287)</u>	<u>\$0</u>	<u>\$328,576</u>



EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 12

Note 5: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2023, the Charter School reported a liability of \$2,712,000 for its proportionate share of PSERS 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 Charter School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll for all participating PSERS participating employers. At June 30, 2023, the Charter School's proportion was 0.0063%, which was the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$224,794. At June 30, 2023, the Charter School reported deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportions	\$12,000	\$69,000
Difference between projected and actual investment earnings	0	46,000
Difference between expected and actual experience	1,000	23,000
Changes in assumptions	81,000	0
Contributions subsequent to the measurement date	<u>348,216</u>	<u>0</u>
Total	<u>\$442,216</u>	<u>\$138,000</u>

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 13

Note 5: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

\$348,216 reported as deferred outflows of resources related to pensions resulting from Charter 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:

2024	(\$2,000)
2025	(\$13,000)
2026	(\$94,000)
2027	\$64,000

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:

- Actuarial cost method – Entry Age Normal – level % of pay.
- The Investment Rate of 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 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:
  - o Salary growth rate - decreased from 5.00% to 4.50%.
  - o 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.
  - o 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.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 14

Note 5: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

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

The 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.

Asset Management

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
MLPs/Infrastructure	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Financing (LIBOR)	<u>(11.0%)</u>	0.5%
Total	<u>100.0%</u>	

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

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 15

Note 5: Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Discount rate

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

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

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Charter School's proportionate share of the net pension liability	\$3,508,000	\$2,712,000	\$2,041,000

Pension Plan Fiduciary Net Position

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

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 16

Note 6: Lease:

On July 30, 2020, the Charter School entered into a lease with the Evergreen Community School Foundation for use of the school facility. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The lease requires 60 monthly payments of \$15,000. The lease liability is measured at a discount rate of 3.68%. While this rate is not stated in the lease agreement, it was estimated based on the borrowing rates of other local education agencies, adjusted for the Charter School's expected risk and credit worthiness. As a result of the lease, the Charter School has recorded a right to use asset with a net book value of \$328,576.

Schedule of lease activity for the 2022-2023 fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Building lease	\$510,519	\$0	(\$163,960)	\$346,559	\$170,097

Schedule of Maturities:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	170,097	9,903	180,000
2025	176,462	3,538	180,000
	<u>\$346,559</u>	<u>\$13,441</u>	<u>\$360,000</u>

Note 7: Economic Dependency:

Evergreen Community Charter School receives the majority of its funding through tuition charged to participating school districts for providing educational services to students. The majority of tuition fees are received from Pocono Mountain School District, the jurisdiction in which the Charter School is located. In addition, students from East Stroudsburg Area, Stroudsburg Area, Pleasant Valley, and Wallenpaupack Area School Districts also attend the Charter School; hence tuition is also paid by these school districts.

EVERGREEN COMMUNITY CHARTER SCHOOL  
Notes to Financial Statements  
As at June 30, 2023

Page 17

---

Note 8: Related Party Transactions:

Evergreen Community School Foundation (the Foundation) is a related party to Evergreen Community Charter School. The Foundation operated the School prior to when it obtained Charter School status from the Pennsylvania Department of Education.

On July 30, 2020, the Charter School entered into an operating lease with the Foundation for use of the school facility for the five-year period ending June 30, 2025. See Note 6 for additional information. The Charter School also received \$37,500 in contributions from the Foundation for the 2022-2023 school year to help with operating costs.

Note 9: Risk Management:

The Charter School is exposed to various risks of loss related to theft of, damage to, or destruction of assets, errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The Charter School manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors, and omissions	Purchased commercial insurance	Limited
Workers compensation, health and life	Purchased commercial insurance	Limited
Physical property loss and natural disasters	Purchased commercial insurance	Limited

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Charter School. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Note 10: Subsequent Events:

Management has evaluated subsequent events through December 14, 2023, the date the financial statements were available to be issued.

EVERGREEN COMMUNITY CHARTER SCHOOL

REQUIRED SUPPLEMENTARY  
INFORMATION

EVERGREEN COMMUNITY CHARTER SCHOOL  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual (GAAP Basis) - General Fund  
For the Year Ended June 30, 2023

Schedule 3  
Page 1

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:				
Local sources	\$1,994,658	\$1,994,658	\$2,020,950	\$26,292
State sources	34,950	34,950	2,687	(32,263)
Federal sources	<u>0</u>	<u>0</u>	<u>36,933</u>	<u>36,933</u>
Total Revenues	<u>2,029,608</u>	<u>2,029,608</u>	<u>2,060,570</u>	<u>30,962</u>
Expenditures:				
Instruction:				
Regular programs	1,142,850	1,142,850	894,752	248,098
Special programs	<u>212,169</u>	<u>212,169</u>	<u>275,315</u>	<u>(63,146)</u>
Total Instruction	<u>1,355,019</u>	<u>1,355,019</u>	<u>1,170,067</u>	<u>184,952</u>
Support Services:				
Administration	260,549	260,549	344,173	(83,624)
Operation and maintenance	293,510	293,510	124,780	168,730
Pupil health	<u>81,030</u>	<u>81,030</u>	<u>78,074</u>	<u>2,956</u>
Total Support Services	<u>\$635,089</u>	<u>\$635,089</u>	<u>\$547,027</u>	<u>\$88,062</u>



EVERGREEN COMMUNITY CHARTER SCHOOL  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget and Actual (GAAP Basis) - General Fund  
For the Year Ended June 30, 2023

Schedule 3  
Page 2

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Noninstructional Services:				
Student activities	\$24,500	\$24,500	\$48,548	(\$24,048)
Food services	5,000	5,000	6,137	(1,137)
School sponsored athletics	<u>10,000</u>	<u>10,000</u>	<u>4,796</u>	<u>5,204</u>
Total Noninstructional Services	<u>39,500</u>	<u>39,500</u>	<u>59,481</u>	<u>(19,981)</u>
Debt Service	<u>0</u>	<u>0</u>	<u>180,000</u>	<u>(180,000)</u>
Total Expenses	<u>2,029,608</u>	<u>2,029,608</u>	<u>1,956,575</u>	<u>73,033</u>
Net Changes in Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	103,995	<u><u>\$103,995</u></u>
Fund Balance at Beginning of Year			<u>181,592</u>	
Fund Balance at End of Year			<u><u>\$285,587</u></u>	

EVERGREEN COMMUNITY CHARTER SCHOOL  
Schedule of Proportionate Share  
of the Net Pension Liability  
For the Year Ended June 30, 2023

Schedule 4

For the Years Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charter School's portion of the net pension liability	<u>0.0061%</u>	<u>0.0063%</u>	<u>0.0063%</u>	<u>0.0062%</u>	<u>0.0057%</u>	<u>0.0057%</u>	<u>0.0053%</u>	<u>0.0051%</u>	<u>0.0049%</u>	<u>0.0042%</u>
Charter School's proportionate share of the net pension liability	<u>\$2,712,000</u>	<u>\$2,587,000</u>	<u>\$3,102,000</u>	<u>\$2,901,000</u>	<u>\$2,736,000</u>	<u>\$2,815,000</u>	<u>\$2,627,000</u>	<u>\$2,209,000</u>	<u>\$1,939,000</u>	<u>\$1,719,000</u>
Charter School's covered-employee payroll	<u>\$892,212</u>	<u>\$885,490</u>	<u>\$884,282</u>	<u>\$858,294</u>	<u>\$766,938</u>	<u>\$763,511</u>	<u>\$691,647</u>	<u>\$661,078</u>	<u>\$621,100</u>	<u>\$539,727</u>
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>303.96%</u>	<u>292.15%</u>	<u>350.79%</u>	<u>338.00%</u>	<u>356.74%</u>	<u>368.69%</u>	<u>379.82%</u>	<u>334.15%</u>	<u>312.19%</u>	<u>318.49%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>	<u>57.24%</u>	<u>54.49%</u>

EVERGREEN COMMUNITY CHARTER SCHOOL  
Schedule of Contributions  
For the Year Ended June 30, 2023

Schedule 5

For the Year Ended June 30:	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$339,789	\$304,601	\$298,322	\$295,792	\$279,004	\$255,756	\$217,513	\$172,912	\$129,771
Contributions in relation to the contractually required contribution	<u>339,789</u>	<u>304,601</u>	<u>298,322</u>	<u>295,792</u>	<u>279,004</u>	<u>255,756</u>	<u>217,513</u>	<u>172,912</u>	<u>129,771</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Charter School's covered-employee payroll	<u>\$984,610</u>	<u>\$892,212</u>	<u>\$885,490</u>	<u>\$884,282</u>	<u>\$858,294</u>	<u>\$766,938</u>	<u>\$763,511</u>	<u>\$691,647</u>	<u>\$661,078</u>
Contributions as a percentage of covered-employee payroll	<u>34.51%</u>	<u>34.14%</u>	<u>33.69%</u>	<u>33.45%</u>	<u>32.51%</u>	<u>33.35%</u>	<u>28.49%</u>	<u>25.00%</u>	<u>19.63%</u>