



**CIRCLE OF SEASONS CHARTER SCHOOL
FOGELSVILLE, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2025

CIRCLE OF SEASONS CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

December 22, 2025

To the Board of Trustees
Circle of Seasons Charter School
Fogelsville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Circle of Seasons Charter School ("the School"), Fogelsville, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Circle of Seasons Charter School, Fogelsville, Pennsylvania, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the general fund 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees
Circle of Seasons Charter School

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

To the Board of Trustees
Circle of Seasons Charter School

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the schedule of the School's proportionate share of the net pension liability, schedule of School pension contributions, schedule of the School's proportionate share of the net OPEB liability, and schedule of School OPEB contributions on pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the School's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

**CIRCLE OF SEASONS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2025**

The Board of Trustees of the Circle of Seasons Charter School ("the School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

FINANCIAL HIGHLIGHTS

- Total revenues increased by \$94,160 to \$8,805,366 due to an increase in student enrollment in the current year.
- Operating grants and contributions for governmental activities accounted for \$233,661, or 2.65% of total revenues, and general revenues accounted for \$8,560,740, or 97.22% of the total revenues.
- The General Fund ended the year with a fund balance of \$5,274,973, an increase of \$476,406 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements as presented comprise of three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

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 the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed 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.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

**CIRCLE OF SEASONS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like government-type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has one governmental fund – the General Fund.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2025, the School's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,080,571.

	June 30	
	2025	2024
Assets:		
Current and other assets	\$ 5,356,261	\$ 4,880,542
Capital assets	4,885,724	4,883,176
Total Assets	<u>10,241,985</u>	<u>9,763,718</u>
Deferred outflows of resources	<u>60,484</u>	<u>87,073</u>
Liabilities:		
Current liabilities	4,387,058	217,905
Noncurrent liabilities	496,872	4,780,192
Total Liabilities	<u>4,883,930</u>	<u>4,998,097</u>
Deferred inflows of resources	<u>347,000</u>	<u>681,000</u>
Net Position:		
Net investment in capital assets	618,249	515,049
Unrestricted	4,453,290	3,656,645
Total Net Position	<u>\$ 5,071,539</u>	<u>\$ 4,171,694</u>

The School's net position increased by \$899,845.

The total cost of all programs and services was \$7,905,521 for the year ended June 30, 2025.

**CIRCLE OF SEASONS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

	Year Ended June 30,	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 10,965	\$ 19,734
Operating and capital grants	233,661	381,202
General:		
Local educational agency revenues	8,390,117	7,812,346
Other	170,623	497,924
Total Revenues	<u>8,805,366</u>	<u>8,711,206</u>
Expenses:		
Instruction	4,950,780	4,509,403
Support services	2,509,401	2,422,361
Noninstructional services	82,021	166,967
Depreciation/amortization expense	202,066	186,507
Interest	158,884	159,060
Total Expenses	<u>7,905,521</u>	<u>7,444,298</u>
Changes in Net Position	899,845	1,266,908
Beginning Net Position	4,171,694	2,904,786
Ending Net Position	<u>\$ 5,071,539</u>	<u>\$ 4,171,694</u>

Governmental Fund

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's governmental fund (the General Fund) reported an ending fund balance of \$5,274,973. For the year ended June 30, 2025, the School's revenues of \$8,805,366 exceeded expenditures of \$8,328,960 by \$476,406.

Governmental Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$469,873 due to the increase in enrollment and tuition rates for local revenues.

Actual expenditures were more than budgeted expenditures by \$378,066 mainly due to actual expenditures for capital outlay and debt service coming in higher than budgeted.

**CIRCLE OF SEASONS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

CAPITAL ASSETS

As of June 30, 2025, the School's investment in capital assets for its governmental activities totaled \$4,885,724 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, furniture, equipment, and construction in progress.

Additional information on the School's capital assets can be found in Note 5 of this report.

LONG-TERM DEBT

As of June 30, 2025, the School has a note payable of \$4,267,475. More detailed information about the School's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School does not foresee any substantial variations with next year's economic factors, budgets, or rates.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Chief Executive Officer, Circle of Seasons Charter School, 8380 Mohr Lane, Fogelsville, PA 18051.

CIRCLE OF SEASONS CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,509,399
Federal subsidies receivable	88,971
Other receivables	716,468
Prepaid expenses	40,423
Security deposit	1,000
Total Current Assets	<u>5,356,261</u>

NONCURRENT ASSETS:

Capital assets:

Land	239,043
Construction in progress	31,223
Building and improvements	6,274,582
Furniture and equipment	277,807
Accumulated depreciation	<u>(1,936,931)</u>
Total Capital Assets, Net	<u>4,885,724</u>

TOTAL ASSETS	<u><u>10,241,985</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	56,432
Deferred outflows related to OPEB	4,052
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>60,484</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 10,302,469</u></u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 68,972
Accrued salaries and related costs	12,316
Accrued interest	38,295
Notes payable	4,267,475
Total Current Liabilities	<u>4,387,058</u>

NONCURRENT LIABILITIES:

Compensated absences	16,872
Net pension liability	460,000
Net OPEB liability	20,000
Total Noncurrent Liabilities	<u>496,872</u>
TOTAL LIABILITIES	<u>4,883,930</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	313,000
Deferred inflows related to OPEB	34,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>347,000</u>

NET POSITION

Net investment in capital assets	618,249
Unrestricted	4,453,290
TOTAL NET POSITION	<u>5,071,539</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 10,302,469</u></u>
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The accompanying notes are an integral part of these financial statements.

**CIRCLE OF SEASONS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

		Program Revenues			Net Revenue
			Operating	Capital	(Expense) and
		Charges for	Grants and	Grants and	Changes in Net
	Expenses	Services	Contributions	Contributions	Position
GOVERNMENTAL ACTIVITIES					
Instructional services	\$ 4,950,780	\$ -	\$ 169,278	\$ -	\$ (4,781,502)
Support services	323,097	-	63,323	-	(259,774)
Administrative and financial services	1,393,809	-	-	-	(1,393,809)
Operation and maintenance of plant services	658,758	-	-	-	(658,758)
Other support services	136,106	-	1,060	-	(135,046)
Student activities	82,021	10,965	-	-	(71,056)
Interest on long-term debt	158,884	-	-	-	(158,884)
Unallocated depreciation	202,066	-	-	-	(202,066)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 7,905,521</u>	<u>\$ 10,965</u>	<u>\$ 233,661</u>	<u>\$ -</u>	<u>(7,660,895)</u>
GENERAL REVENUES					
Local educational agency revenues					8,390,117
Miscellaneous revenues					<u>170,623</u>
TOTAL GENERAL REVENUES					<u>8,560,740</u>
CHANGE IN NET POSITION					899,845
NET POSITION, BEGINNING OF YEAR					<u>4,171,694</u>
NET POSITION, END OF YEAR					<u>\$ 5,071,539</u>

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

**CIRCLE OF SEASONS CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2025**

	General Fund
ASSETS:	
Cash and cash equivalents	\$ 4,509,399
Federal subsidies receivable	88,971
Other receivables	716,468
Prepaid expenditures	40,423
Security deposit	1,000
	<hr/>
TOTAL ASSETS	<u>\$ 5,356,261</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	\$ 68,972
Accrued salaries and related costs	12,316
	<hr/>
TOTAL LIABILITIES	<u>81,288</u>
 FUND BALANCE:	
Nonspendable - prepaid expenditures and security deposit	41,423
Assigned:	
Capital projects	1,000,000
Debt service	3,958,550
Future contingencies	275,000
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TOTAL FUND BALANCE	<u>5,274,973</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 5,356,261</u></u>

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

**CIRCLE OF SEASONS CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND
TO STATEMENT OF NET POSITION
JUNE 30, 2025**

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 5,274,973
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	\$ 239,043	
Building and improvements	6,274,582	
Furniture and equipment	277,807	
Construction in progress	31,223	
Accumulated depreciation	<u>(1,936,931)</u>	4,885,724

Some liabilities are not due and payable in the current period and, therefore, are not reported in the fund. Those liabilities consist of:

Note payable	(4,267,475)	
Accrued interest	(38,295)	
Compensated absences	(16,872)	
Net pension liability	(460,000)	
Net OPEB liability	<u>(20,000)</u>	(4,802,642)

Deferred inflows and outflows of resources related to the School's pension and OPEB liabilities do not represent current resources or uses of resources and, therefore, are not reported in the fund. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred outflows related to pension	56,432	
Deferred outflows relating to OPEB	4,052	
Deferred inflows of resources:		
Deferred inflows relating to pension	(313,000)	
Deferred inflows relating to OPEB	<u>(34,000)</u>	<u>(286,516)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 5,071,539</u>
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The accompanying notes are an integral part of these financial statements.

**CIRCLE OF SEASONS CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>
REVENUES	
Local	\$ 8,390,117
State	1,060
Federal	232,601
Other	<u>181,588</u>
TOTAL REVENUES	<u>8,805,366</u>
EXPENDITURES	
Current:	
Instruction	5,189,242
Support services	2,596,564
Operation of non-instructional services	82,021
Debt service	256,519
Capital outlay	<u>204,614</u>
TOTAL EXPENDITURES	<u>8,328,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	476,406
FUND BALANCE, BEGINNING OF YEAR	<u>4,798,567</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 5,274,973</u></u>

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

**CIRCLE OF SEASONS CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 476,406
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation/amortization expense.	2,548
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In the statement of activities, certain operating expenses – compensated absences (vacation) – are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(13,155)
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The issuance of long-term debt (e.g. notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	100,652
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(3,017)
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Pension and OPEB expenses in the statement of activities differ from the amount reported in the governmental fund because pension and OPEB expenses are recognized in the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension and OPEB plans, whereas pension and OPEB expenditures are recognized in the governmental fund when a requirement to remit contributions to the plan exists.	336,411
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 899,845</u></u>
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The accompanying notes are an integral part of these financial statements.

**CIRCLE OF SEASONS CHARTER SCHOOL
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Local	\$ 7,955,800	\$ 8,390,117	\$ 434,317
State	70,000	1,060	(68,940)
Federal	179,693	232,601	52,908
Other	130,000	181,588	51,588
TOTAL REVENUES	<u>8,335,493</u>	<u>8,805,366</u>	<u>469,873</u>
EXPENDITURES			
Instruction:			
Regular programs	4,045,343	3,979,944	65,399
Special education programs	1,448,740	1,209,298	239,442
Total Instruction	<u>5,494,083</u>	<u>5,189,242</u>	<u>304,841</u>
Support Services:			
Student services	272,297	407,891	(135,594)
Administration services	1,098,312	1,053,474	44,838
Pupil health	145,810	177,196	(31,386)
Business	140,178	163,139	(22,961)
Operation and maintenance of plant services	541,466	658,758	(117,292)
Other support services	50,000	136,106	(86,106)
Total Support Services	<u>2,248,063</u>	<u>2,596,564</u>	<u>(348,501)</u>
Operation of Non-instructional Services:			
Student activities	55,000	82,021	(27,021)
Total Operation of Non-instructional Services	<u>55,000</u>	<u>82,021</u>	<u>(27,021)</u>
Capital outlay	-	204,614	(204,614)
Debt service	153,748	256,519	(102,771)
TOTAL EXPENDITURES	<u>7,950,894</u>	<u>8,328,960</u>	<u>(378,066)</u>
NET CHANGE IN FUND BALANCE	384,599	476,406	91,807
FUND BALANCE, BEGINNING OF YEAR	<u>4,798,567</u>	<u>4,798,567</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,183,166</u>	<u>\$ 5,274,973</u>	<u>\$ 91,807</u>

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

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Circle of Seasons Charter School ("the School") is a nonprofit corporation located in Pennsylvania and operates a charter school in accordance with Pennsylvania Act 22 of 1997 ("the Act"). The School is operating under a charter school contract through 2026 and serves grades K through 8.

The School's mission is to nourish and educate students based on the model of natural development. Using Waldorf methods instruction in combination with Howard Gardner's theory of multiple intelligences, the School provides a whole child approach to learning.

The financial statements of the School are prepared in accordance with the accounting system and procedures prescribed for charter schools by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Reporting Entity

GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the School as a reporting entity, management has addressed all potential component units which may or may not fall within the School's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the School's reporting entity are financial accountability and the nature and significance of the relationship. On the basis of these criteria, the School does not have any component units.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Entity-wide Financial Statements

The entity-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by the programs revenues.

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include federal and state grants. Internally dedicated resources and per-student subsidy from District are reported as general revenues rather than as program revenues.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and net of debt. Net position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors (such as through debt covenants), grantors or contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements

The fund financial statements (balance sheet - governmental fund and statement of revenues, expenditures, and changes in fund balance - governmental fund) report on the School's general fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, if measurable. The fund utilized by the School and a brief description of its accounting purpose is as follows:

General Fund – The general fund is the only fund which accounts for all revenues and expenditures of the School.

Fund balance of the governmental fund is classified as applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Trustees. The Board is the highest level of decision-making authority for

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

the School. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Chief Executive Officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board or Chief Executive Officer have provided otherwise in their commitment or assignment actions.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code. The School did not engage in any unrelated business activities during the fiscal year. Management believes more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual budget is adopted for the general fund.

Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Federal and State Subsidies Receivable

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal grants and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection experience, and existing economic conditions.

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounts deemed uncollectable are charged off based on this review. As of June 30, 2025, no allowance for doubtful accounts was deemed necessary.

Other Receivables

Other receivables include grants and other non-contract receivables. The School provides an allowance for doubtful accounts using the allowance method, which is based on management's judgment considering historical information. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2025, no allowance for doubtful accounts was deemed necessary.

Compensated Absences

The School provides paid leave benefits to all full-time employees. Full time salaried employees receive 10 to 20 paid days off each school year. If the employee does not use all their days, they may carry over 5 days. The liability for these compensated absences is recorded as long-term liability in the entity-wide financial statements. In the fund financial statements, the governmental fund reports only the compensated absence liability payable from expendable available financial resources. As of June 30, 2025, the compensated absences balance was \$16,872.

Capital Assets

Capital assets, which include building, building improvements, and furniture and equipment, are reported in the entity-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School maintains a \$2,500 threshold for capitalizing assets. Capital assets of the School are depreciated/amortized using the straight-line method over the estimated useful lives of the asset. The estimated useful life of buildings and improvements and furniture and equipment is five to thirty years.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The School reports deferred pension and OPEB contributions resulting from contributions subsequent to the measurement date of the net pension and OPEB liabilities and certain other items which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents a source of net position that applies to future periods. The School reports

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

certain items which represent differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Implementation of GASB Statement

During the year ended June 30, 2025, the School implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of this standard did not have a material affect on the School's financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School does not have a policy for custodial credit risk. At June 30, 2025, the carrying amount of the School's deposits was \$4,509,399, and the bank balance was \$4,675,007. Of this amount, \$250,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"), and \$4,425,007 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the School's name.

NOTE 4 RECEIVABLES

Receivables as of June 30, 2025 consist of subsidies from federal, state, and local authorities. A summary of receivables is as follows:

Federal	\$ 88,971
Other	<u>716,468</u>
TOTAL	<u>\$ 805,439</u>

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance 07/01/24	Additions	Deletions	Balance 06/30/25
Capital assets not being depreciated:				
Land	\$ 239,043	\$ -	\$ -	\$ 239,043
Construction-in-progress	-	31,223	-	31,223
Total capital assets not being depreciated	<u>239,043</u>	<u>31,223</u>	<u>-</u>	<u>270,266</u>
Capital assets being depreciated:				
Building and improvements	6,134,550	140,032	-	6,274,582
Furniture and equipment	244,448	33,359	-	277,807
Total capital assets being depreciated	<u>6,378,998</u>	<u>173,391</u>	<u>-</u>	<u>6,552,389</u>
Accumulated depreciation	<u>(1,734,865)</u>	<u>(202,066)</u>	<u>-</u>	<u>(1,936,931)</u>
Capital assets being depreciated, net	<u>4,644,133</u>	<u>(28,675)</u>	<u>-</u>	<u>4,615,458</u>
Net Capital Assets	<u>\$ 4,883,176</u>	<u>\$ 2,548</u>	<u>\$ -</u>	<u>\$ 4,885,724</u>

Depreciation expense was charged to functions/programs of the School as follows:

Governmental Activities - unallocated	<u>\$ 202,066</u>
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NOTE 6 LOCAL EDUCATION AGENCY ASSISTANCE (REVENUE)

The School receives funding from various school districts on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis. For each non-special education student enrolled, the School receives no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. The total revenue from student enrollment was \$8,390,117 for the year ended June 30, 2025.

NOTE 7 GRANTS

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GRANTS (cont'd)

grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2025 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 8 LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of the School for the year ended June 30, 2025:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due in One Year
Governmental Activities:					
Notes payable	\$ 4,368,127	\$ -	\$ 100,652	\$ 4,267,475	\$ 4,267,475
Net pension liability	489,000		29,000	460,000	-
Net OPEB liability	20,000	-	-	20,000	-
Compensated absences	3,717	13,155	-	16,872	-
TOTALS	<u>\$ 4,880,844</u>	<u>\$ 13,155</u>	<u>\$ 129,652</u>	<u>\$ 4,764,347</u>	<u>\$ 4,267,475</u>

Payments on the remaining long-term liabilities are expected to be funded by the general fund.

On June 4, 2021, the School entered into a fixed term note agreement with Peoples Security Bank and Trust Company for \$4,649,537. The purpose of this loan was to pay off the construction and fixed rate term loans the School had with Reinvestment Fund, Inc., which were used in the purchase and construction of the School's building. The loan is secured by the mortgage on the building. The interest rate is fixed at 3.55% with quarterly principal and interest payments. The loan matures in May 2026 with a balloon payment of \$4,267,475. The outstanding debt service requirements at June 30, 2025 are:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	<u>\$ 4,267,475</u>	<u>\$ 174,902</u>	<u>\$ 4,442,377</u>

Total interest paid during the year by the general fund was \$155,867.

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN

Plan Description

The School contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.pa.gov/PSERS.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination and 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 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service.

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

Benefits are generally between 1% to 2½%, 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

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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 10 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 2½%, depending upon the 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 (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.

Member Contributions

The contribution rates based on qualified member compensation are presented below:

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to July 1, 2021 – 7.50% After July 1, 2021 – 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to July 1, 2021 – 10.30% After July 1, 2021 – 10.80%

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to July 1, 2021 – 8.25% After July 1, 2021 – 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to July 1, 2021 – 7.50% After July 1, 2021 – 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

A summary of the shared risk parameters by membership class is presented below:

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

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2025, the rate of the employer contribution was 32.92% of covered payroll. The School's contribution to PSERS for the year ended June 30, 2025 was \$48,428.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the School reported a liability of \$460,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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, 2023 to June 30, 2024. 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, 2024, the School's proportion was 0.0011%, which resulted in no change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School recognized a pension credit of \$279,081. At June 30, 2025, 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
Net difference between projected and actual investment earnings	\$ 8,000	\$ -
Changes in proportions	-	306,000
Difference between expected and actual experience	-	7,000
Difference between employer contributions and proportionate share of total contributions	4	-
Contributions subsequent to the date of measurement	48,428	-
	<u>\$ 56,432</u>	<u>\$ 313,000</u>

An amount of \$48,428 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ending June 30,

2026	\$ (250,999)
2027	(53,999)
2028	2,002
2029	<u>(2,000)</u>
	<u>\$ (304,996)</u>

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the system's total pension liability as of the June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry-age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024.
- 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, 2024 valuation were based on the experience study that was performed for the five-year period ended June 30, 2020.

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

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

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

Discount Rate

The discount 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 which are actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
School's proportionate share of the net pension liability	\$ 606,000	\$ 460,000	\$ 337,000

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The School contributes to the Health Insurance Premium Assistance Program ("Premium Assistance"), which is a governmental cost sharing, multiple-employer other postemployment benefits ("OPEB") plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the health insurance account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2024, 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 24½ 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.

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2025, the rate of the employer contributions was 0.63% of covered payroll. The School's health insurance assistance contribution to PSERS for the year ended June 30, 2025 was \$927.

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

At June 30, 2025, the School reported a liability of \$20,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2024, the School's proportion was 0.0011%, which had no change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School recognized an OPEB credit of \$7,975. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportionate share of the net OPEB liability	\$ 2,000	\$ 31,000
Change in assumptions	1,000	3,000
Difference between employer contributions and proportionate share of total contributions	125	-
Contributions subsequent to the date of measurement	927	-
	<u>\$ 4,052</u>	<u>\$ 34,000</u>

An amount of \$927 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,

2026	\$ (8,975)
2027	(8,975)
2028	(9,975)
2029	(1,975)
2030	(975)
	<u>\$ (30,875)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by rolling forward the system's total OPEB liability as of June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 4.21%, 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.

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- 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%.
- Change in assumptions – The discount rate used to measure the total OPEB Liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method – amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method – market value
- Participation rate – The actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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	100.0%	1.7%
	<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, 2024.

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contributions 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 payment; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the \$1,200 per year cap, which is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2024, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if the health cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB liability	\$ 20,000	\$ 20,000	\$ 20,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current rate:

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
School's proportionate share of the net OPEB liability	\$ 22,000	\$ 20,000	\$ 17,000

OPEB Plan Fiduciary Net Position

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

NOTE 11 403(b) RETIREMENT PLAN

The School provides pension benefits for all of its employees through the Circle of Seasons Charter School 403(b) Plan. Employees are required to participate from the date of employment, with a mandatory minimum contribution of 5%. The School will match the employees' contributions dollar for dollar up to 5% of their compensation. The School's contribution to the plan for the year ended June 30, 2025 was \$198,587.

NOTE 12 RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past year.

NOTE 13 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2025:

Support – student services	\$ 135,594
Support – pupil health	\$ 31,386
Support – business	\$ 22,961
Support – operation and maintenance	\$ 117,292
Support – other support services	\$ 86,106

CIRCLE OF SEASONS CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

NOTE 13 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

Non-instructional – student activities	\$	27,021
Capital outlay	\$	204,614
Debt service	\$	102,771

The excess of expenditures over appropriations was financed by savings in other budgeted line items and revenues in excess of budgeted amounts.

NOTE 14 COMMITMENTS

At June 30, 2025, the School had \$31,223 in construction-in-progress not under formal commitments.

NOTE 15 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through December 22, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CIRCLE OF SEASONS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE									
	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<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>
School's proportion of the net pension liability	0.0011%	0.0011%	0.0017%	0.0032%	0.0039%	0.0036%	0.0037%	0.0035%	0.0044%	0.0061%
School's proportion of the net pension liability - dollar value	\$ 460,000	\$ 489,000	\$ 756,000	\$ 1,314,000	\$ 1,920,000	\$ 1,684,000	\$ 1,776,000	\$ 1,729,000	\$ 2,181,000	\$ 2,642,000
School's covered employee payroll	\$ 179,374	\$ 167,127	\$ 252,536	\$ 451,484	\$ 526,157	\$ 517,039	\$ 501,916	\$ 463,960	\$ 786,160	\$ 584,369
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	256.45%	292.59%	299.36%	291.04%	364.91%	325.70%	353.84%	372.66%	277.42%	452.11%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

Note: The above information is presented as of the Plan's measurement date.

**CIRCLE OF SEASONS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<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>
Contractually required contribution	\$ 48,428	\$ 59,923	\$ 57,663	\$ 87,420	\$ 153,196	\$ 175,996	\$ 167,255	\$ 162,160	\$ 135,476	\$ 170,050
Contributions in relation to the contractually required contribution	<u>48,428</u>	<u>59,923</u>	<u>57,663</u>	<u>87,420</u>	<u>153,196</u>	<u>175,996</u>	<u>167,255</u>	<u>162,160</u>	<u>135,476</u>	<u>170,050</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 147,108	\$ 179,374	\$ 167,127	\$ 252,536	\$ 451,484	\$ 526,157	\$ 517,039	\$ 501,916	\$ 463,960	\$ 786,160
Contributions as a percentage of covered employee payroll	32.92%	33.41%	34.35%	34.62%	33.93%	33.45%	32.35%	32.31%	29.20%	21.63%

**CIRCLE OF SEASONS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE							
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
School's proportion of the net OPEB liability	0.0011%	0.0011%	0.0017%	0.0032%	0.0039%	0.0036%	0.0037%	0.0035%
School's proportion of the net OPEB liability - dollar value	\$ 20,000	\$ 20,000	\$ 31,000	\$ 76,000	\$ 84,000	\$ 77,000	\$ 77,000	\$ 71,000
School's covered employee payroll	\$ 179,374	\$ 167,127	\$ 252,536	\$ 451,484	\$ 526,157	\$ 517,039	\$ 501,916	\$ 463,960
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.15%	11.97%	12.28%	16.83%	15.96%	14.89%	15.34%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.56%	5.56%	5.56%	5.47%

Note: The above information is presented as of the Plan's measurement date.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CIRCLE OF SEASONS CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<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>
Contractually required contribution	\$ 927	\$ 1,150	\$ 1,253	\$ 2,049	\$ 3,729	\$ 4,420	\$ 4,308	\$ 4,240
Contributions in relation to the contractually required contribution	<u>927</u>	<u>1,150</u>	<u>1,253</u>	<u>2,049</u>	<u>3,729</u>	<u>4,420</u>	<u>4,308</u>	<u>4,240</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 147,108	\$ 179,374	\$ 167,127	\$ 252,536	\$ 451,484	\$ 526,157	\$ 517,039	\$ 501,916
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.81%	0.83%	0.84%	0.83%	0.84%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



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

December 22, 2025

To the Board of Trustees
Circle of Seasons Charter School
Fogelsville, 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 and the major fund of the Circle of Seasons Charter School ("the School"), Fogelsville, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

To the Board of Trustees
Circle of Seasons Charter School

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

Report of Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP