



*BASIC FINANCIAL STATEMENTS*

*JUNE 30, 2022*

*AND*

*REPORT OF INDEPENDENT*

*CERTIFIED PUBLIC ACCOUNTANTS*

*AND*

*SUPPLEMENTARY INFORMATION*

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-10
STATEMENT OF NET POSITION	11
STATEMENT OF NET ACTIVITIES	12
BALANCE SHEET – GENERAL FUND	13
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES	14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – GENERAL FUND	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENT OF NET POSITION- FOOD SERVICE FUND	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION- FOOD SERVICE FUND	18
STATEMENT OF CASH FLOWS- FOOD SERVICE FUND	19
NOTES TO THE BASIC FINANCIAL STATEMENTS	20-39
<u>REQUIRED SUPPLEMENTARY INFORMATION – OTHER FINANCIAL STATEMENTS</u>	
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	40
SCHEDULE OF SCHOOL CONTRIBUTIONS TO THE PENSION PLAN	41
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE OPEB LIABILITY	42
SCHEDULE OF SCHOOL CONTRIBUTIONS – OPEB	43
<u>SUPPLEMENTARY INFORMATION</u>	
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND BUDGET (NON GAAP BASIS) VS ACTUAL	44
SINGLE AUDIT	45-57

**MURPHY, DOUGHERTY & COMPANY**  
**Certified Public Accountants**

1310 Church Street, Suite 3000, Route 690 • Moscow, PA 18444

Ph: (570) 848 2866 • Fax: (570) 848 2833

J. PAUL MURPHY, CPA  
MICHAEL DOUGHERTY, CPA

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

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

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

**Opinions**

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

**Adverse Opinion**

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the Bear Creek Community Charter School as of June 30, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

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

**Basis for Opinion**

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

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

**Change in Accounting Principle**

As described in Note 1 to the financial statements, Bear Creek Community Charter School adopted new accounting guidance, GASB Statement No. 87, "Leases". Our opinions are not modified with respect to that matter.

**Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

**Auditor's Responsibility for the Audit of the Financial Statements**

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

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

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

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

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.

**Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit**

The financial statements do not include financial data for the School's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the School's primary government unless the School also issues financial statements for the financial reporting entity that include the financial data for its component unit. The School has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$22,258,232, \$17,664,912, \$4,593,320, \$1,345,612, and \$1,067,710, respectively as of and for the year ended December 31, 2021.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bear Creek Community Charter School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the supplementary information on pages 40 through 57 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information on pages 40 through 57 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023 on our consideration of Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bear Creek Community Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control over financial reporting and compliance.

Moscow, Pennsylvania  
January 20, 2023

*Murphy Dougherty & Co. CPAs*

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The discussion and analysis of Bear Creek Community Charter School's (the "School") financial performances provides an overall review of the School's financial activities for the year ended June 30, 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 independent auditors' report, the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

**USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS (GAAP) REPORT**

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

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

As management of the School, we provide readers of the financial statements of the School this narrative overview and analysis summarizing the financial activities of the School for the year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The School's General Fund revenues increased by a total of \$436,442 for the fiscal year ending June 30, 2022. A detail of the revenue sources for the years ended June 30, 2022 and 2021 as well as the related increases and decreases are summarized below.

<u>Revenue Source</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Federal	\$ 1,036,351	\$ 976,394	\$ 59,957
State	105,582	85,402	20,180
School Districts	7,199,461	6,822,483	376,978
Other	<u>27,409</u>	<u>48,082</u>	<u>(20,673)</u>
Total Revenue	\$ <u>8,368,803</u>	\$ <u>7,932,361</u>	\$ <u>436,442</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

- The School's General Fund expenditures increased by a total of \$1,877,983 for the fiscal year ending June 30, 2022. A detail of the expenditures for the years ended June 30, 2022 and 2021 as well as the related increases and decreases are summarized below.

<u>Expenditures</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Instructional	\$ 3,620,617	\$ 3,627,159	\$ (6,542)
Support	5,298,679	3,378,134	1,920,545
Non-Instructional	31,762	12,134	19,628
Capital Outlay	<u>1,103</u>	<u>56,751</u>	<u>(55,648)</u>
Total Expenditures	\$ <u>8,952,161</u>	\$ <u>7,074,178</u>	\$ <u>1,877,983</u>

- The Food Service Fund includes funding from lunch and breakfast sales, federal subsidies, state subsidies and a minimal amount of other funding. The School's Food Service Fund revenues increased by a total of \$254,889 for the fiscal year ending June 30, 2022. A detail of the revenue sources for the years ended June 30, 2022 and 2021 as well as the related increases are summarized below.

<u>Revenue Source</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Sales	\$ 63,386	\$ 77,301	\$ (13,915)
Interest	2	1	1
State Subsidies	10,533	5,628	4,905
Federal Subsidies	<u>388,450</u>	<u>124,552</u>	<u>263,898</u>
Total Funding	\$ <u>462,371</u>	\$ <u>207,482</u>	\$ <u>254,889</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

- The School's Government-Wide cash and cash equivalents balance at June 30, 2022 and 2021 consisted of the following:

<u>Source</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Checking	\$ 366,388	\$ 341,799	\$ 24,589
Money Market	2,312,152	2,709,238	(397,086)
Cash on Hand	<u>500</u>	<u>472</u>	<u>28</u>
Total Funding	\$ <u>2,679,040</u>	\$ <u>3,051,509</u>	\$ <u>(372,469)</u>

- The Government-Wide assets of the School exceeded liabilities at June 30, 2022 and June 30, 2021. A summary of net position is as follows:

<u>Source</u>	<u>2022</u>	<u>2021 (as re- stated for GASB 87)</u>	<u>Increase/ (Decrease)</u>
Invested in capital assets, net of related debt	\$ 8,682,606	\$ 7,534,012	\$ 1,148,594
Unrestricted	<u>(2,921,161)</u>	<u>(3,222,941)</u>	<u>301,780</u>
Total Net Position	\$ <u>5,761,445</u>	\$ <u>4,311,071</u>	\$ <u>1,450,374</u>

- For the year ended June 30, 2022, the School had capital asset additions totaling \$368,263 in the General Fund and there were no additions in the Food Service Fund. The School had capital asset additions totaling \$297,007 in the General Fund and no additions in the Food Service Fund for the year ended June 30, 2021.
- For the year ended June 30, 2022, disposition of assets totaled \$29,678 resulting in a loss of \$4,814 on the disposition of assets. In the Government-Wide financial statements for the year ended June 30, 2021, disposition of assets totaled \$148,200 resulting in a gain of \$436 on the disposition of assets

OVERVIEW OF FINANCIAL STATEMENTS

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



BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

**Governmental Fund**

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

In particular, fund balance may serve as a useful measure of the School's net resources available for program purposes at the end of the fiscal year. For the fiscal year ended June 30, 2022, the School's Governmental Fund reported a surplus \$2,300,828.

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

Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the Governmental Fund and governmental activities. The General Fund is the only Governmental Fund.

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

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

***Proprietary Fund***

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator in tracking changes in the School's financial position. In this case, the School's assets exceeded liabilities by \$5,764,471 as of June 30, 2022 and \$4,311,071 as of June 30, 2021.

	2022	2021 (as re- stated for GASB 87)
	<u>                    </u>	<u>                    </u>
ASSETS		
Current assets	\$ 3,538,773	\$ 3,998,098
Capital assets	23,139,109	22,355,752
Deferred Outflows of Resources	<u>591,947</u>	<u>584,438</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>27,269,829</u>	\$ <u>26,938,288</u>
LIABILITIES	\$ <u>20,828,146</u>	\$ <u>22,600,138</u>
Deferred Inflows of Resources	<u>677,212</u>	<u>27,079</u>
NET POSITION		
Invested in capital assets, net of related debt	\$ 8,685,632	\$ 7,539,185
Unrestricted	<u>(2,921,161)</u>	<u>(3,228,114)</u>
TOTAL NET POSITION, as restated	\$ <u>5,764,471</u>	\$ <u>4,311,071</u>

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The School's net position reflects its investment in capital assets (i.e. buildings and equipment) less any related debt used to acquire those assets that is still outstanding. Related debt included a capital lease payable of \$14,074,503 as of June 30, 2022 and \$14,816,567 as June 30, 2021 as re-stated for GASB 87.

**Comparison to Budget**

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

- Revenue from federal sources was more than budgeted by \$71,553 due to two additional funding streams. The first was funds from the Pennsylvania CSP Grant Program. Additionally, ARP ESSER set asides were used.
- Regular Education Instructional service expenditures were less than budgeted by \$121,786 for several reasons. Some new employees did not take all of the benefits offered and some employees did not achieve their maximum incentive payment potential. Additionally, the need for substitute teachers was over-estimated. Finally, some off campus educational activities were reduced due to the ongoing effects of COVID.
- Special Education Instructional service expenditures were less than budgeted by \$55,645 for two reasons. One, some new employees did not take all of the benefits offered and two, some employees did not achieve their maximum incentive payment potential.
- Operation of maintenance of plant services expenditures were \$235,890 less than budgeted for several reasons. Equipment estimated to cost \$100,000 was not purchased and will be purchased in a subsequent year. Additionally, a camera and software installation was not completed and final costs will be included in the next fiscal year. Finally, trash removal, cost of maintaining the septic system, and general repairs and maintenance costs were over-estimated.
- Operation of Non-Instructional Services included an estimate of \$20,000 for a scoreboard that was not purchased during the fiscal year.
- Capital Outlay included an estimate of \$50,000 for a salt shed that was not purchased during the fiscal year.

BEAR CREEK COMMUNITY CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

REQUESTS FOR INFORMATION

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

**BEAR CREEK COMMUNITY CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,660,467	\$ 18,573	\$ 2,679,040
Intergovernmental Receivables	626,257	10,705	636,962
Prepaid Expenses	143,623	-	143,623
Internal Receivable	-	62,704	62,704
Other Current Assets	16,444	-	16,444
Total Current Assets	3,446,791	91,982	3,538,773
<b>NON-CURRENT ASSETS</b>			
Prepaid Lease	7,149,036	-	7,149,036
Leasehold Improvements	2,402,065	-	2,402,065
Fixtures and Equipment	2,508,779	260,433	2,769,212
Accumulated Depreciation	(1,841,887)	(257,407)	(2,099,294)
Right-of-use Asset	16,491,129	-	16,491,129
Accumulated Amortization	(3,573,039)	-	(3,573,039)
Total Non-current Assets	23,136,083	3,026	23,139,109
Total Assets	26,582,874	95,008	26,677,882
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to OPEB	13,302	252	13,554
Deferred amounts related to pensions	567,659	10,734	578,393
Total Deferred Outflows of Resources	580,961	10,986	591,947
Total Assets and Deferred Outflows of Resources	27,163,835	105,994	27,269,829
<b>LIABILITIES</b>			
Accounts Payable	91,713	11,311	103,024
Accrued Salaries & Benefits	956,087	-	956,087
Internal Payable	62,704	-	62,704
Capital Lease Payable, Current	378,974	-	378,974
Other Current Liabilities	35,459	7,395	42,854
<b>NON-CURRENT LIABILITIES</b>			
Capital Lease Payable	14,074,503	-	14,074,503
Net Other Post Employment Benefit Liability	274,304	8,696	283,000
Net Pension Liability	4,834,299	92,701	4,927,000
Total Liabilities	20,708,043	120,103	20,828,146
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to OPEB	20,424	386	20,810
Deferred amounts related to pensions	644,220	12,182	656,402
Total Deferred Inflows of Resources	664,644	12,568	677,212
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	8,682,606	3,026	8,685,632
Unrestricted (Deficit)	(2,891,458)	(29,703)	(2,921,161)
TOTAL NET POSITION	\$ 5,791,148	\$ (26,677)	\$ 5,764,471

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF NET ACTIVITIES  
FOR THE YEAR ENDING June 30, 2022

	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>GOVERNMENTAL ACTIVITIES</u>						
<u>INSTRUCTION:</u>						
Regular	\$ 2,054,040	\$ 4,184,903	\$ 464,261	\$ 2,595,124	\$ -	\$ 2,595,124
Special	856,468	3,014,558	307,354	2,465,444	-	2,465,444
Other	65,700	-	57,180	(8,520)	-	(8,520)
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>2,976,208</b>	<b>7,199,461</b>	<b>828,795</b>	<b>5,052,048</b>	<b>-</b>	<b>5,052,048</b>
<u>SUPPORT SERVICES:</u>						
Pupil Personnel	152,027		5,000	(147,027)	-	(147,027)
Instructional Staff	264,661		65,445	(199,216)	-	(199,216)
Administration	504,312		30,004	(474,308)	-	(474,308)
Pupil Health	142,506		9,810	(132,696)	-	(132,696)
Business	233,961		-	(233,961)	-	(233,961)
Operation and Maintenance of Plant Services	1,042,000		113,154	(928,846)	-	(928,846)
Central	182,447		6,857	(175,590)	-	(175,590)
Other Support Services	74		77,688	77,614	-	77,614
Unallocated Depreciation Expense	263,486		-	(263,486)	-	(263,486)
Unallocated Amortization Expense	563,699		-	(563,699)	-	(563,699)
Interest on Long-Term Debt	629,234		-	(629,234)	-	(629,234)
<b>TOTAL SUPPORT SERVICES</b>	<b>3,978,407</b>	<b>-</b>	<b>307,958</b>	<b>(3,670,449)</b>	<b>-</b>	<b>(3,670,449)</b>
<u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u>						
	29,875	-	5,180	(24,695)	-	(24,695)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>6,984,490</b>	<b>7,199,461</b>	<b>1,141,933</b>	<b>1,356,904</b>	<b>-</b>	<b>1,356,904</b>
<u>BUSINESS TYPE ACTIVITY:</u>						
<u>FOOD SERVICE</u>						
	388,190	63,386	398,983	-	74,179	74,179
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,372,680</b>	<b>\$ 7,262,847</b>	<b>\$ 1,540,916</b>	<b>\$ 1,356,904</b>	<b>\$ 74,179</b>	<b>\$ 1,431,083</b>
<u>GENERAL REVENUES</u>						
Investment earnings				3,202	2	3,204
Gain on disposition of assets				(4,814)	-	(4,814)
Miscellaneous income				23,927	-	23,927
Transfers				-	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<b>22,315</b>	<b>2</b>	<b>22,317</b>
Change in Net Position				1,379,219	74,181	1,453,400
<b>NET POSITION, BEGINNING OF YEAR, AS RE-STATE</b>				<b>4,411,929</b>	<b>(100,858)</b>	<b>4,311,071</b>
<b>NET POSITION, END OF YEAR</b>				<b>\$ 5,791,148</b>	<b>\$ (26,677)</b>	<b>\$ 5,764,471</b>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2022

	<u>GENERAL</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 2,660,467
Intergovernmental Receivables	626,257
Prepaid Expenses	143,623
Other Current Assets	<u>16,444</u>
 TOTAL ASSETS	 <u>\$ 3,446,791</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 91,713
Accrued Salaries & Benefits	956,087
Due to Food Service Fund	62,704
Other Current Liabilities	<u>35,459</u>
 TOTAL LIABILITIES	 <u>1,145,963</u>
 <u>FUND BALANCES</u>	
Nonspendable:	
Prepaid Expenses	143,623
Committed for:	
Capital Projects	1,288,251
Unassigned	<u>868,954</u>
 TOTAL FUND BALANCES	 <u>2,300,828</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 3,446,791</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

General Fund Balance \$ 2,300,828

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

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

Prepaid Lease	7,149,036	
Leasehold Improvements	2,402,065	
Furniture and Equipment	2,508,779	
Right-of-use Asset, net	12,918,090	
Accumulated Depreciation	<u>(1,841,887)</u>	
Total Capital Assets		23,136,083

The long-term lease payables are not due and payable in the current period and  
therefore are not reported as liabilities in the funds. (14,453,477)

The pension liability is not expected to be liquidated with expendable  
available financial resources and therefore are not reported in the funds. (4,834,299)

The other post employment benefit liability is not expected to be liquidated with  
expendable available financial resources and therefore are not reported in the funds. (274,304)

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

The difference between projected and actual earnings on pension plan  
and OPEB investments should be recognized in pension expense using a  
systematic and rational method over a closed five-year period, beginning  
in the current reporting period. (664,644)

Contributions to the pension and OPEB plans from the employer subsequent  
to the measurement date of the net pension liability and before the end of  
the reporting period should be reported as a deferred outflow of resources  
related to pensions. 580,961

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,791,148

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



BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE- GENERAL FUND  
FOR THE YEAR ENDING JUNE 30, 2022

<u>REVENUES</u>	
Local Sources	\$ 7,226,870
State Sources	105,582
Federal Sources	<u>1,036,351</u>
TOTAL REVENUES	<u>8,368,803</u>
<u>EXPENDITURES</u>	
<u>Instructional Services</u>	
Regular	2,531,306
Special	1,018,420
Other Instructional Programs	<u>70,891</u>
Total Instructional Services	<u>3,620,617</u>
<u>Support Services</u>	
Pupil Personnel	152,027
Instructional Staff	356,401
Administration	571,012
Pupil Health	171,129
Business	281,360
Operation and Maintenance of plant services	2,435,232
Central	220,191
Other Support Services	<u>119,003</u>
Total Support Services	<u>4,306,355</u>
Operation of Non-Instructional Services	31,762
Capital Outlay	<u>1,103</u>
<u>Debt Service</u>	
Interest	629,234
Principal	<u>363,090</u>
TOTAL EXPENDITURES	<u>8,952,161</u>
EXCESS OF REVENUES OVER EXPENDITURES	(583,358)
<u>OTHER FINANCING USES</u>	
Transfers Out	<u>-</u>
NET CHANGE IN FUND BALANCE	(583,358)
FUND BALANCE-BEGINNING	<u>2,884,186</u>
FUND BALANCE-ENDING	<u>\$ 2,300,828</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2022

Net change in Fund Balance- General Fund \$ (583,358)

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Adjustments in the current period are as follows:

Capital Outlay	368,263	
Prepaid Lease	1,500,000	
Disposition of Assets	(29,678)	
Accumulated Depreciation on Assets Disposed	24,584	
Lease Amortization	(814,179)	
Depreciation expense	<u>(263,486)</u>	
Net change		<u>785,504</u>

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

Capital Lease Payments	<u>363,090</u>	
		<u>363,090</u>

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

Pension Contributions	567,659	
Cost of benefits earned net of employee contributions	<u>247,322</u>	
Net Change		<u>814,981</u>

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

OPEB Contributions	13,302	
Cost of benefits earned net of employee contributions	<u>(14,300)</u>	
Net Change		<u>(998)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,379,219

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF NET POSITION  
FOOD SERVICE FUND  
JUNE 30, 2022

ASSETS

Cash and Cash Equivalents	\$ 18,573
Due from General Fund	62,704
Intergovernmental Receivables	<u>10,705</u>

Total Current Assets 91,982

Furniture & Equipment	260,433
Accumulated Depreciation	<u>(257,407)</u>
Total Non-Current Assets	<u>3,026</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to OPEB	252
Deferred amounts related to pensions	<u>10,734</u>

Total Deferred Outflows of Resources 10,986

Total Assets and Deferred Outflows of Resources 105,994

LIABILITIES

Accounts Payable	11,311
Prepayments	7,395
Net Other Post Employment Benefit Liability	8,696
Net Pension Liability	<u>92,701</u>

TOTAL LIABILITIES 120,103

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to OPEB	386
Deferred amounts related to pensions	<u>12,182</u>

Total Deferred Inflows of Resources 12,568

NET POSITION

Invested in capital assets, net of related debt	3,026
Unrestricted (Deficit)	<u>(29,703)</u>

TOTAL NET POSITION \$ (26,677)

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSTION- FOOD SERVICE FUND  
FOR THE YEAR ENDING JUNE 30, 2022

OPERATING REVENUE

Food service revenue	\$ 63,386
----------------------	-----------

OPERATING EXPENSES

Salaries	134,751
Employee benefits	29,096
Purchased Professional & Technical Services	183
Purchased property services	2,278
Other purchased services	108
Supplies	219,627
Depreciation	<u>2,147</u>

Total Operating Expenses	<u>388,190</u>
--------------------------	----------------

Operating Income(Loss)	<u>(324,804)</u>
------------------------	------------------

NON-OPERATING REVENUES (EXPENSES)

Earnings on investments	2
State sources	10,533
Federal sources	<u>388,450</u>

Total Non-Operating Revenue (Expenses)	<u>398,985</u>
--	----------------

Change in net position	74,181
------------------------	--------

Transfer from General Fund	-
----------------------------	---

NET POSITION, BEGINNING OF YEAR	<u>(100,858)</u>
---------------------------------	------------------

NET POSITION, END OF YEAR	<u>\$ (26,677)</u>
---------------------------	--------------------

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
FOOD SERVICE FUND  
FOR THE YEAR ENDING JUNE 30, 2022

	<u>FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 5,131
Cash payments to employees for services	(179,240)
Cash payments to suppliers for goods and services	(211,665)
Net Cash Used for Operating Activities	<u>(385,774)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING SOURCES</u>	
Transfer from General Fund	-
Local Sources	-
State sources	10,604
Federal sources	384,640
Net Cash Provided by Non-capital Financing Activities	<u>395,244</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Equipment	-
Net Cash Used for Capital and Related Financing Activities	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Earnings on investments	2
Net Cash Provided by Investing Activities	<u>2</u>
Net Increase in Cash and Cash Equivalents	9,472
CASH AND CASH EQUIVALENTS, BEG. OF YEAR	9,101
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 18,573</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>	
Operating Loss	(324,804)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	2,147
Decrease in deferred outflows	1,029
Increase in due from General Fund	(62,704)
Increase in accounts payable	10,531
Increase in deferred inflows	12,011
Increase in Other Post Employment Benefit Liability	54
Decrease in pension liability	(28,487)
Increase in prepayments	4,449
Total Adjustments	<u>(60,970)</u>
CASH USED FOR OPERATING ACTIVITIES	<u>\$ (385,774)</u>

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. REPORTING ENTITY

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

The School is financially accountable for:

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

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

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

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

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

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

**B. BASIS OF PRESENTATION, FUND ACCOUNTING**

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

GOVERNMENTAL FUND TYPES

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

GENERAL FUND

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

PROPRIETARY FUND TYPES

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

FOOD SERVICE FUND

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

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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



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

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

E. BUDGETARY DATA

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

F. CASH AND CASH EQUIVALENTS

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

G. CAPITAL ASSETS AND DEPRECIATION

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

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

H. FUNDING

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

I. PENSION PLAN

Full-time and part-time employees of the School who are expected to work in excess of 500 hours and were hired prior to August 1, 2014 participate in a cost-sharing multiple employer defined benefit pension plan. The School recognizes annual pension expenditures or expenses equal to its contractually required contributions, subject to the modified accrual basis of accounting in governmental funds. (That is, if contributions from governmental funds are required but not made, the difference would not be reported as an expenditure until payable with expendable, available financial resources.) The School made all required contributions for the year ended June 30, 2021 and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively.

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

J. DEFERRED REVENUES

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied. On governmental fund financial statements the deferred revenues represent federal and state grant funds that have been received but have not been spent by June 30, 2021. It is expected that the grant funds will be expended in the subsequent fiscal year.

K. NET POSITION

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

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

L. USE OF ESTIMATES

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

M. ALLOCATION OF INDIRECT EXPENSES

The School does not allocate any indirect expenses including depreciation.

N. FUND BALANCES

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

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

O. DEFERRED OUTFLOWS / INFLOWS

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

P. ADOPTION OF NEW ACCOUNTING GUIDANCE

The School implemented GASB issued Statement No. 87, 'Leases' during fiscal year end June 30, 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. As a result, a prior period adjustment was made to increase capital assets by \$13,481,789 and to increase capital lease payable by \$14,816,567 that resulted in a net decrease to net position of \$1,334,778.

The School implemented GASB issued Statement No. 89, 'Accounting for Interest Cost Incurred before the end of a Construction Period' during fiscal year end June 30, 2022. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs.

The School implemented GASB Statement No. 91, "Conduit Debt Obligations" during fiscal year end June 30, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2022 the bank balance of the School's deposits with financial institutions including cash equivalent investments was \$2,693,036 compared to the carrying amounts of \$2,679,040. The total bank balance that was secured by Federal Depository Insurance was \$250,000. The remaining bank balance was covered by securities pledged by the financial institutions for such funds but not in the School's name.

Under Section 440.1 of the Public School Code of 1949, as amended, the School is permitted to invest funds in the following types of investments:

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

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

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

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

NOTE 3 – DUE FROM OTHER GOVERNMENTS

A summary of the receivables due from other governments at June 30, 2022 is as follows:

<u>Funding Source</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Federal grants	\$ 10,560	\$ 10,368	\$ 20,928
State subsidies	67,493	337	67,830
Other	<u>548,204</u>	<u>-</u>	<u>548,204</u>
Total Receivable	\$ <u>626,257</u>	\$ <u>10,705</u>	\$ <u>636,962</u>

NOTE 4 – CAPITAL ASSETS

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

	<u>BALANCE</u> <u>2021 (as re-</u> <u>stated for</u> <u>GASB 87)</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>2022</u>
Governmental activities:				
Prepaid Lease	\$ 5,899,516	\$ 1,500,000	\$ 250,480	\$ 7,149,036
Land Improvements	2,400,962	1,103	-	2,402,065
Equipment & furniture	2,171,297	367,160	29,678	2,508,779
Right-of-use Asset	<u>16,491,129</u>	<u>-</u>	<u>-</u>	<u>16,491,129</u>
Total Historical Cost	<u>\$26,962,904</u>	<u>1,868,263</u>	<u>280,158</u>	<u>28,551,009</u>

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

Less: Accumulated  
Depreciation/Amortization:

Land Improvements	135,963	72,717	-	208,680
Equipment & furniture	1,467,022	190,769	24,584	1,633,207
Right-of-use Asset	<u>3,009,340</u>	<u>563,699</u>	<u>-</u>	<u>3,573,039</u>
Total Accumulated Depreciation	<u>4,612,325</u>	<u>827,185</u>	<u>24,584</u>	<u>5,414,926</u>
Governmental Activities, net	\$ <u>22,350,579</u>	\$ <u>1,041,078</u>	\$ <u>255,574</u>	\$ <u>23,136,083</u>

Business-type Activities:

Equipment & furniture	\$ 260,433	\$	\$	\$ 260,433
Less: Accumulated Depreciation	<u>255,260</u>	<u>2,147</u>	<u>-</u>	<u>257,407</u>
Business Type Activities, net	\$ <u>5,173</u>	\$ <u>(2,147)</u>	\$ <u>-</u>	\$ <u>3,026</u>

NOTE 5- RETIREMENT PLAN

Pensions

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

*General Information about the Pension Plan*

Plan description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more

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

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

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

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

Contributions

**Member Contributions:**

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

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

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

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

**Employer Contributions:**

The School's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% 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

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

School were \$578,393 for the year ended June 30, 2022.

The School is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. For the year ended June 30, 2022 the contribution rate was 0.80 percent of covered payroll and the School contributed \$13,554.

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

At June 30, 2022, the School reported a liability of \$4,927,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School's proportion was .0120 percent, which was less than the proportion measured, .0130 percent, as of June 30, 2020.

For the year ended June 30, 2022, the School recognized pension expense *credit* of \$252,000. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between employer contributions and proportionate share of total contributions		\$ (205,288)
Net difference between projected and actual investment earnings		491,231
Net difference between projected and actual experience		40,676
Changes in proportion		329,783
Contributions subsequent to the measurement date	\$ 578,393	-
	<u>\$ 578,393</u>	<u>\$ 656,402</u>

The \$578,393 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 222,195
2024	199,976
2025	234,231
Total	<u>\$ 656,402</u>

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

Actuarial Assumptions

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

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
  
- 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, 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.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



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

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	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	<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, 2021.

Discount rate

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
School's proportionate share of the net pension liability	\$6,467,000	\$4,927,000	\$3,628,000

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

Pension plan fiduciary net position

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

Bear Creek Community Charter School 403(b) Plan

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

School matching contributions for the year ended June 30, 2022 were \$126,263. Discretionary contributions totaled \$35,000.

NOTE 6- OTHER POSTEMPLOYMENT BENEFITS

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2021, 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, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

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

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% 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 \$13,554 for the year ended June 30, 2022.

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

At June 30, 2022, the School reported a liability of \$283,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School's proportion was .0120 percent.

For the year ended June 30, 2021, the School recognized OPEB expense of \$14,571. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between employer contributions and proportionate share of total contributions		\$ 310
Net difference between projected and actual investment earnings		500
Changes in assumption		2,000
Changes in proportion		18,000
Contributions subsequent to the measurement date	\$ 13,554	-
	<u>\$ 13,554</u>	<u>\$ 20,810</u>

\$13,554 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, 2022. 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:

2023	\$ 27,747
2024	-
2025	6,937
2026	(6,937)
Thereafter	(6,937)
Total	<u>\$ 20,810</u>

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

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - 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, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- 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: 63% of eligible retirees are assumed to elect premium assistance.
- 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.

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

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

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

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.66%. 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 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare costs trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents PSERS net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what PSERS net OPEB liability would be if its healthcare cost trends were 1-percentage point lower or 1-percentage point higher than the current year.

	1% Decrease	Healthcare Trend Costs	1% Increase
	<hr/>	<hr/>	<hr/>
PSERS Net OPEB liability	\$283,000	\$283,000	\$283,000

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 2.618%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<hr/>	<hr/>	<hr/>
School's proportionate share of the net OPEB liability	1.18% \$325,000	2.18% \$283,000	3.18% \$249,000

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](http://www.psers.pa.gov).

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

NOTE 7 – CONTINGENT LIABILITIES

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

The School is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the School solicitor, the ultimate disposition of any matters outstanding at June 30, 2022 will not have a material effect on the School's financial position.

NOTE 8 – RISK MANAGEMENT

Other Risks

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

NOTE 9- CAPITAL LEASES

In December 2015, the School entered into a lease agreement with the Bear Creek Foundation, Inc. to lease buildings and other real estate to provide educational, administrative, and extra-curricular activities at 30 Charter School Way. The lease requires current a monthly lease of \$97,110, a monthly payment of \$76,237, which includes principal and interest, as well as amortization of the prepaid lease component of \$20,873 per month. The lease terms include the School's responsibility for utilities, insurance and all maintenance costs for use of the property and an expiration in May 2045. Lease payments for the year ended June 30, 2022 totaled \$914,840. The following is a schedule of future minimum rent payments under the lease as of June 30, 2022:

<u>Year End</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2023	\$	352,846	\$	561,994	\$	914,840
2024		368,137		546,703		914,840
2025		384,091		530,749		914,840
2026		400,737		514,103		914,840
2027		418,104		496,736		914,840
2028-2032		2,378,540		2,195,660		4,574,200
2033-2037		2,940,594		1,633,606		4,574,200
2038-2042		3,635,461		938,738		4,574,199
2043-2045		<u>2,505,367</u>		<u>162,916</u>		<u>2,668,283</u>
	\$	<u>13,383,877</u>	\$	<u>7,581,205</u>	\$	<u>20,965,082</u>

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

On October 1, 2017 there was an amendment to the lease agreement for 30 Charter School Way. The addition to the lease is for a maintenance facility building and additional parking. The lease requires a monthly lease payment of \$4,050, which includes principal and interest, subject to the same terms and conditions of the original lease. The following is a schedule of the additional future minimum rent payments under the lease as of June 30, 2022:

<u>Year End</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2023	\$	14,988	\$	33,612	\$	48,600
2024		15,794		32,806		48,600
2025		16,643		31,957		48,600
2026		17,539		31,061		48,600
2027		18,482		30,118		48,600
2028-2032		108,432		134,568		243,000
2033-2037		140,900		102,100		243,000
2038-2042		183,090		59,910		243,000
2043-2045		<u>131,165</u>		<u>10,585</u>		<u>141,750</u>
	\$	<u>647,033</u>	\$	<u>466,717</u>	\$	<u>1,113,750</u>

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

On January 1, 2021 there was another amendment to the lease agreement for 30 Charter School Way. The addition to the lease is for two additional classrooms along with a hallway corridor. The lease requires a monthly lease payment of \$2,407, which includes principal and interest, subject to the same terms and conditions of the original lease. The following is a schedule of the additional future minimum rent payments under the lease as of June 30, 2022:

<u>Year End</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2023	\$	11,140	\$	17,744	\$	28,884
2024		11,623		17,261		28,884
2025		12,127		16,757		28,884
2026		12,652		16,232		28,884
2027		13,201		15,683		28,884
2028-2032		75,097		69,323		144,420
2033-2037		92,843		51,577		144,420
2038-2042		114,781		29,639		144,420
2043-2045		<u>79,101</u>		<u>5,144</u>		<u>84,245</u>
	\$	<u>422,565</u>	\$	<u>239,360</u>	\$	<u>661,925</u>

NOTE 10 – OPERATING LEASE

On April 1, 2022 the School entered into a lease agreement with the Bear Creek Foundation, Inc. to lease the property at 2000 Bear Creek Boulevard, Bear Creek Township, PA 18702 to use for storage. The lease requires a monthly lease payment of \$500. The lease term is for one year, ending on March 31, 2023.

NOTE 11- PREPAID LEASE AND BUILDING PROJECT

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

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



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

The School, also in conjunction with the Foundation, signed a Letter of Intent to Meet Conditions in order to borrow \$11,409,000 from the United States Department of Agriculture ("USDA") to expand the school facility located at 30 Charter School Way. The School contributed \$1,500,000 in the form of a pre-paid lease on April 22, 2022. The Foundation contributed \$600,000. The project is being financed by a bridge loan from FNCB Bank and will be refinanced by USDA at the completion of the project. Construction began May 16, 2022 and substantial completion is expected on July 15, 2023.

The Bear Creek Community Charter School (the "School") and the Bear Creek Foundation (the "Foundation") are co-borrowers on a construction loan with FNCB Bank dated April 6, 2022. The principal amount on the loan will not exceed \$12,000,000. Interest is due monthly from the Foundation at the current National Prime Rate plus 1% (5.75% at June 30, 2022). There were no draws on the loan as of June 30, 2022. The construction loan will result in an additional lease from the Foundation to the School once the new portion of the facility is occupied.

NOTE 12 – PENDING CHANGES IN ACCOUNTING PRINCIPALS

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

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" will be effective for the School for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB Statement No. 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" will be effective for the School for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an 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.

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

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

	Last Ten (10) Fiscal Years*									
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	
School's proportion of the net pension liability	0.0120%	0.0130%	0.0132%	0.0142%	0.0142%	0.0147%	0.0162%	0.0168%	0.0177%	
School's proportionate share of the net pension liability	\$ 4,927,000	\$ 6,401,000	\$ 6,175,000	\$ 6,817,000	\$ 7,013,000	\$ 7,285,000	\$ 7,017,000	\$ 6,649,000	\$ 7,245,000	
School's covered-employee payroll	N/A	N/A	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583	\$ 2,079,245	\$ 2,146,950	\$ 2,275,736	
School's reported contributions**	\$ 570,587	\$ 605,396	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	338.07%	356.64%	371.53%	382.90%	337.48%	309.70%	318.36%	
School's proportionate share of the net pension liability as a percentage of its reported contributions	863.50%	1057.32%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.35%	57.24%	54.49%	

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

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

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

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
SCHEDULE OF SCHOOL CONTRIBUTIONS  
PENSION PLAN

Last Ten (10) Fiscal Years\*

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 578,393	\$ 570,552	\$ 608,805	\$ 591,978	\$ 605,100	\$ 569,306	\$ 491,032	\$ 397,486	\$ 343,258
Contributions in relation to the contractually required contribution	<u>\$ (578,393)</u>	<u>\$ (570,552)</u>	<u>\$ (608,805)</u>	<u>\$ (591,978)</u>	<u>\$ (605,100)</u>	<u>\$ (569,306)</u>	<u>\$ (491,032)</u>	<u>\$ (397,486)</u>	<u>\$ (343,258)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	N/A	N/A	\$ 1,826,551	\$ 1,911,444	\$ 1,887,621	\$ 1,902,583	\$ 2,079,245	\$ 1,938,956	\$ 2,146,850
School's reported contributions**	\$ 570,587	\$ 605,396							
Contributions as a percentage of covered-employee payroll	N/A	N/A	33.3%	31.0%	32.1%	29.9%	23.6%	20.5%	16.0%
Contributions as a percentage of school's reported contributions	101.4%	94.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amounts are based on actual contributions during the fiscal year.

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

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

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

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

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

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

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

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

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

Last Ten (10) Fiscal Years\*

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

Amounts are based on actual contributions during the fiscal year.

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

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) VS. ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDING JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
<u>REVENUES</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
Local Sources	\$ 7,261,610	7,226,658	\$ 7,226,870	\$ 212
State Sources	89,429	96,410	105,582	9,172
Federal Sources	1,068,240	964,798	1,036,351	71,553
TOTAL REVENUES	8,419,279	8,287,866	8,368,803	80,937
<u>EXPENDITURES</u>				
Instructional Services				
Regular	2,757,791	2,653,092	2,531,306	121,786
Special	1,053,293	1,074,065	1,018,420	55,645
Other Instructional Programs	68,016	61,765	70,891	(9,126)
TOTAL INSTRUCTIONAL SERVICES	3,879,100	3,788,922	3,620,617	168,305
Support Services				
Pupil Personnel	156,189	156,189	152,027	4,162
Instructional Staff	343,354	376,416	356,401	20,015
Administration	533,099	535,200	571,012	(35,812)
Pupil Health	170,080	191,435	171,129	20,306
Business	273,621	288,209	281,360	6,849
Operation and Maintenance of plant services	3,310,561	3,663,446	2,435,232	1,228,214
Central	234,244	224,583	220,191	4,392
Other Support Services	-	109,150	119,003	(9,853)
TOTAL SUPPORT SERVICES	5,021,148	5,544,628	4,306,355	1,238,273
Operation of Non-				
Instructional Services	64,456	61,658	31,762	29,896
Capital Outlay	910,000	35,515	1,103	34,412
<u>Debt Service</u>				
Interest	-	-	629,234	(629,234)
Principal	-	-	363,090	(363,090)
TOTAL EXPENDITURES	9,874,704	9,430,723	8,952,161	478,562
EXCESS OF REVENUES OVER EXPENDITURES	(1,455,425)	(1,142,857)	(583,358)	559,499
OTHER FINANCING USES				
Transfers Out	57,498	(24,041)	-	24,041
NET CHANGE IN FUND BALANCE	(1,397,927)	(1,166,898)	(583,358)	\$ 583,540
FUND BALANCES-BEGINNING	2,884,186	2,884,186	2,884,186	
FUND BALANCES-ENDING	\$ 1,486,259	\$ 1,717,288	\$ 2,300,828	

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

**MURPHY, DOUGHERTY & COMPANY**  
**Certified Public Accountants**

---

1310 Church Street, Suite 3000, Route 690 • Moscow, PA 18444

Ph: (570) 848 2866 • Fax: (570) 848 2833

J. PAUL MURPHY, CPA  
MICHAEL DOUGHERTY, CPA

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

January 20, 2023

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

We have performed the Single Audit of the Bear Creek Community Charter School for the year ended June 30, 2022 and have enclosed the Single Audit reporting package.

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

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

One copy of the Audit Report was distributed to:

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

The Audit Report was distributed electronically to:

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

Your cooperation in this matter is appreciated.

Very truly yours,

Murphy, Dougherty & Company  
Certified Public Accountants



**MURPHY, DOUGHERTY & COMPANY**  
**Certified Public Accountants**

---

1310 Church Street, Suite 3000, Route 690 • Moscow, PA 18444

Ph: (570) 848 2866 • Fax: (570) 848 2833

J. PAUL MURPHY, CPA  
MICHAEL DOUGHERTY, CPA

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's basic financial statements and have issued our report thereon dated January 20, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's internal control.

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bear Creek Community Charter School, Bear Creek Township, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Standard* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moscow, Pennsylvania  
January 20, 2023

*Murphy Duglenty & Co. CPAs*

**MURPHY, DOUGHERTY & COMPANY**  
**Certified Public Accountants**

---

1310 Church Street, Suite 3000, Route 690 • Moscow, PA 18444

Ph: (570) 848 2866 • Fax: (570) 848 2833

J. PAUL MURPHY, CPA  
MICHAEL DOUGHERTY, CPA

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

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Bear Creek Community 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 its major federal programs for the year ended June 30, 2022. Bear Creek Community Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bear Creek Community Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bear Creek Community Charter School's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

**Purpose of this Report**

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

January 20, 2023  
Moscow, Pennsylvania

*Murphy Sangster & Co. CPAs*

BEAR CREEK COMMUNITY CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2022

<u>FEDERAL GRANTOR/ Pass-through Grantor Project Title</u>	<u>Source Code*</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at 7/1/2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at 6/30/2022</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>										
Rural Education Achievement Program	D	84.358A	N/A	7/1/2021-9/30/2022	\$ 17,676	\$ 17,676	\$ -	\$ 17,676	\$ 17,676	\$ -
<u>U.S. DEPARTMENT OF EDUCATION</u>										
<u>Passed through the Pennsylvania Department of Education</u>										
Title I- Improving Basic Programs	I	84.010	013-211039	7/1/2021-9/30/2022	314,893	314,893	-	282,469	282,469	(32,424)
COVID-19 SECIM	I	84.027	252-201039	7/1/2020-9/30/2021	1,000	467	53	414	414	-
Title II- Improving Teacher Quality	I	84.367	020-211039	7/1/2020-9/30/2021	25,964	6,948	6,948	-	-	-
Title II- Improving Teacher Quality	I	84.367	020-211039	7/1/2021-9/30/2022	31,892	31,892	-	31,892	31,892	-
TOTAL CFDA# 84.367						38,840	6,948	31,892	31,892	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-211039	7/1/2020-9/30/2021	16,903		(633)	633	633	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-211039	7/1/2021-9/30/2022	16,622	8,862	-	11,374	11,374	2,512
TOTAL CFDA# 84.424						8,862	(633)	12,007	12,007	2,512
CARES Act - ESSER Fund Local	I	84.425	200-201039	3/13/2020-9/30/2023	816,175	284,097	44,600	254,813	254,813	15,316
ARP ESSER	I	84.425	223-211039	3/13/2020-9/30/2024	1,650,887	120,065	-	111,033	111,033	(9,032)
ARP ESSER 7%	I	84.425	225-211039	3/13/2020-9/30/2024	128,310	13,997		16,926	16,926	2,929
TOTAL CFDA# 84.425						418,159	44,600	382,772	382,772	9,213
<u>Total Passed through the Pennsylvania Department of Education</u>						781,221	50,968	709,554	709,554	(20,699)
<u>U.S. DEPARTMENT OF EDUCATION</u>										
<u>Passed through the Pennsylvania Coalition of Public Charter Schools</u>										
Pennsylvania CharterSchools Program	I	84.282	PACSP-2021-0001	7/1/2021-9/30/2023	1,500,000	137,304	-	168,563	168,563	31,259
<u>Passed through LIU 18</u>										
Individuals with Disabilities Education Act	I	84.027	062-22-0018	7/1/2021-9/30/2022	102,770	102,770	-	102,770	102,770	-
ARP Individuals with Disabilities Education Act		84.027X	062-22-0018	7/1/2021-9/30/2022	36,612	36,612	-	36,612	36,612	-
<u>Total Passed through LIU 18</u>						139,382	-	139,382	139,382	-
<u>Passed through Hazleton Area School District</u>										
IDEA - Section 619	I	84.173	N/A	7/1/2021-9/30/2022	1,176	1,176	-	1,176	1,176	-
TOTAL IDEA PROGRAM CLUSTER						140,558	-	140,558	140,558	-
<u>TOTAL DEPARTMENT OF EDUCATION</u>						1,076,759	50,968	1,036,351	1,036,351	10,560

\*Source Codes: D - Direct Funding , I - Indirect Funding, F - Federal Share  
52

BEAR CREEK COMMUNITY CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2022

FEDERAL GRANTOR/ Pass-through Grantor Project Title	Source Code*	Federal CFDA Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 7/1/2021	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 6/30/2022
<b>U.S. DEPARTMENT OF AGRICULTURE</b>										
Passed through the Pennsylvania Department of Agriculture										
After School Snack Program	I-F	10.555	N/A	7/1/2020-6/30/2021	N/A	544	544	-	-	-
National School Lunch Program-Cash	I-F	10.555	N/A	7/1/2020-6/30/2021	N/A	4,873	4,873	-	-	-
Supply Chain Assistance	I	10.555	N/A	7/1/2021-6/30/2022	N/A	14,558	-	14,558	14,558	-
SNP Emergency Operating Costs	I	10.555	N/A	7/1/2021-6/30/2022	N/A	19,342	-	19,342	19,342	-
National School Lunch Program-Commodities	I	10.555	N/A	7/1/2021-6/30/2022	N/A	37,493	-	37,493	37,493	-
After School Snack Program	I-F	10.555	N/A	7/1/2021-6/30/2022	N/A	966	-	966	966	-
National School Lunch Program-Cash	I-F	10.555	N/A	7/1/2021-6/30/2022	N/A	226,440	-	234,352	234,352	7,912
TOTAL CFDA# 10.555						304,216	5,417	306,711	306,711	7,912
School Breakfast Program	I-F	10.553	N/A	7/1/2020-6/30/2021	N/A	1,141	1,141	-	-	-
School Breakfast Program	I-F	10.553	N/A	7/1/2021-6/30/2022	N/A	78,669	-	81,125	81,125	2,456
TOTAL CFDA# 10.553						79,810	1,141	81,125	81,125	2,456
P-EBT Local Admin Funds	I	10.649	N/A	7/1/2021-6/30/2022	N/A	614	-	614	614	-
TOTAL DEPARTMENT OF AGRICULTURE						384,640	6,558	388,450	388,450	10,368
TOTAL FEDERAL AWARDS						\$ 1,461,399	\$ 57,526	\$ 1,424,801	\$ 1,424,801	\$ 20,928

\*Source Codes: D - Direct Funding , I - Indirect Funding, F - Federal Share  
53

BEAR CREEK COMMUNITY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
    Material weakness (es) identified? \_\_\_\_\_ yes   X   no  
    Significant deficiency (ies) identified? \_\_\_\_\_ yes   X   none reported  
  
Noncompliance material to financial statements  
noted? \_\_\_\_\_ yes   X   no

Federal Awards

Internal control over major programs:  
    Material weakness (es) identified? \_\_\_\_\_ yes   X   no  
    Significant deficiency (ies) identified? \_\_\_\_\_ yes   X   none reported  
  
Type of auditor's report issued on compliance  
for major programs: Unmodified  
  
Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR  
section 200.516(a) \_\_\_\_\_ yes   X   no

Identification of major programs:  
CFDA Number

Name of Federal Program or Cluster

84.425	Elementary and Secondary Schools Emergency Relief Fund
84.010	Title I

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

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.



BEAR CREEK COMMUNITY CHARTER SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

The School is financially accountable for:

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

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

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

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

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

B. BASIS OF ACCOUNTING

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

C. INVENTORY OF MATERIALS, SUPPLIES AND EQUIPMENT

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

BEAR CREEK COMMUNITY CHARTER SCHOOL  
SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

\* NO PRIOR FINDINGS NOTED.