

**MASTERY CHARTER HIGH SCHOOL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Mastery Charter High School  
Philadelphia, Pennsylvania

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Mastery Charter High School, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mastery Charter High School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 Mastery Charter High 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.

***Auditors' 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 auditors' 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 Mastery Charter High 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 Mastery Charter High School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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


***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mastery Charter High School's basic financial statements. The 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*, 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees  
Mastery Charter High School

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of Mastery Charter High 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 Mastery Charter High 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 Mastery Charter High School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
November 19, 2024

**MASTERY CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024  
(UNAUDITED)**

The management of Mastery Charter High 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, 2024. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

**Financial Highlights**

Total revenues increased by \$7,266,868 to \$63,005,705, primarily due to increases in local educational agencies, state sources, federal sources, management and technology fees, other local sources, and interest for the year ended June 30, 2024.

At the close of the current fiscal year, the School reports ending net position of \$17,828,701. This net position balance represents an increase in net position of \$4,604,239.

At the close of the current fiscal year, the School reports an ending general fund balance of \$4,089,122.

The School's cash and investments balance at June 30, 2024, was \$27,930,634, representing an increase of \$6,684,923 from June 30, 2023.

**Overview of the Financial Statements**

The 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 four components: Management's Discussion and Analysis (this section), the basic financial statements, budgetary comparison, and reporting required under *Government Auditing Standards* and Uniform Guidance.

***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 deferred outflows of resources, less liabilities and deferred inflows of resources 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.

**MASTERY CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024  
(UNAUDITED)**

**Overview of the Financial Statements (Continued)**

***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 governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has one governmental fund, the general fund and one proprietary fund, Network Support Team Activities 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. In the case of the School, assets and deferred outflows exceeded liabilities and deferred inflows by \$17,828,701 as of June 30, 2024.

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 6,117,144	\$ 24,824,282	\$ 30,941,426	\$ 4,765,626	\$ 20,557,399	\$ 25,323,025
Noncurrent Assets	4,663,564	9,573,093	14,236,657	4,782,119	8,797,859	13,579,978
Total Assets	<u>10,780,708</u>	<u>34,397,375</u>	<u>45,178,083</u>	<u>9,547,745</u>	<u>29,355,258</u>	<u>38,903,003</u>
Deferred Outflows	821,319	3,285,276	4,106,595	862,751	3,058,846	3,921,597
Current Liabilities	2,046,924	8,176,954	10,223,878	4,022,146	6,483,157	10,505,303
Noncurrent Liabilities	4,100,200	16,511,505	20,611,705	4,417,925	15,950,017	20,367,942
Total Liabilities	<u>6,147,124</u>	<u>24,688,459</u>	<u>30,835,583</u>	<u>8,440,071</u>	<u>22,433,174</u>	<u>30,873,245</u>
Deferred Inflows	<u>124,079</u>	<u>496,315</u>	<u>620,394</u>	<u>218,766</u>	<u>775,627</u>	<u>994,393</u>
Net Investment in Capital Assets	4,644,662	6,292,784	10,937,446	5,013,131	8,777,368	13,790,499
Unrestricted	686,162	6,205,093	6,891,255	(993,972)	427,935	(566,037)
Total Net Position	<u>\$ 5,330,824</u>	<u>\$ 12,497,877</u>	<u>\$ 17,828,701</u>	<u>\$ 4,019,159</u>	<u>\$ 9,205,303</u>	<u>\$ 13,224,462</u>

**MASTERY CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024  
(UNAUDITED)**

**Government-Wide Financial Analysis (Continued)**

The School's revenues are predominately from the School District of Philadelphia, based on the student enrollment, management and technology fees, donations from private sources and awards from federal sources.

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>REVENUES</b>						
Local Educational Agencies	\$ 11,237,257	\$ -	\$ 11,237,257	\$ 9,437,028	\$ -	\$ 9,437,028
State Sources	202,435	249,903	452,338	169,917	225,023	394,940
Federal Sources	3,359,619	11,130,133	14,489,752	3,648,330	9,399,721	13,048,051
Management and Technology Fees	-	31,475,848	31,475,848	-	27,622,318	27,622,318
Other Grants and Contributions	1,921	1,415,911	1,417,832	2,685	1,838,467	1,841,152
Other Local Sources	206,273	3,293,800	3,500,073	161,720	3,033,975	3,195,695
Interest	66,826	365,779	432,605	35,010	164,643	199,653
Total Revenues	<u>15,074,331</u>	<u>47,931,374</u>	<u>63,005,705</u>	<u>13,454,690</u>	<u>42,284,147</u>	<u>55,738,837</u>
<b>EXPENDITURES</b>						
Instruction	4,743,629	-	4,743,629	5,057,985	-	5,057,985
Special Education	4,139,508	-	4,139,508	4,295,400	-	4,295,400
Student Support Services	1,328,871	-	1,328,871	1,396,869	-	1,396,869
Instruction Support Services	4,096	-	4,096	44,674	-	44,674
Administration Support	1,932,176	-	1,932,176	1,736,892	-	1,736,892
Pupil Health	98,137	-	98,137	103,750	-	103,750
Business Services	76,900	-	76,900	62,800	-	62,800
Operations and Maintenance	599,272	-	599,272	548,470	-	548,470
Student Transportation Services	28,000	-	28,000	24,639	-	24,639
Other Support Services	135,256	-	135,256	130,242	-	130,242
Student Activities	168,711	-	168,711	108,183	-	108,183
Depreciation Expense	506,256	-	506,256	496,746	-	496,746
Interest Expense	1,854	-	1,854	2,813	-	2,813
Network Services Team Activities	-	44,638,800	44,638,800	-	40,028,602	40,028,602
Total Expenditures	<u>13,762,666</u>	<u>44,638,800</u>	<u>58,401,466</u>	<u>14,009,463</u>	<u>40,028,602</u>	<u>54,038,065</u>
Change in Net Position	1,311,665	3,292,574	4,604,239	(554,773)	2,255,545	1,700,772
Net Position - Beginning	<u>4,019,159</u>	<u>9,205,303</u>	<u>13,224,462</u>	<u>4,573,932</u>	<u>6,949,758</u>	<u>11,523,690</u>
Net Position - Ending	<u>\$ 5,330,824</u>	<u>\$ 12,497,877</u>	<u>\$ 17,828,701</u>	<u>\$ 4,019,159</u>	<u>\$ 9,205,303</u>	<u>\$ 13,224,462</u>

**Governmental Fund**

The focus of the School's *governmental fund* 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 \$4,089,122. For the year ended June 30, 2024, the School's revenues (\$15,156,045) exceeded expenditures (\$13,746,372) by \$1,409,673.

**MASTERY CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024  
(UNAUDITED)**

**General Fund Budgetary Highlights**

Actual revenues exceeded budgeted revenues by \$368,045, primarily due to greater than expected local educational agencies, state sources, federal sources, other local sources, and interest offset by less than expected other grants and contributions. Actual expenditures exceeded budgeted expenditures by \$312,116 primarily due to greater than budgeted special education, student support services, business services, operations and maintenance, student transportation services, student activities, and debt service expenditures offset by less than budgeted instruction, instruction support services, administration support, pupil health, other support services, and capital outlays.

**Capital Asset and Debt Administration**

***CAPITAL ASSETS***

As of June 30, 2024, the School's investment in capital assets for its governmental and business-type activities totaled \$10,937,446 (net of accumulated depreciation and amortization and related debt). This investment in capital assets includes land, building and improvements, furniture and equipment, right-to-use lease assets, subscription assets, and software.

Major capital asset purchases during the year included the following:

- Building improvements of \$18,954
- Furniture and equipment of \$5,715,272
- Right-to-use and subscription assets \$486,816

Additional information on the School's capital assets can be found in Note 4 of this report.

***LONG-TERM DEBT***

As of June 30, 2024, the School has \$122,939 for lease liability and \$400,272 for subscription liability. See notes 5 and 6 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The School's primary source of revenue, per pupil funding from School District of Philadelphia, is expected to increase from \$11,569 to \$12,754 per regular education student and increase from \$36,431 to \$40,053 per special education student.

**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 Financial Officer, Mastery Charter School – Pickett Campus, 5700 Wayne Avenue, Philadelphia, PA 19144.

**MASTERY CHARTER HIGH SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

<b>ASSETS</b>	Governmental Activities	Business-Type Activities	Total
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 5,658,055	\$ 22,272,579	\$ 27,930,634
Federal Subsidies Receivable	259,809	1,040,573	1,300,382
State Subsidies Receivable	-	33,897	33,897
Other Receivables	80,428	1,235,237	1,315,665
Due from MCS Foundation	-	1,895	1,895
Due from Other Governmental Entities	-	9,145	9,145
Prepaid Expenses	96,897	215,956	312,853
Deposits	21,955	15,000	36,955
Total Current Assets	<u>6,117,144</u>	<u>24,824,282</u>	<u>30,941,426</u>
<b>NONCURRENT ASSETS</b>			
Capital Assets Not Being Depreciated	267,500	-	267,500
Capital Assets, Net of Depreciation and Amortization	4,396,064	9,573,093	13,969,157
Total Assets	10,780,708	34,397,375	45,178,083
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows from Pensions - See Note 10	787,519	3,150,076	3,937,595
Deferred Outflows from OPEB - See Note 11	33,800	135,200	169,000
Total Deferred Outflows	<u>821,319</u>	<u>3,285,276</u>	<u>4,106,595</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Lease Liability - Current Portion	18,902	24,696	43,598
Subscription Liability - Current Portion	-	368,908	368,908
Accounts Payable	454,282	3,739,718	4,194,000
Accrued Expenses and Deposits	1,568,689	4,003,787	5,572,476
Due to Other Governmental Entities	946	-	946
Unearned Revenue	4,105	39,845	43,950
Total Current Liabilities	<u>2,046,924</u>	<u>8,176,954</u>	<u>10,223,878</u>
<b>LONG-TERM LIABILITIES</b>			
Lease Liability - Net of Current Portion	-	79,341	79,341
Subscription Liability - Net of Current Portion	-	31,364	31,364
Net OPEB Liability	158,800	635,200	794,000
Net Pension Liability	3,941,400	15,765,600	19,707,000
Total Long-Term Liabilities	<u>4,100,200</u>	<u>16,511,505</u>	<u>20,611,705</u>
Total Liabilities	6,147,124	24,688,459	30,835,583
<b>DEFERRED INFLOWS</b>			
Deferred Inflows from Pensions - See Note 10	77,000	308,000	385,000
Deferred Inflows from OPEB - See Note 11	47,079	188,315	235,394
Total Deferred Inflows	<u>124,079</u>	<u>496,315</u>	<u>620,394</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,644,662	6,292,784	10,937,446
Unrestricted	686,162	6,205,093	6,891,255
Total Net Position	<u>\$ 5,330,824</u>	<u>\$ 12,497,877</u>	<u>\$ 17,828,701</u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction	\$ 4,743,629	\$ -	\$ 3,166,367	\$ (1,577,262)	\$ -	\$ (1,577,262)
Special Education	4,139,508	-	193,252	(3,946,256)	-	(3,946,256)
Student Support Services	1,328,871	-	-	(1,328,871)	-	(1,328,871)
Instruction Support Services	4,096	-	-	(4,096)	-	(4,096)
Administration Support	1,932,176	-	-	(1,932,176)	-	(1,932,176)
Pupil Health	98,137	-	-	(98,137)	-	(98,137)
Business Services	76,900	-	-	(76,900)	-	(76,900)
Operations and Maintenance	599,272	-	-	(599,272)	-	(599,272)
Student Transportation Services	28,000	-	-	(28,000)	-	(28,000)
Other Support Services	135,256	-	-	(135,256)	-	(135,256)
Student Activities	168,711	-	-	(168,711)	-	(168,711)
Depreciation and Amortization	506,256	-	-	(506,256)	-	(506,256)
Interest Expense	1,854	-	-	(1,854)	-	(1,854)
Total Governmental Activities	13,762,666	-	3,359,619	(10,403,047)	-	(10,403,047)
<b>Business-Type Activities:</b>						
Network Services Team Activities	44,638,800	31,475,848	11,130,133	-	(2,032,819)	(2,032,819)
Total Primary Government	<u>\$ 58,401,466</u>	<u>\$ 31,475,848</u>	<u>\$ 14,489,752</u>	(10,403,047)	(2,032,819)	(12,435,866)
<b>GENERAL REVENUES</b>						
Local Educational Agencies				11,237,257	-	11,237,257
State Grants and Reimbursements				202,435	249,903	452,338
Other Grants and Contributions				1,921	1,415,911	1,417,832
Other Local Sources				206,273	3,293,800	3,500,073
Interest				66,826	365,779	432,605
Total General Revenues				<u>11,714,712</u>	<u>5,325,393</u>	<u>17,040,105</u>
<b>CHANGE IN NET POSITION</b>				1,311,665	3,292,574	4,604,239
Net Position - Beginning of Year				<u>4,019,159</u>	<u>9,205,303</u>	<u>13,224,462</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 5,330,824</u>	<u>\$ 12,497,877</u>	<u>\$ 17,828,701</u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
BALANCE SHEET – GOVERNMENTAL FUND  
JUNE 30, 2024**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 5,658,055
Federal Subsidies Receivable	259,809
Other Receivables	80,428
Prepaid Expenses	96,897
Deposits	<u>21,955</u>
Total Assets	<u><u>\$ 6,117,144</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 454,282
Accrued Expenses and Deposits	1,568,689
Due to Other Governmental Entities	946
Unearned Revenue	<u>4,105</u>
Total Liabilities	<u>2,028,022</u>
<b>FUND BALANCE</b>	
Nonspendable:	
Prepaid Expenses	96,897
Deposits	21,955
Committed to:	
Facilities Reserve	2,371,000
Assigned to:	
Future Budget Deficits	<u>1,599,270</u>
Total Fund Balance	<u><u>4,089,122</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 6,117,144</u></u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 4,089,122</b>
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital Assets, Net	4,663,564
Lease liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
	(18,902)
Long-term liabilities that pertain to governmental funds, including net pension obligations, net OPEB liability, deferred outflows and deferred inflows are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Pension	(3,230,881)
OPEB	<u>(172,079)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 5,330,824</u></b>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>
<b>REVENUES</b>	
Local Educational Agencies	\$ 11,237,257
State Sources	202,435
Federal Sources	3,359,619
Other Grants and Contributions	1,921
Other Local Sources	287,987
Interest	<u>66,826</u>
Total Revenues	<u>15,156,045</u>
<b>EXPENDITURES</b>	
Instruction	4,870,517
Special Education	4,192,933
Student Support Services	1,437,024
Instruction Support Services	4,096
Administration Support	1,975,846
Pupil Health	98,137
Business Services	76,900
Operations and Maintenance	618,959
Student Transportation Services	28,000
Other Support Services	135,256
Student Activities	169,063
Capital Outlays	120,201
Debt Service - Principal - Lease Liability	17,586
Debt Service - Interest Expense	<u>1,854</u>
Total Expenditures	<u>13,746,372</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,409,673
Fund Balance - Beginning of Year	<u>2,679,449</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 4,089,122</u></u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

**Net Change in Fund Balance - Total Governmental Funds** \$ 1,409,673

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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.

Depreciation and Amortization Expense	(506,256)
Capital Outlays	120,201

Because other local sources revenue will not be collected for several months after fiscal year-end, they are not considered as available revenues in the funds. Unavailable other local sources revenue decreased by the amount during the year.

Unavailable Revenue	(81,714)
---------------------	----------

Governmental Funds report school pension and OPEB contributions as expenditures. However, in the statement of activities, the cost incurred for future pension and OPEB benefits is reported as pension and OPEB expense, as follows:

Change in Pension Expense	319,348
Change in OPEB Expense	32,827

Governmental funds report lease liability proceeds as other financing sources in the period the lease is initially recognized, while repayment is reported as expenditures. In the statement of net position, however, the lease liability increases liabilities and does not affect the statement of activities and repayment of principal reduces the obligations. The net effect of these differences in the treatment of the lease liability is as follows:

Repayment of Lease Liability	17,586
------------------------------	--------

**Change in Net Position of Governmental Activities** \$ 1,311,665

*See accompanying Notes to Financial Statements.*

**MASTERY CHARTER HIGH SCHOOL  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
JUNE 30, 2024**

	Network Support Team Activities Fund
	Fund
<b>CURRENT ASSETS</b>	
Cash and Investments	\$ 22,272,579
Federal Subsidies Receivable	1,040,573
State Subsidies Receivable	33,897
Other Receivables	1,235,237
Due from Foundation	1,895
Due to Other Governmental Entities	9,145
Prepaid Expenses	215,956
Deposits	15,000
Total Current Assets	24,824,282
<b>NONCURRENT ASSETS</b>	
Capital Assets, Net of Depreciation and Amortization	9,573,093
Total Noncurrent Assets	9,573,093
Total Assets	34,397,375
<b>DEFERRED OUTFLOWS</b>	
Deferred Outflows from Pensions - See Note 10	3,150,076
Deferred Outflows from OPEB - See Note 11	135,200
Total Deferred Outflows	3,285,276
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Lease Liability - Due Within One Year	24,696
Subscription Liability - Due Within One Year	368,908
Accounts Payable	3,739,718
Accrued Expenses	4,003,787
Unearned Revenue	39,845
Total Current Liabilities	8,176,954
<b>NONCURRENT LIABILITIES</b>	
Lease Liability - Due in More Than One Year	79,341
Subscription Liability - Due in More Than One Year	31,364
OPEB Liability	635,200
Net Pension Liability	15,765,600
Total Noncurrent Liabilities	16,511,505
Total Liabilities	24,688,459
<b>DEFERRED INFLOWS</b>	
Deferred Inflows from Pensions - See Note 10	308,000
Deferred Inflows from OPEB - See Note 11	188,315
Total Deferred Inflows	496,315
<b>NET POSITION</b>	
Net Investment in Capital Assets	6,292,784
Unrestricted	6,205,093
Total Net Position	\$ 12,497,877

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2024**

	<u>Network Support Team Activities Fund</u>
<b>OPERATING REVENUES</b>	
State Sources	\$ 249,903
Federal Sources	11,130,133
Management and Technology Fees	31,475,848
Other Grants and Contributions	1,415,911
Other Local Sources	<u>3,293,800</u>
Total Operating Revenues	47,565,595
 <b>OPERATING EXPENSES</b>	
Instruction	3,919,542
Support Services	28,482,679
Noninstructional Services	4,044,100
Food Services	8,189,611
Student Activities	<u>2,868</u>
Total Operating Expenses	<u>44,638,800</u>
 <b>OPERATING INCOME</b>	 2,926,795
 <b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest	<u>365,779</u>
 <b>CHANGE IN NET POSITION</b>	 3,292,574
Net Position - Beginning of Year	<u>9,205,303</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 12,497,877</u></u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2024**

	<u>Network Support Team Activities Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Other Local Sources	\$ 3,293,800
State Sources	248,278
Federal Sources	12,529,078
Management and Technology Fees	31,475,848
Other Grants and Contributions	844,322
Payments to Suppliers and Vendors	(15,488,271)
Payments to Employees	<u>(21,654,611)</u>
Net Cash Provided by Operating Activities	11,248,444
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(5,908,741)
Repayment of Subscription Liability	(493,202)
Repayment of Lease Liability	<u>(18,368)</u>
Net Cash Used by Capital and Related Financing Activities	(6,420,311)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	<u>365,779</u>
Net Cash Provided by Investing Activities	<u>365,779</u>
<b>NET INCREASE IN CASH</b>	5,193,912
Cash and Cash Equivalents - Beginning of Year	<u>17,078,667</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 22,272,579</u></u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

	<u>Network Support Team Activities Fund</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 2,926,795
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	5,325,607
Effect of Changes in Operating Assets and Liabilities:	
Decrease in Federal Subsidies Receivable	1,398,945
Increase in State Subsidies Receivable	(1,625)
Increase in Other Receivables	(504,170)
Increase in Due from Foundation	(1,895)
Increase in Due from Other Governmental Entities	(9,145)
Decrease in Prepaid Expense	44,919
Increase in Accounts Payable	1,903,698
Decrease in Accrued Expense	(67,339)
Decrease in Due to Other Governmental Entities	(18,498)
Decrease in Unearned Revenue	(47,026)
Increase in Net Pension Liability	784,920
Increase in Net OPEB Liability	19,000
Increase in Deferred Outflows of Resources Related to Pensions	(238,651)
Decrease in Deferred Outflows of Resources Related to OPEB	12,221
Decrease in Deferred Inflows of Resources Related to Pensions	(209,920)
Decrease in Deferred Inflows of Resources Related to OPEB	(69,392)
Total Adjustments	<u>8,321,649</u>
Net Cash Provided by Operating Activities	<u>\$ 11,248,444</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND FINANCING ACTIVITY</b>	
Right-to-Use Lease Assets Acquired Via Lease Liabilities	\$ 101,914
Subscription Assets Acquired Via Subscription liabilities	90,186
Total	<u>\$ 192,100</u>

See accompanying Notes to Financial Statements.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background**

Mastery Charter High School (School) was formed as a Pennsylvania nonprofit corporation in November 2000. The School comprises the Lenfest Campus, which represents the Governmental Activities, and the Network Support Team (NST) which represents the Business-Type Activities. The School was granted a charter by the Commonwealth of Pennsylvania to operate an independent public school (Lenfest Campus) for an initial five-year term beginning September 1, 2001, in accordance with Pennsylvania Act 22 of 1997. The charter was most recently renewed in December 2019 for a five-year term of July 2020 through June 30, 2025. During the year ended June 30, 2024, Lenfest Campus served approximately 620 students in grades 7 through 12. The NST provides educational, administrative, financial, and other back-office support to all schools within the Mastery network (Mastery Schools). See Note 13 for the description of the management agreement between the NST and the Mastery Schools.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

**Government-Wide and Fund Financial Statements**

The government-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 functions are offset by program revenues.

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

The government-wide and proprietary fund financial statements 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 the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by provider have been met.

Net position represents the total of assets and deferred outflows of resources less liabilities and deferred inflows of resources.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Fund Financial Statements

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 120 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The principal operating revenues of the School's proprietary fund are charges to all of the Mastery schools for management and technology services. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major governmental fund:

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

The government reports the following major enterprise fund:

Network Support Team Activities Fund – Consists of the NST Fund. This fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the various Mastery Schools.

**Method of Accounting**

Accounting standards requires a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These calculations are defined as follows:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Method of Accounting (Continued)**

- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
  
- *Unrestricted Net Position* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaid expenses, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances represent amounts constrained for a specific purpose by a governmental entity using its highest level of decision-making authority. Committed fund balances are established and modified by a resolution approved by the board of trustees. Assigned fund balances are intended by the School to be used for specific purposes that are neither restricted nor committed and is determined by Board resolution. Unassigned fund balances are considered the remaining amounts.

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, it is currently the School’s policy to use restricted first, then unrestricted net position. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the School’s policy to use committed first, then assigned, and finally unassigned amounts.

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with U.S. GAAP. An annual budget is adopted for the General Fund.

The Budgetary Comparison Schedule presents both the original and the final appropriated budgets for the reporting period. The School only has a general fund budget; an original budget was filed and accepted in 2023 by the Labor, Education, and Community Services Comptroller’s Office. An amended budget was approved by the board of trustees in January 2024. The budget is required supplementary information.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Custodial Credit Risk**

Periodically, the School may maintain deposits in excess of the Federal Deposit Insurance Corporation's (FDIC) limit of \$250,000, with financial institutions. At times, cash in bank may exceed FDIC insurable limits.

**Significant Accounting Estimates – Self-Insured Claims**

The School participates in a self-funded benefit payment plan (the Plan). The Mastery Charter High School is the sponsor of the Plan. The Plan covers eligible employees/members and dependents of the School as defined in the agreement. The School is primarily self-insured, up to certain limits, for employee group health claims. The Plan contains stop-loss insurance, which will reimburse the Plan for amounts of paid claims in excess of \$200,000 on any individual covered by the Plan in the policy year ending June 30, 2024. The stop-loss insurance also provides up to \$1,000,000 of coverage beyond the aggregate annual claims limit of \$24,412,819 for the fiscal year ended June 30, 2024. The annual claims limit is based on the average enrollment of 1,348 covered employees, but is ultimately derived based on the actual covered employees times a monthly claims factor of \$1,509, for each month of the policy period.

During the year ended June 30, 2024, the School paid premiums to Mastery Charter High School (NST Fund) based on 1) the Plan's historical claims experience, 2) actual claims for the year ended June 30 2024, and 3) the estimated claims incurred but not reported. Such estimates were provided by the School's benefits consultant.

The expense under the program was approximately \$20,748,550, which includes the School's portion of \$3,244,489 for the year ended June 30, 2024.

Changes in the balance of claims liabilities for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Balance - July 1	\$ 2,200,000	\$ 2,963,524
Claims Incurred	19,966,448	18,109,413
Claims Paid	<u>(19,666,448)</u>	<u>(18,872,937)</u>
Balance - June 30	<u>\$ 2,500,000</u>	<u>\$ 2,200,000</u>

**Cash and Cash Equivalents**

The School's cash is considered to be cash on hand and amounts held at financial institutions. For purposes of the statement of cash flows, the School's proprietary fund considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are reported at fair value, based on quotations for applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as interest revenue for governmental and business-type activities.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value in three levels based on the extent to which inputs used in measuring fair value are observable in the market:

*Level 1* – unadjusted price quotations in active markets/exchanges for identical assets or liabilities.

*Level 2* – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

*Level 3* – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for assets or liabilities categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**Accounts Receivable**

Accounts receivable primarily consist of amounts due from the Pennsylvania Department of Education for federal and state subsidy programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances and net of any allowance for doubtful accounts. The allowance is estimated based on professional judgment and historical information. As of June 30, 2024, the allowance for doubtful accounts was \$212,314.

**Prepaid Expenses**

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property and equipment, are reported in the government-wide and proprietary fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the estimated useful lives of the assets. Software costs are depreciated over 36 months using the straight-line method. Intangible right-to use lease assets are amortized on a straight-line basis over the shorter of the life of the underlying asset or the lease term.

**Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefit (OPEB) liabilities, deferred outflows of resources and deferred inflows resources to pensions and OPEB, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS or the System) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they 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 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.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions and Other Postemployment Benefits (Continued)**

***General Information about the Pension Plan (Continued)***

Benefits Provided (Continued)

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 2.5%, depending upon membership class, or 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 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 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 (10 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.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions and Other Postemployment Benefits (Continued)**

***General Information about the Pension Plan (Continued)***

Contributions

Member Contributions

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

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
				5.25%
<b>T-C</b>	Prior to July 22, 1983	5.25%	N/A	6.25%
<b>T-C</b>	On or after July 22, 1983	6.25%	N/A	6.25%
<b>T-D</b>	Prior to July 22, 1983	6.50%	N/A	6.50%
<b>T-D</b>	On or after July 22, 1983	7.50%	N/A	7.50%
<b>T-E</b>	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
<b>T-F</b>	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
<b>T-G</b>	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
<b>T-H</b>	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
<b>DC</b>	On or after July 1, 2019	N/A	7.50%	7.50%

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

***Employer Contributions:***

The employers contractually required contribution rate for fiscal year ended June 30, 2024, was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost 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 employer were \$2,202,000 for the year ended June 30, 2024.

**Other Postemployment Benefits**

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

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Postemployment Benefits (Continued)**

***General Information about the Health Insurance Premium Assistance Program***

**Health Insurance Premium Assistance Program**

PSERS 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.

**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

**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, 2023, there were no assumed future benefit increases to participating eligible retirees.

**Employer Contributions**

The School's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were \$43,000 for the year ended June 30, 2024.

**Leases**

The School is a lessee for various equipment. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the shorter of the life of the underlying asset or the lease term. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

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

The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School is utilizing the treasury bill rate (corresponding to length of lease) in place at the commencement of the lease term along with other risk factors to determine the discount interest rate for leases.

The lease terms includes the noncancellable and renewals periods of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments through the end of the term, which includes any renewal periods.

The School has recognized payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

**Income Tax Status**

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. No provision for income taxes has been established.

**Reclassification**

Certain prior year amounts have been reclassified for consistency with the current year presentation.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School invests in repurchase agreements with its bank wherein the funds are secured by obligations of the U.S. government or agencies or instrumentalities of the U.S. government. As of June 30, 2024, \$14,302,417 of the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	<u>\$ 14,302,417</u>
Total Custodial Credit Risk	<u><u>\$ 14,302,417</u></u>

Reconciliation to the Financial Statements:

Total Custodial Credit Risk	\$ 14,302,417
Plus: Insured Amount	364,688
Less: Outstanding Checks	(1,669)
Plus: Petty Cash	1,000
Total Cash	<u>14,666,436</u>
Investments	<u>13,264,198</u>
Total Cash and Investments	<u><u>\$ 27,930,634</u></u>

**NOTE 3 INVESTMENTS**

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in an event of the failure of the counterparty, the School will not recover the value of its investments of collateral securities that are in the possession of an outside party. The School does not have a deposit policy for custodial credit risk. The School's investments in money market accounts do not expose the School to custodial credit risk because they represent investments in open-end mutual funds and are held in the name of the School by a party other than the issuer of the security.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The School does not have a formal investment policy that addresses credit risk. The investments in the securities of U.S. Treasuries were all rated AA+ by Standard & Poor's, and Aaa by Moody's Investors Services. The money market funds were rated AAAM by Standard & Poor's and Aaa-mf by Moody's. The certificates of deposit are not rated.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates. As of June 30, 2024, the School has the following investments in table below.

As of June 30, 2024 Governmental Activities had the following investments:

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1 Year	1 - 5 Years
Money Market	\$ 1,142,023	\$ 1,142,023	\$ -
U.S. Treasuries	99,578	99,578	-
Certificate of Deposits	921,906	449,476	472,430
Totals	<u>\$ 2,163,507</u>	<u>\$ 1,691,077</u>	<u>\$ 472,430</u>

As of June 30, 2024 Business-Type Activities had the following investments:

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1 Year	1 - 5 Years
Money Market	\$ 4,007,600	\$ 4,007,600	\$ -
U.S. Treasuries	4,486,172	747,539	3,738,633
Certificate of Deposits	2,606,919	1,174,728	1,432,191
Totals	<u>\$ 11,100,691</u>	<u>\$ 5,929,867</u>	<u>\$ 5,170,824</u>

Fair value measurements for all investments have been determined using Level 1 inputs for Governmental Activities as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,142,023	\$ -	\$ -	\$ 1,142,023
Fixed Income:				
U.S. Treasuries	99,578	-	-	99,578
Certificate of Deposits	921,906	-	-	921,906
Total	<u>\$ 2,163,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,163,507</u>

Fair value measurements for all investments have been determined using Level 1 inputs for Business-Type Activities as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 4,007,600	\$ -	\$ -	\$ 4,007,600
Fixed Income:				
U.S. Treasuries	4,486,172	-	-	4,486,172
Certificate of Deposits	2,606,919	-	-	2,606,919
Total	<u>\$ 11,100,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,100,691</u>

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 CAPITAL ASSETS**

Capital assets are stated at cost. Depreciation and amortization has been calculated on such assets using the straight-line method over the following estimated lives:

Building and Improvements	30 Years
Furniture and Equipment	5 to 10 Years
Right-to-Use Lease Assets	5 Years
Software	3 Years
Subscription Based Information Technology Arrangement Assets	2 to 3 Years

Governmental Activities capital assets consist of the following at June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 267,500	\$ -	\$ -	\$ 267,500
Total Capital Assets, Not Being Depreciated	\$ 267,500	\$ -	\$ -	\$ 267,500
<b>Capital Assets, Being Depreciated/Amortized:</b>				
Building and Improvements	\$ 11,574,157	\$ 13,029	\$ -	\$ 11,587,186
Furniture and Equipment	408,194	100,981	-	509,175
Right-to-Use Lease Assets - Equipment	62,912	6,191	-	69,103
Total Capital Assets, Being Depreciated/Amortized	12,045,263	120,201	-	12,165,464
Less: Accumulated Depreciation - Building and Improvements	7,075,494	417,549	-	7,493,043
Less: Accumulated Depreciation - Furniture and Equipment	156,194	67,233	-	223,427
Less: Accumulated Amortization - Right-to-Use Lease Assets	31,456	21,474	-	52,930
Total Capital Assets, Net of Depreciation and Amortization	\$ 4,782,119	\$ (386,055)	\$ -	\$ 4,396,064

Depreciation and amortization expense charged to governmental functions amounted to \$506,256 in 2024 and is unallocated in the Statement of Activities.

Business-Type Activities capital assets consist of the following at June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Capital Assets, Being Depreciated/Amortized:</b>				
Building and Improvements	\$ 1,258,058	\$ 5,925	\$ -	\$ 1,263,983
Furniture and Equipment	17,081,207	5,614,291	-	22,695,498
Software	1,253,678	-	-	1,253,678
Right-to-Use Lease Assets - Equipment	32,867	102,072	2,528	132,411
Subscription Based Information Technology Arrangement Assets (SBITA)	1,649,205	378,553	-	2,027,758
Total Capital Assets, Being Depreciated/Amortized	21,275,015	6,100,841	2,528	27,373,328
Less: Accumulated Depreciation - Building and Improvements	595,499	36,623	-	632,122
Less: Accumulated Depreciation - Furniture and Equipment	10,653,481	4,430,050	-	15,083,531
Less: Accumulated Depreciation - Software	1,003,838	247,981	-	1,251,819
Less Accumulated Amortization - Right-to-Use Lease Assets	14,664	20,716	2,528	32,852
Less Accumulated Amortization - SBITA	209,674	590,237	-	799,911
Total Capital Assets, Net of Depreciation and Amortization	\$ 8,797,859	\$ 775,234	\$ -	\$ 9,573,093

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation and amortization expense charged to business-type functions amounted to \$5,325,607 in 2024 and is included in support services in the Statement of Net Position – Proprietary Fund.

**NOTE 5 LEASES**

**Lease Liability: Right-to-Use Asset Agreements**

The School leases copier equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 with no renewal options. The School is required to make various monthly principal and interest payments. The School used the interest rate of 6.172%, which was the rate indicated by the lessor as part of the agreements.

NST entered into three new leases of copier equipment under long-term, noncancelable lease agreements during the year ended June 30, 2024. The leases expire at various dates through 2029, with no renewal options. NST is required to make various monthly principal and interest payments. NST used the interest rate of 9.63%, which was the rate indicated by the lessor as part of the agreements.

Total principal and interest costs for such leases was \$19,440 and \$33,060 for governmental activities and business-type activities, respectively, for the year ended June 30, 2024. Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 18,902	\$ 538	\$ 19,440
Total	\$ 18,902	\$ 538	\$ 19,440
<u>Year Ending June 30,</u>	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 24,696	\$ 8,364	\$ 33,060
2026	26,928	6,132	33,060
2027	21,656	3,904	25,560
2028	23,836	1,724	25,560
2029	6,921	129	7,050
Total	\$ 104,037	\$ 20,253	\$ 124,290
<u>Year Ending June 30,</u>	Total		
	Principal	Interest	Total
2025	\$ 43,598	\$ 8,902	\$ 52,500
2026	26,928	6,132	33,060
2027	21,656	3,904	25,560
2028	23,836	1,724	25,560
2029	6,921	129	7,050
Total	\$ 122,939	\$ 20,791	\$ 143,730

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LEASES (CONTINUED)**

**Lease Liability: Right-to-Use Asset Agreements (Continued)**

The lease agreements qualify as right-to-use assets for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as the date of their inception.

The assets acquired through right-to-use asset lease agreements are as follows:

	Governmental Activities	Business-Type Activities	Total
Right-to-Use Lease Assets:			
Equipment	\$ 69,103	\$ 132,411	\$ 201,514
Less: Accumulated Amortization	52,930	32,852	85,782
Total	<u>\$ 16,173</u>	<u>\$ 99,559</u>	<u>\$ 115,732</u>

The following is a summary of changes in Governmental Activities lease liability for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Lease Liability	\$ 36,488	\$ -	\$ 17,586	\$ 18,902
Total	<u>\$ 36,488</u>	<u>\$ -</u>	<u>\$ 17,586</u>	<u>\$ 18,902</u>

The following is a summary of changes in Business-Type Activities lease liability for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Lease Liability	\$ 20,491	\$ 101,914	\$ 18,368	\$ 104,037
Total	<u>\$ 20,491</u>	<u>\$ 101,914</u>	<u>\$ 18,368</u>	<u>\$ 104,037</u>

**NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The School has entered into subscription based-information technology arrangements (SBITAs) for cloud-based knowledge management platform, cloud-based talent relationship management platform, cloud-based education case management system, cloud-based web filtering system, and cloud-based core human capital management, benefit and payroll system. The SBITA arrangements expire at various dates through 2025 and provide for renewal options.

As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$2,027,758 and \$799,911, respectively.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS  
(CONTINUED)**

The following is a summary of changes in Business-Type Activities subscription liability for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Subscription Liability	\$ 803,288	\$ 90,186	\$ 493,202	\$ 400,272
Total	\$ 803,288	\$ 90,186	\$ 493,202	\$ 400,272

The future subscription payments under SBITA agreements are as follows:

Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 368,908	\$ 12,820	\$ 381,728
2026	31,364	119	31,483
Total	\$ 400,272	\$ 12,939	\$ 413,211

**NOTE 7 REVENUE**

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. The majority of the students for the School reside in Philadelphia. For the year ended June 30, 2024, the rate for the School District of Philadelphia was \$11,569 per year for regular education students plus additional funding for special education students. The annual rate is paid monthly by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Total revenue from these sources was \$11,237,257 for the year ended June 30, 2024.

**NOTE 8 GOVERNMENT GRANTS AND REIMBURSEMENT PROGRAMS**

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense and health services 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 and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 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.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 RETIREMENT PLAN**

Effective July 1, 2012, the School was part of the Mastery Charter School 403(b) Retirement Plan, a multiple employer defined contribution plan under Section 403(b) of the Internal Revenue Code, which employees of the School can elect to contribute. Employees, who do not participate in the PSERS retirement plan, can contribute up to 5% of their qualified compensation, with the School matching up to 5% of their qualified compensation. Employees who participate in the PSERS retirement plan can also participate in the 403(b) plan, but these 403(b) contributions are not matched by the School. The School's combined governmental activity and business-type activity contributions to the Plan for the year ended June 30, 2024 was \$810,791.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in School contributions and earnings on School contributions after one year of services. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to pay a portion of the Plan's administrative expenses.

The School did not have a payable to the Plan at June 30, 2024.

**NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2024, the School reported a liability of \$19,707,000 for its proportionate share of net pension liability for the PSERS Plan. The net pension was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022, to June 30, 2023. The School's proportion of the net pension liability was calculated utilizing the School's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the School's proportion was 0.0443%, which was an increase of 0.0011% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the governmental functions and business-type functions recognized pension expense of \$456,000 and \$1,824,000, respectively. At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 800	\$ (54,000)	\$ 3,200	\$ (216,000)
Changes in Assumptions	58,800	-	235,200	-
Net Difference Between Projected and Actual Investment Earnings	111,400	-	445,600	-
Changes in Proportions	116,400	(23,000)	465,600	(92,000)
Difference Between Employer Contributions and Proportionate Share of Total Contributions	59,719	-	238,876	-
Contributions Subsequent to the Measurement Date	440,400	-	1,761,600	-
Total	<u>\$ 787,519</u>	<u>\$ (77,000)</u>	<u>\$ 3,150,076</u>	<u>\$ (308,000)</u>

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)**

The amount of \$2,202,000 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities Amount</u>	<u>Business-Type Activities Amount</u>	<u>Total</u>
2025	\$ 109,350	\$ 437,397	\$ 546,747
2026	(43,158)	(172,636)	(215,794)
2027	158,029	632,112	790,141
2028	45,898	183,603	229,501
Total	<u>\$ 270,119</u>	<u>\$ 1,080,476</u>	<u>\$ 1,350,595</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2023, was determined by rolling forward the System's total pension liability as of the June 30, 2022, actuarial valuation to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – Level % of Pay
- Investment Return – The investment rate of return was 7.00%, including inflation at 2.50%.
- Salary Increases – 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 actuarial assumptions used in the June 30, 2023, valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future 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 PSERS 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.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Following is 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, 2023.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	30.0 %	5.2 %
Private Equity	12.00	0.1 %
Fixed Income	33.00	3.2 %
Commodities	7.50	2.7 %
Infrastructure/MLPs	10.00	5.4 %
Real Estate	11.00	5.7 %
Absolute Return	4.00	4.1 %
Cash	3.00	1.2 %
Leverage	(10.50)	1.2 %
Total	<u>100.0 %</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projections 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 contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net asset 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 Employer'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 (in thousands):

	<u>One Percent Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>One Percent Increase 8.00%</u>
Employer's Proportionate Share of the Net Pension Liability	<u>\$ 25,546</u>	<u>\$ 19,707</u>	<u>\$ 14,781</u>

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)**

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)**

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

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS**

At June 30, 2024, the School reported a liability of \$794,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2022, to June 30, 2023. The School’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School’s proportion was 0.0439%, which was an increase of 0.0010% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the governmental functions and business-type functions recognized OPEB credit of (\$5,600) and (\$22,400), respectively. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Employer Contributions and Proportionate Share of Total Contributions	\$ -	\$ (679)	\$ -	\$ (2,715)
Difference Between Expected and Actual Experience	1,000	(1,600)	4,000	(6,400)
Changes in Assumptions	13,800	(30,000)	55,200	(120,000)
Net Difference Between Projected and Actual Investment Earnings	400	-	1,600	-
Changes in Proportions	10,000	(14,800)	40,000	(59,200)
Contributions Subsequent to the Measurement Date	8,600	-	34,400	-
Total	<u>\$ 33,800</u>	<u>\$ (47,079)</u>	<u>\$ 135,200</u>	<u>\$ (188,315)</u>

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The amount of \$43,000 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	Governmental Activities Amount	Business-Type Activities Amount	Total
2025	\$ (9,962)	\$ (39,849)	\$ (49,811)
2026	(5,719)	(22,875)	(28,594)
2027	(2,280)	(9,121)	(11,401)
2028	(4,148)	(16,594)	(20,742)
2029	(265)	(1,059)	(1,324)
Thereafter	495	1,983	2,478
Total	<u>\$ (21,879)</u>	<u>\$ (87,515)</u>	<u>\$ (109,394)</u>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS total OPEB liability as of June 30, 2022, to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method was entry age normal, level percent of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Effective average salary growth of 4.5%, comprising 2.50% for inflation and 2.00% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement benefits 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, 2023, valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2020.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- Cost method was developed using the amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method was 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 with regard to the allocation of invested plan assets is established and may be amended by the PSERS 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. Following is 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, 2023.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.13% at June 30, 2023. 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 to be a pay-as-you-go plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS, BENEFIT EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year and 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the School's share of the Premium Assistance net OPEB liability at June 30, 2023, calculated using Healthcare Cost Trends as well as what the System net OPEB liability would be if the Healthcare Cost Trends were one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Health Care Cost Trend Rate (in Thousands)		
1% Decrease (Between 4% to 6%)	Health Care Cost Trend Rates (Between 5% to 7%)	1% Increase (Between 6% to 8%)
\$ 794	\$ 794	\$ 794

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current rate (4.13%).

Sensitivity of the Premium Assistance Net OPEB Liability to Changes in the Discount Rate (in Thousands)		
1% Decrease 3.13%	Discount Rate 4.13%	1% Increase 5.13%
\$ 898	\$ 794	\$ 707

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

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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 from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

**NOTE 13 MANAGEMENT AND TECHNOLOGY AGREEMENTS**

The Mastery Schools use the NST for their educational, administrative, and financial services. The NST is a proprietary fund that is included in the total activities of the Mastery Charter High School.

As of July 1, 2023, the School entered into a one-year management agreement with the other Mastery Schools to provide educational, administrative, finance, and other back-office services. As a result of common usage of the NST, the Mastery Schools are considered related parties (see Note 14). The NST management fee is 10% of the per-pupil funding received from the local school district by each school. The total fee paid by the Lenfest Campus to the NST was \$1,123,726 for the year ended June 30, 2024. The total NST management fee revenue from the Mastery Schools totaled \$26,469,848 for the year ended June 30, 2024. The management agreement also provides for technology subscription services. The subscription fee is set annually based on the technology deployed at each school. The technology subscription fee paid by the Lenfest Campus to the NST was \$209,000 for the year ended June 30, 2024. The total technology subscription fees from the Mastery Schools totaled \$5,006,000 for the year ended June 30, 2024. Unless specified notice is given, the management agreement renews each year during the term of the School's charter.

**NOTE 14 RELATED PARTY TRANSACTIONS**

Mastery Charter School – Thomas Campus, Mastery Charter School – Shoemaker Campus, Mastery Charter School – Pickett Campus, Mastery Charter School – Mann Elementary, Mastery Charter School – Smedley Elementary, Mastery Charter School – Harrity Elementary, Mastery Charter School – Gratz Campus, Mastery Charter School – Clymer Elementary, Grover Cleveland Mastery Charter School, Francis D. Pastorius Mastery Charter School, Hardy Williams Academy Charter School, Frederick Douglass Mastery Charter School, Mastery Charter School John Wister Elementary, and Mastery Prep Elementary Charter School are considered related parties as a result of the management of the schools and common usage of the NST (see Note 13).

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)**

The following represents amounts due from and to related parties as of June 30, 2024 for balances due to (from) other Mastery Schools.

	Mastery Charter High School		NST		Total	
	Due From (Receivable)	Due to (Payable)	Due From (Receivable)	Due to (Payable)	Due From (Receivable)	Due to (Payable)
Due to Other Governmental Entities	\$ -	\$ 946	\$ -	\$ -	\$ -	\$ 946
Due from Other Governmental Entities	-	-	9,145	-	9,145	-
Total	<u>\$ -</u>	<u>\$ 946</u>	<u>\$ 9,145</u>	<u>\$ -</u>	<u>\$ 9,145</u>	<u>\$ 946</u>

**NOTE 15 CONTINGENCIES**

The School is sometimes subject to litigation or the threat of litigation in the ordinary course of its business. In accordance with U.S. GAAP, the School recognizes such contingencies in the financial statements when it is both probable that a material liability has been incurred and the amount can be reasonable estimated.

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Educational Agencies	\$ 9,913,000	\$ 11,183,000	\$ 11,237,257	\$ 54,257
State Sources	112,000	160,000	202,435	42,435
Federal Sources	2,858,000	3,282,000	3,359,619	77,619
Other Grants and Contributions	-	9,000	1,921	(7,079)
Other Local Sources	97,000	104,000	287,987	183,987
Interest	20,000	50,000	66,826	16,826
Total Revenues	<u>13,000,000</u>	<u>14,788,000</u>	<u>15,156,045</u>	<u>368,045</u>
<b>EXPENDITURES</b>				
Instruction	4,985,000	4,936,000	4,870,517	(65,483)
Special Education	3,330,000	3,750,000	4,192,933	442,933
Student Support Services	1,365,000	1,434,000	1,437,024	3,024
Instruction Support Services	10,000	10,000	4,096	(5,904)
Administration Support	1,773,000	1,981,000	1,975,846	(5,154)
Pupil Health	117,000	117,000	98,137	(18,863)
Business Services	-	-	76,900	76,900
Operations and Maintenance	577,500	604,500	618,959	14,459
Student Transportation Services	-	-	28,000	28,000
Other Support Services	140,000	140,000	135,256	(136,000)
Student Activities	160,000	160,000	169,063	9,063
Capital Outlays	182,500	170,500	120,201	(50,299)
Debt Service - Principal - Lease Liability	-	-	17,586	17,586
Debt Service - Interest Expense	-	-	1,854	1,854
Total Expenditures	<u>12,640,000</u>	<u>13,303,000</u>	<u>13,746,372</u>	<u>312,116</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 360,000</u>	<u>\$ 1,485,000</u>	1,409,673	<u>\$ 55,929</u>
Fund Balance - Beginning of Year			<u>2,679,449</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,089,122</u>	

**Notes to Required Supplemental Information**

**NOTE 1 EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN A MAJOR FUND**

For the year ended June 30, 2024, the General Fund's total expenditures exceeded total appropriations by \$312,116, or 2.35%. The overage was funded from excess revenue and existing fund balance.

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULES OF PROPORTIONATE SHARE OF PSERS  
NET PENSION LIABILITY AND CONTRIBUTIONS  
(UNAUDITED)**

Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)  
PSERS Measurement Date (Unaudited)  
(in Thousands)

Measurement Date	PSERS Net Pension Liability		School's Covered Payroll	School's Proportionate Share of NPL as a Percent of Covered Payroll	PSERS Fiduciary Net Position as a Percent of Total Pension Liability
	School's Proportion	School's Proportion Share			
June 30, 2014	0.06970 %	\$ 27,588	\$ 8,894	310 %	57.20 %
June 30, 2015	0.06270 %	27,159	8,062	337 %	54.40 %
June 30, 2016	0.06070 %	30,080	7,864	383 %	50.14 %
June 30, 2017	0.05540 %	27,361	7,377	371 %	51.80 %
June 30, 2018	0.04690 %	22,514	6,315	357 %	54.00 %
June 30, 2019	0.04060 %	18,994	5,597	339 %	55.66 %
June 30, 2020	0.04190 %	20,631	5,435	380 %	54.32 %
June 30, 2021	0.04370 %	17,942	6,199	289 %	63.67 %
June 30, 2022	0.04320 %	19,206	6,237	308 %	61.34 %
June 30, 2023	0.04430 %	19,707	6,706	294 %	61.85 %

PSERS Schedule of Contributions (Unaudited)  
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS in FY	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2014/15	\$ 1,580	\$ 1,580	\$ -	\$ 8,062	19.60 %
2015/16	1,866	1,866	-	7,864	23.73 %
2016/17	2,093	2,093	-	7,377	28.37 %
2017/18	2,029	2,029	-	6,315	32.13 %
2018/19	1,937	1,937	-	5,597	34.61 %
2019/20	1,813	1,813	-	5,435	33.36 %
2020/21	2,064	2,064	-	6,199	33.30 %
2021/22	2,167	2,167	-	6,237	34.74 %
2022/23	2,301	2,301	-	6,706	34.31 %
2023/24	2,202	2,202	-	6,655	33.09 %

**Notes to Required Supplemental Information**

(1) Methods and Assumptions used in Calculations of Actuarially Determined Proportionate Share of PSERS Net Pension Liability and Contributions:

- Actuarial Cost Method – Entry Age Normal – Level % of Pay.
- Investment Return – The investment rate of return was 7.00%, including inflation at 2.50%.
- Salary Increases – 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.

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULES OF PROPORTIONATE SHARE OF PSERS  
NET OPEB LIABILITY AND CONTRIBUTIONS  
(UNAUDITED)**

Schedule of Proportionate Share of PSERS Net OPEB Liability  
PSERS Measurement Date (Unaudited)  
(in Thousands)

Measurement Date	PSERS Net OPEB Liability		School's Covered Payroll	School's Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	PSERS Fiduciary Net Position as a Percentage of Total OPEB Liability
	School's Proportion	School's Proportionate Share		Percentage of Covered Payroll	Percentage of Total OPEB Liability
June 30, 2017	0.05540%	\$ 1,129	\$ 7,377	15.30%	5.73 %
June 30, 2018	0.04690%	978	6,315	15.49%	5.56 %
June 30, 2019	0.04060%	863	5,597	15.42%	5.56 %
June 30, 2020	0.04170%	901	5,435	16.58%	5.69 %
June 30, 2021	0.04360%	1,033	6,199	16.66%	5.30 %
June 30, 2022	0.04290%	790	6,237	12.67%	6.86 %
June 30, 2023	0.04390%	794	6,706	11.84%	7.22 %

PSERS OPEB Schedule of Contributions (Unaudited)  
(in thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS in FY	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2017/18	\$ 53	\$ 53	\$ -	\$ 6,315	0.84 %
2018/19	49	49	-	5,597	0.88 %
2019/20	46	46	-	5,435	0.85 %
2020/21	51	51	-	6,199	0.82 %
2021/22	51	51	-	6,237	0.82 %
2022/23	50	50	-	6,706	0.75 %
2023/24	43	43	-	6,655	0.65 %

Note – 10 years are required, additional years will be added as they become available.

**Notes to Required Supplemental Information**

(1) Changes in Actuarial Assumptions

The investment rate of return was changed from 4.09% to 4.13%.

(2) Methods and Assumptions used in Calculations of Actuarially Determined Proportionate Share of PSERS Net OPEB Liability and Contributions:

- Actuarial cost method was entry age normal, level percent of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Effective average salary growth of 4.5%, comprising 2.50% for inflation and 2.00% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement benefits capped at \$1,200 per year.
- Assumed health care 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%.

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant/ Contract Period	Grant Amount	Accrued or (Deferred) Revenue at July 1, 2023	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued or (Deferred) at June 30, 2024
U.S. Department of Education:									
Pass-Through Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013 231023	7/25/22 - 9/30/23	\$ 569,054	\$ 37,925	\$ 37,925	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013 241023	7/31/23 - 9/30/24	673,861	-	648,691	673,861	25,170
Total Federal Assistance Listing 84.010						37,925	686,616	673,861	25,170
Supporting Effective Instruction State Grants	I	84.367	020 231023	7/25/22 - 9/30/23	38,309	3,702	3,702	-	-
Supporting Effective Instruction State Grants	I	84.367	020 241023	7/31/23 - 9/30/24	39,969	-	38,209	39,969	1,760
Total Federal Assistance Listing 84.367						3,702	41,911	39,969	1,760
English Language Acquisition State Grants	I	84.365	010 231060	7/25/22 - 9/30/23	100,011	5,690	5,690	-	-
English Language Acquisition State Grants	I	84.365	010 241060	7/31/23 - 9/30/24	94,317	-	94,317	94,317	-
Total Federal Assistance Listing 84.365						5,690	100,007	94,317	-
Student Support and Academic Enrichment Program	I	84.424	144 231023	7/25/22 - 9/30/23	45,265	2,145	2,145	-	-
Student Support and Academic Enrichment Program	I	84.424	144 241023	7/31/23 - 9/30/24	44,548	-	44,548	44,548	-
Student Support and Academic Enrichment Program - BSCA Stronger Connections - Title IVA Competitive Grant	I	84.424F	144 231023	3/22/24 - 9/30/26	366,672	-	-	30,450	30,450
Total Federal Assistance Listing 84.424						2,145	46,693	74,998	30,450
COVID-19 Education Stabilization Fund:									
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	I	84.425U	223 211023	3/13/20 - 9/30/24	4,244,826	21,602	2,315,360	2,293,758	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief 7%	I	84.425U	225 211023	3/13/20 - 9/30/24	329,818	95,456	167,958	72,502	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Homeless Children and Youth	I	84.425W	181 212238	7/1/21 - 9/30/24	13,767	(1,042)	1,059	11,279	9,178
Total COVID-19 Education Stabilization Fund						116,016	2,484,377	2,377,539	9,178
Pass-Through School District Philadelphia:									
Special Education Cluster:									
Special Education -Grants to States (IDEA, Part B)	I	84.027	N/A	7/1/22 - 6/30/23	191,598	191,598	191,598	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	N/A	7/1/23 - 6/30/24	193,252	-	-	193,252	193,252
Total Special Education Cluster						191,598	191,598	193,252	193,252
Teacher and School Leader Incentive Grant	D	84.374A	N/A	10/1/23 - 9/30/26	3,010,940	-	1,879,695	1,879,695	-
Innovative Approaches to Literacy; Promise Neighborhood; Full-service Community Schools	D	84.215G	N/A	10/1/23 - 9/30/28	747,000	-	434,900	435,363	463
School Safely National Activities	D	84.184M	N/A	1/1/24 - 12/31/28	698,584	-	153,510	153,510	-
Total U.S. Department of Education						357,076	6,019,307	5,922,504	260,273

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant/ Contract Period	Grant Amount	Accrued or (Deferred) Revenue at July 1, 2023	Total Received for the Year	Federal Disbursements/ Expenditures	Accrued or (Deferred) at June 30, 2024
U.S. Department of Agriculture:									
Child Nutrition Cluster:									
Pass-Through Pennsylvania Department of Education:									
Food and Nutrition Services - School Breakfast Program	I	10.553	N/A	7/1/22 - 6/30/23	\$ 1,818,975	\$ 271,240	\$ 271,240	\$ -	\$ -
Food and Nutrition Services - School Lunch Program	I	10.555	N/A	7/1/22 - 6/30/23	5,203,864	729,607	729,607	-	-
Food and Nutrition Services - School Breakfast Program	I	10.553	N/A	7/1/23 - 6/30/24	2,122,146	-	1,832,731	2,122,146	289,415
Food and Nutrition Services - School Lunch Program	I	10.555	N/A	7/1/23 - 6/30/24	5,591,396	-	4,845,770	5,591,396	745,626
Food and Nutrition Services - Fresh Fruit & Vegetable Program	I	10.582	N/A	7/1/23 - 6/30/24	88,118	-	83,050	88,118	5,068
Food and Nutrition Services - School Lunch Program Supply Chain Assistance	I	10.555	N/A	7/1/23 - 6/30/24	265,736	-	265,736	265,736	-
Pass-Through Pennsylvania Department of Agriculture:									
Food and Nutrition Services - School Lunch Program - Donated Commodities	I	10.555	N/A	7/1/24 - 6/30/24	499,852	-	499,852	499,852	-
Total Child Nutrition Cluster						1,000,847	8,527,986	8,567,248	1,040,109
Pass-Through Pennsylvania Department of Education:									
Food and Nutrition Services - State Pandemic Electronic Benefit Transfer Administrative Costs Grant	I	10.649	N/A	7/1/22 - 6/30/23	13,386	6,180	6,180	-	-
Total U.S. Department of Agriculture						1,007,027	8,534,166	8,567,248	1,040,109
U.S. Federal Communications Commission									
COVID-19 Emergency Connectivity Fund Program	D	32.009	N/A	7/1/22 - 6/30/23	1,426,800	1,426,800	1,426,800	-	-
Total U.S. Federal Communications Commission						1,426,800	1,426,800	-	-
Total Expenditures of Federal Awards						\$ 2,790,903	\$ 15,980,273	\$ 14,489,752	\$ 1,300,382

D - Direct Funding

I - Indirect Funding

Note: There were no awards passed through to subrecipients.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MASTERY CHARTER HIGH SCHOOL  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2024**

**NOTE 1 GENERAL INFORMATION**

The accompanying schedule of expenditures of federal awards presents the activities of the federal financial assistance programs of Mastery Charter High School (the School). Financial awards received directly from federal agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included in the schedule.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The schedule of expenditures of federal awards presents only a selected portion of the activities of the School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balances of governmental funds. The financial activity for the aforementioned awards is reported in the School's statement of activities, statement of revenue, expenditures, and changes in fund balance – governmental funds, and NST's statement of revenues, expenditures, and changes in fund net position – proprietary fund.

**NOTE 4 INDIRECT COST RATE**

Mastery Charter High School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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  
Mastery Charter High School  
Philadelphia, 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, and each major fund of Mastery Charter High School, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Mastery Charter High School's basic financial statements, and have issued our report thereon dated November 19, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

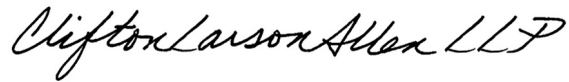
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mastery Charter High 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
November 19, 2024



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

Board of Trustees  
Mastery Charter High School  
Philadelphia, Pennsylvania

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

#### ***Opinion on Each Major Federal Program***

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mastery Charter High 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 Mastery Charter High 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 Mastery Charter High School's federal programs.

### ***Auditors' 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 Mastery Charter High 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 GAAS, *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 Mastery Charter High School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Mastery Charter High 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 Mastery Charter High 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 Mastery Charter High 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**

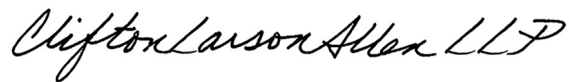
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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

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

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



**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
November 19, 2024

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_yes        X  no

**Identification of Major Federal Programs**

**Federal Assistance Listing Number(s)**

**Name of Federal Program or Cluster**

84.425U and 84.425W

COVID-19 Education Stabilization Fund Programs

84.374A

Teacher and School Leader Incentive Grants

Dollar threshold used to distinguish between Type A or Type B programs was:

\$ 750,000

Auditee qualified as low-risk auditee?

  X  yes      \_\_\_\_\_no

**MASTERY CHARTER HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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***Section IV – Prior Audit Findings***

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There were no prior year findings required to be reported under the Uniform Guidance.



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