



INSIGHT PA CYBER CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2024

INSIGHT PA CYBER CHARTER SCHOOL
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

December 18, 2024

To the Board of Trustees
Insight PA Cyber Charter School
Exton, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Insight PA Cyber Charter School ("the School"), Exton, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Insight PA Cyber Charter School as of June 30, 2024, and the respective changes in its financial position and the respective budgetary comparison for the general fund for the year then ended in conformity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Insight PA Cyber Charter School

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

To the Board of Trustees
Insight PA Cyber Charter School

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

Report on Summarized Comparative Information

We have previously audited the Insight PA Cyber Charter School's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund in our report dated January 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedule of the School's proportionate share of the net pension liability - PSERS, schedule of School pension contributions - PSERS, schedule of the School's proportionate share of the net OPEB liability - PSERS, and schedule of School OPEB contributions - PSERS on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

To the Board of Trustees
Insight PA Cyber Charter School

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP



Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited

The Board of Trustees of the Insight PA Cyber Charter School ("Insight PA") offers readers of the Insight PA's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024 as prepared by the CEO, Ellen Cannistraci and the CFO, Kevin Corcoran. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

The 2023-2024 school year was the seventh year of operations for Insight PA. For the year ended June 30, 2024, Insight PA's net position decreased by \$5,374,197 from the prior year. Revenues totaling \$76,217,314 decreased by \$4,794,548 from the prior year primarily due to decrease in student enrollment leading to lower tuition revenue of \$4,633,134 offset by decreases in the use of ESSER funds during the current year. Expenses for the same period totaled \$81,591,511 and increased by \$11,118,817 from the prior year primarily due to an increase in instructional services of \$14,925,699. The first year of operations for Insight PA was 2017-2018, and the size of the student body stabilized in 2022-2023 after a few years of pandemic-driven enrollment growth.

As of June 30, 2024, the general fund reported fund balance of \$44,636,149, which is a decrease of \$5,907,825 from the prior year. The Insight PA Board of Trustees has committed the following funds for future school needs:

- Future innovation related expenditures (as outlined in the charter per PDE): \$1,000,000
- Implementation of DEI-related initiatives: \$2,000,000
- Future employee salaries to compensate for the end of ESSER funds (June 30, 2024): \$20,000,000
- Future facilities' costs to purchase/lease regional sites and purchase main office: \$10,000,000
- Future IT staff, equipment and software/applications: \$2,000,000
- Urgent and emergency uses: \$8,000,000

This provides a committed general fund balance of \$43,000,000. This, coupled with \$1,297,614 in prepaid expenditures, leaves an unassigned general fund balance of \$338,535.

Overview of the Financial Statements

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

Government-wide Financial Statements

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



INSIGHT PA

CYBER CHARTER SCHOOL

Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited (cont'd)

The statement of net position presents information on all Insight PA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources less liabilities and deferred inflows of resources) reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Insight PA is improving or deteriorating.

The statement of activities presents information showing how Insight PA'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 functions of Insight PA, which are principally supported by subsidies from school districts whose student-residents attend Insight PA.

In the statement of net position and the statement of activities, Insight PA is comprised of the following activities:

Governmental Activities – All of Insight PA's basic services are reported here.

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. Insight PA, like government-type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A school may typically have three kinds of funds, governmental, proprietary, and fiduciary - and each use different accounting approaches. Insight PA currently has no proprietary or fiduciary funds.

All Insight PA's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in assessing Insight PA'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.

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.

Required Supplementary Information

The schedules of changes in the net pension liability and net OPEB liability and of Insight PA contributions are presented for purposes of additional analysis.



INSIGHT PA

CYBER CHARTER SCHOOL

Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited (cont'd)

Government-wide Financial Analysis

Management follows the Governmental Accounting Standards Board *Codification of Accounting and Financial Reporting Standards* (GASB Codification), which requires a comparative analysis of current and prior periods within management's discussion and analysis.

As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of Insight PA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,743,385 at June 30, 2024. The following table is a comparative analysis of fiscal year 2024 to 2023:

STATEMENTS OF NET POSITION

	Governmental Activities	
	2024	2023
Current assets	\$ 54,287,422	\$ 57,808,786
Capital assets	1,699,012	2,134,564
Total Assets	55,986,434	59,943,350
Deferred outflows of resources	814,155	646,432
Total Assets and Deferred Outflows of Resources	\$ 56,800,589	\$ 60,589,782
Current liabilities	\$ 10,018,727	\$ 7,618,090
Noncurrent liabilities	5,837,949	7,363,403
Total Liabilities	15,856,676	14,981,493
Deferred inflows of resources	1,200,528	490,707
Net Position:		
Net investment in capital assets	28,609	105,176
Unrestricted	39,714,776	45,012,406
Total Net Position	39,743,385	45,117,582
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 56,800,589	\$ 60,589,782

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Insight PA's revenues are predominately local school district funds based on



INSIGHT PA

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Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited (cont'd)

student enrollment. For the year ended June 30, 2024, Insight PA's total expenses of \$81,591,511 exceeded revenues of \$76,217,314 by \$5,374,197.

STATEMENTS OF CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 69,110,584	\$ 64,477,450
Operating grants and contributions	5,019,535	14,970,079
Total Program Revenues	74,130,119	79,447,529
Interest income	1,802,895	863,388
Refund of prior year expenditures	284,300	700,945
Total Revenues	76,217,314	81,011,862
Expenses		
Instruction	50,150,301	35,224,602
Support services	31,362,904	35,044,451
Noninstructional services	78,306	203,641
Total Expenses	81,591,511	70,472,694
Change in Net Position	\$ (5,374,197)	\$ 10,539,168

Governmental Funds

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

Insight PA's General Fund reported an ending fund balance of \$44,636,149, a decrease of \$5,907,825 from the prior year. The Board of Trustees committed \$43,000,000 in funds, as outlined on the first page of this analysis, and certain funds were held in nonspendable form, leaving an unassigned fund balance of \$338,535.

Budget Variations

Insight PA's budget is prepared in accordance with Pennsylvania law and is based on the modified accrual basis of accounting. Insight PA may amend its revenue and expenditure estimates periodically due to changing conditions. Actual revenues exceeded budgeted revenues due mainly to more revenue from school districts than anticipated.



Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited (cont'd)

Actual expenditures exceeded budgeted expenditures due mainly to additional salaries and benefits associated with teachers as well as increased supplies and support expenditures as a result of more students than anticipated.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, Insight PA's investment in capital assets, net of accumulated depreciation and amortization totaled \$1,699,012. Capital assets include leasehold improvements, furniture and equipment, and right to use assets. Additional information on Insight PA's capital assets can be found in Note 4 of this report.

Long-term Debt

Insight PA has leases payable totaling \$1,670,403. Additional information can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The fiscal and operational stability of our Commonwealth's charter schools is directly linked to the State of Pennsylvania's Budget and shifting political realities. This issue manifests itself most clearly in the way that the state determines each charter school's per-pupil allotment, which is calculated by the student's school district of residence and Form PDE-363. Form PDE 363 uses a "state-determined" formula, which calculates per pupil allotments, based on school district expenditures minus a list of "permitted deductions." These deductions currently leave Pennsylvania's charter schools with an estimated average 75% of the funding available to our state's traditional public schools. Further manipulation of the mechanism through which the charter schools are funded could necessitate charter school program reductions, hinder program maintenance, and/or prohibit the program development required meet to the Commonwealth's increasingly high expectations for student learning.

For the past few years charter schools – like other public schools – have benefited from a heightened level of Federal support through "ESSER" grants, which focus on helping schools mitigate impacts to students experienced during the COVID pandemic, most notably learning loss. These grants have added several million dollars to Insight's budget in the past 3 years and are effectively exhausted at the ending date of this report, with any residual to be used in the first quarter of the 24-25 fiscal year as all funds available through the ESSER grant program are currently set to expire for all schools on September 30, 2024.

Though the charter school concept is widely recognized as a viable and indeed necessary educational model, the issue concerning how charter schools are funded will likely remain politically controversial in the foreseeable future. In Pennsylvania, very well-funded special interest groups have lobbied persistently to progressively deplete funding of charter schools. Nevertheless, the demand for this



Management's Discussion and Analysis | For the Year Ended June 30, 2024 – Unaudited (cont'd)

educational choice continues to increase, and the quality of services provided by charter schools continues to improve. Fortunately, there are many passionate and deeply committed individuals in our movement actively reaching out to the General Assembly and Governor to communicate funding facts as well as charter school student accomplishments.

Future Events that will Financially Impact the School

Insight PA received a five-year charter renewal from the Pennsylvania Department of Education (PDE) that will expire June 30, 2028. A five-year charter is the longest time-period a charter can be issued for in Pennsylvania.

Insight PA's enrollment has stabilized and with the newly imposed enrollment cap of 4,302 students, growth has slowed after years of pandemic-fueled enrollment. Insight PA anticipates beginning to add satellite locations around the Commonwealth to improve our direct service to students and families. Securing these locations is in the very preliminary stages.

In early July 2024, the PA legislature passed and Governor signed updates to the PA Charter School Law that alter the formula for how schools are reimbursed for serving Special Education students. The changes will be implemented on January 1, 2025 and will result in a reduction in funding for PA public cyber charter schools by various amounts, depending on how the revised formula applies to each individual school district. While the new formula's impact is not possible to define with precision as it is based on actual future enrollment counts from each of PA's 500 individual school districts, the school does expect a 5-10% reduction in Special Education funding for the 2nd half of the 24-25 school year.

Insight PA converted from the Public School Employees' Retirement System (PSERS) to a 403(b) plan for all new employees hired on or after July 1, 2018. This retirement benefit will continue to result in savings for Insight PA as Insight PA increases the number of employees during the growth period referenced above, as all the new employees will participate in the 403(b). As of the date of this writing, only 20 of the over 450 employees are enrolled in the expenses PSERS pension plan. This number (20) can only decrease as members of this group retire, resign, or otherwise leave the school.

Contracting the School's Financial Management

The financial report is designed to provide interested parties a general overview of Insight PA's finances. Questions regarding any of the information provided in this report should be addressed to the CFO, Insight PA Cyber Charter School, 350 Eagleview Boulevard, Exton, PA 19341.

Produced by:

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Eileen Cannistraci, CEO, eicannistraci@insightpa.org

**INSIGHT PA CYBER CHARTER SCHOOL
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2023**

	Governmental Activities	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 30,931,032	\$ 30,339,001
Investments	16,082,869	15,330,525
Due from other governments	5,963,672	10,666,767
Other receivables	12,235	684,603
Prepaid expenses	1,297,614	787,890
Total Current Assets	54,287,422	57,808,786
NONCURRENT ASSETS:		
Capital and right to use assets, net of accumulated depreciation/amortization	1,699,012	2,134,564
TOTAL ASSETS	55,986,434	59,943,350
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pension	719,347	504,514
Deferred outflows related to OPEB	94,808	141,918
TOTAL DEFERRED OUTFLOWS OF RESOURCES	814,155	646,432
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 56,800,589	\$ 60,589,782
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,502,787	\$ 2,417,833
Accrued salaries and benefits	4,944,803	3,245,409
Accrued expenses	2,111,102	1,595,863
Unearned revenue	92,581	-
Current portion of leases payable	367,454	358,985
Total Current Liabilities	10,018,727	7,618,090
NONCURRENT LIABILITIES:		
Leases payable, net of current portion	1,302,949	1,670,403
Net pension liability	4,360,000	5,468,000
Net OPEB liability	175,000	225,000
Total Noncurrent Liabilities	5,837,949	7,363,403
TOTAL LIABILITIES	15,856,676	14,981,493
DEFERRED INFLOWS OF RESOURCES:		
Lease incentives	-	5,707
Deferred inflows related to pension	1,111,528	417,000
Deferred inflows related to OPEB	89,000	68,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,200,528	490,707
NET POSITION:		
Net investment in capital assets	28,609	105,176
Unrestricted	39,714,776	45,012,406
TOTAL NET POSITION	39,743,385	45,117,582
TOTAL LIABILITIES AND NET POSITION	\$ 56,800,589	\$ 60,589,782

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

INSIGHT PA CYBER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Totals	
				2024	2023
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 50,150,301	\$ 69,110,584	\$ 5,019,535	\$ 23,979,818	\$ 44,222,927
Support services	31,362,904	-	-	(31,362,904)	(35,044,451)
Noninstructional services	78,306	-	-	(78,306)	(203,641)
TOTAL GOVERNMENTAL ACTIVITIES	81,591,511	69,110,584	5,019,535	(7,461,392)	8,974,835
 TOTAL PRIMARY GOVERNMENT	 \$ 81,591,511	 \$ 69,110,584	 \$ 5,019,535	 (7,461,392)	 8,974,835
 GENERAL REVENUES					
Interest income				1,802,895	863,388
Refund of prior year expenditures				284,300	700,945
TOTAL GENERAL REVENUES				2,087,195	1,564,333
 CHANGE IN NET POSITION				(5,374,197)	10,539,168
 NET POSITION, BEGINNING OF YEAR				45,117,582	34,578,414
 NET POSITION, END OF YEAR				\$ 39,743,385	\$ 45,117,582

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

**INSIGHT PA CYBER CHARTER SCHOOL
BALANCE SHEETS - GOVERNMENTAL FUND
JUNE 30, 2024 AND 2023**

	General Fund	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 30,931,032	\$ 30,339,001
Investments	16,082,869	15,330,525
Due from other governments	5,963,672	10,666,767
Other receivables	12,235	684,603
Prepaid expenditures	1,297,614	787,890
TOTAL ASSETS	\$ 54,287,422	\$ 57,808,786
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 2,502,787	\$ 2,417,833
Accrued salaries and benefits	4,944,803	3,245,409
Accrued expenses	2,111,102	1,595,863
Unearned revenues	92,581	-
TOTAL LIABILITIES	9,651,273	7,259,105
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - lease incentive	-	5,707
TOTAL DEFERRED INFLOWS OF RESOURCES	-	5,707
FUND BALANCE:		
Nonspendable	1,297,614	787,890
Committed	43,000,000	43,000,000
Unassigned	338,535	6,756,084
TOTAL FUND BALANCE	44,636,149	50,543,974
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 54,287,422	\$ 57,808,786

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

**INSIGHT PA CYBER CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND TO
STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL GOVERNMENTAL FUND BALANCE		\$ 44,636,149
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		1,699,012
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Leases payable	\$ (1,670,403)	
Net pension liability	(4,360,000)	
Net OPEB liability	<u>(175,000)</u>	
		(6,205,403)
<p>Deferred inflows and outflows of resources related to the School's pension and OPEB plans do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:</p>		
Deferred outflows of resources related to pension	719,347	
Deferred outflows of resources related to OPEB	94,808	
Deferred inflows of resources related to pension	(1,111,528)	
Deferred inflows of resources related to OPEB	<u>(89,000)</u>	
		<u>(386,373)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 39,743,385</u>

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

INSIGHT PA CYBER CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Local sources	\$ 70,913,479	\$ 65,336,518
State sources	163,473	176,946
Federal sources	4,856,062	14,797,453
TOTAL REVENUES	<u>75,933,014</u>	<u>80,310,917</u>
EXPENDITURES		
Current:		
Instruction	50,202,905	34,041,222
Support services	31,843,928	35,449,633
Operation of noninstructional services	78,306	12,431
TOTAL EXPENDITURES	<u>82,125,139</u>	<u>69,503,286</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,192,125)	10,807,631
OTHER FINANCING SOURCES (USES)		
Refund of prior year expenditures	<u>284,300</u>	<u>700,945</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>284,300</u>	<u>700,945</u>
NET CHANGE IN FUND BALANCE	(5,907,825)	11,508,576
FUND BALANCE, BEGINNING OF YEAR	<u>50,543,974</u>	<u>39,035,398</u>
FUND BALANCE, END OF YEAR	<u>\$ 44,636,149</u>	<u>\$ 50,543,974</u>

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

**INSIGHT PA CYBER CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ (5,907,825)

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

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the effect of these differences:

Capital outlays	\$ 11,327	
Depreciation/Amortization	<u>(446,879)</u>	(435,552)

Incurrence of leases is an other financing source in the governmental funds but increases liabilities in the statement of net position. Repayment of principal on leases is an expenditure in the governmental funds but reduces the liability in the statement of net position. The net effect of these differences is the treatment of leases payable as follows:

Principal payments leases payable	<u>358,985</u>	358,985
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Pension and OPEB expenses in the statement of activities differ from the amount reported in the governmental fund because pension and OPEB expenses are recognized on the statement of activities based on the School's proportionate share of the expenses of the cost-sharing pension and OPEB plans, whereas pension and OPEB expenditures are recognized in the governmental fund when a requirement to remit contributions to the plans exists.

610,195

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (5,374,197)

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

**INSIGHT PA CYBER CHARTER SCHOOL
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Original and Final Appropriated Budget	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	\$ 67,735,165	\$ 70,913,479	\$ 3,178,314
State sources	267,079	163,473	(103,606)
Federal sources	7,236,456	4,856,062	(2,380,394)
TOTAL REVENUES	<u>75,238,700</u>	<u>75,933,014</u>	<u>694,314</u>
EXPENDITURES			
Instruction:			
Regular programs	44,925,034	37,735,095	7,189,939
Special programs	11,624,082	11,981,830	(357,748)
Other programs	-	485,980	(485,980)
Total Instruction	<u>56,549,116</u>	<u>50,202,905</u>	<u>6,346,211</u>
Support services:			
Pupil personnel services	6,963,545	9,996,053	(3,032,508)
Instructional staff services	1,850,354	7,194,547	(5,344,193)
Administrative services	10,817,384	6,749,927	4,067,457
Pupil health	371,441	570,766	(199,325)
Business services	911,573	1,354,408	(442,835)
Operation and maintenance of plant services	511,395	552,569	(41,174)
Transportation services	135,000	17,785	117,215
Central services	-	5,407,873	(5,407,873)
Total Support Services	<u>21,560,692</u>	<u>31,843,928</u>	<u>(10,283,236)</u>
Operation of noninstructional activities:			
Student activities	125,000	78,306	46,694
Total Operation of Noninstructional Services	<u>125,000</u>	<u>78,306</u>	<u>46,694</u>
TOTAL EXPENDITURES	<u>78,234,808</u>	<u>82,125,139</u>	<u>(3,890,331)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,996,108)</u>	<u>(6,192,125)</u>	<u>(3,196,017)</u>
OTHER FINANCING SOURCES			
Refund of prior year expenditures	-	284,300	(284,300)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>284,300</u>	<u>(284,300)</u>
NET CHANGE IN FUND BALANCE	(2,996,108)	(5,907,825)	(3,196,017)
FUND BALANCE, BEGINNING OF YEAR	<u>44,900,000</u>	<u>50,543,974</u>	<u>5,643,974</u>
FUND BALANCE, END OF YEAR	<u>\$ 41,903,892</u>	<u>\$ 44,636,149</u>	<u>\$ 2,447,957</u>

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Insight PA Cyber Charter School ("the School") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

Reporting Entity

The School is a charter school located in Exton, Pennsylvania. The School was established and operates under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997 and is operating under a charter agreement which was most recently renewed in November 2022 and expires in June 2028.

Entity-wide and Fund Financial Statements

The entity-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the School.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges to the School are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Charges to the School, state appropriations, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School receives cash.

The School reports the following major governmental fund:

- **General Fund** – The general fund is the School's primary operating fund. It accounts for all financial resources of the School.

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the Township uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables

All receivables are considered fully collectible by management. No allowance for bad debts is deemed necessary.

Prepaid Expenses/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-wide and fund financial statements.

Capital Assets

Capital assets, including leasehold improvements, furniture and equipment, and right to use assets are reported in the statement of net position. Capital assets are defined by the School as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets may be purchased or constructed and are recorded at cost or estimated

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

historical cost. Estimated historical costs are based either on similar assets of the same era or on deflated current values. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the School are depreciated and amortized using the straight-line method over the estimated useful lives of the related assets. Unless an asset's life has been adjusted based on actual experience, the School generally uses the following estimated useful lives:

Leasehold improvements	5 years
Furniture and equipment	3 - 7 years
Right-to-use lease assets	life of lease

Deferred Inflows and Outflows of Resources

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation and amortization. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position consists of net position that does not meet the definition of "restricted" or "investment in capital assets."

Fund Balance

The School follows the provisions of the *GASB Codification of Accounting and Financial Reporting Standards* (GASB Codification) relating to fund balance. The objective of this statement is to

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental fund.

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that would be associated with inventory, prepaids, long-term receivables, property held for sale, and the corpus of a permanent fund. In essence, nonspendable is the fund balance term to indicate that the respective resources are not available to be spent in any way due to their very nature and/or their lack of availability.

Restricted – carries the same definition as set forth relative to net assets. This would include any fund balance that is restricted in its use by: a) external parties; b) constitutional provisions; or c) enabling legislation (e.g. debt service funds).

Committed – amounts for which the governing members of the Board of Trustees impose constraints on how funds may or may not be used. In such a case, the only way a constraint can be removed or changed is by the same type of action of the Board of Trustees.

Assigned – amounts intended to be used for specific purposes with the intent being expressed by the Board of Trustees or the Chief Financial Officer as authorized by the Board of Trustees.

Unassigned – all other spendable amounts.

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

Budgets and Budgetary Accounting

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

The budgetary comparison schedule should present both the original and the final appropriated budgets for the reporting period. The School has only a general fund budget; therefore, the original budget filed and accepted by the Pennsylvania Department of Education is the final budget as well. Appropriations lapse at the end of the fiscal year.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The School did not engage in any unrelated business activities during the fiscal year.

Management believes it is more likely than not that its tax-exempt status and tax positions will be sustained if examined by authorities.

Use of Estimates in the Preparation of Financial Statements

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School maintains accounts at an institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024, the carrying amount of the School's deposits totaled \$30,931,032, and the bank balance was \$30,315,296. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$29,815,296 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the School's name. However, the exposed deposits were collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania.

Investments

Statutes authorize the School to invest in obligations of the U.S. Treasury; agencies and instrumentalities; deposits in savings accounts or time deposits; or share accounts of institutions

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Share Insurance Fund (NCUSIF). The School also is authorized to invest in obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America or the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School has the following recurring fair value measurements June 30, 2024:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market mutual funds	\$ 1,013,519	\$ 1,013,519	\$ -
U.S Treasury obligations	14,999,592	14,999,592	-
U.S. Agency obligations	<u>69,758</u>	<u>-</u>	<u>69,758</u>
TOTAL	<u>\$ 16,082,869</u>	<u>\$ 16,013,111</u>	<u>\$ 69,758</u>

All U.S Treasury obligations and U.S. Agency obligations are due within one year of June 30, 2024. Money market mutual funds do not have a maturity date.

NOTE 3 DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2024 consisted of the following:

Due from school districts and Pennsylvania Department of Education	<u>\$ 5,963,672</u>
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NOTE 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Leasehold improvements	\$ 8,557	\$ -	\$ -	\$ 8,557
Furniture and equipment	416,196	11,327	-	427,523
Right-to-use assets	3,504,825	-	-	3,504,825
Vehicles	28,211	-	-	28,211
Accumulated depreciation/ amortization	<u>(1,823,225)</u>	<u>(446,879)</u>	<u>-</u>	<u>(2,270,104)</u>
Total Capital Assets, Net	<u>\$ 2,134,564</u>	<u>\$ (435,552)</u>	<u>\$ -</u>	<u>\$ 1,699,012</u>

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

Depreciation/amortization expense was charged to functions of governmental activities as follows:

Instruction	\$ 357,503
Support services	<u>89,376</u>
Total Depreciation/Amortization Expense – Governmental Activities	<u>\$ 446,879</u>

NOTE 5 DUE TO K-12, INC.

In June 2014, the School entered into an agreement with K-12, Inc. to provide management services, online curriculum, instructional tools, materials, and other products through June 2024. Under this agreement, the School has purchased online curricula, instructional tools, materials, and other products totaling \$18,441,463 for the year ended June 30, 2024.

K-12, Inc. is not a division or any part of the School. The School is a body corporate authorized under Pennsylvania Charter School Law and is not a division or a part of K-12, Inc. The relationship between the parties was developed and entered into through arms-length negotiations and is based solely on the terms of this agreement and those of any other agreements that may exist from time to time between the parties.

The line item "accounts payable" shown on the statement of net position includes amounts payable and due to K-12, Inc. for curriculum materials. The amount due as of June 30, 2024 was \$1,479,358.

NOTE 6 LEASES PAYABLE

The School leases office space in Exton, Pennsylvania, along with copier leases. The lease terms range from one to five years, and rental payments increase annually. Lease expense for the year ended June 30, 2024 was \$414,756.

The following is a schedule of minimum future rental payments under non-cancelable operating leasing arrangements having remaining terms in excess of one year as of June 30, 2024:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 367,454	\$ 54,735	\$ 422,189
2026	390,125	40,984	431,109
2027	413,635	26,394	440,029
2028	438,015	10,933	448,948
2029	<u>61,174</u>	<u>13,898</u>	<u>75,072</u>
Totals	<u>\$ 1,670,403</u>	<u>\$ 146,944</u>	<u>\$ 1,817,347</u>

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN

Plan Description

The School contributes to the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members in Membership Class T-C and Membership Class T-D are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E), and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination of age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. 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 may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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 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.

Member Contributions

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

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

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

Members who joined the system after June 30, 2011 automatically contribute at the Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.50% and 9.50%, and Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the rate of the employer contribution was 34.00% of covered payroll, of which 33.09% was allocated to pensions, 0.64% for healthcare contributions, and 0.27% for Act 5 defined contributions. The School's pension contribution to PSERS for the year ended June 30, 2024 was \$518,347.

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

At June 30, 2023, the School reported a liability of \$4,360,000 for its proportionate share of the net pension liability. The net pension liability 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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School's proportion was 0.0098%, a decrease of 0.0025% from June 30, 2022.

For the year ended June 30, 2024, the School recognized pension expense credit of \$109,688. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 518,347	\$ -
Difference between expected and actual experience	1,000	60,000
Net difference between projected and actual investment earnings	123,000	-
Change in assumptions	65,000	-
Change in proportion	12,000	1,014,000
Difference between projected and actual contributions	<u>-</u>	<u>37,528</u>
	<u>\$ 719,347</u>	<u>\$ 1,111,528</u>

An amount of \$518,347 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The remaining deferred outflows of resources and deferred inflows of resources will be recognized as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ (328,827)
2026	(470,827)
2027	(151,874)
2028	<u>41,000</u>
Total	<u>\$ (910,528)</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:

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 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.
- Experience rates were based on a study from July 1, 2010 through June 30, 2015.
- The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2022 and 2023.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public entity (hedged)	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return (HF)	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	<u>\$ 5,651,000</u>	<u>\$ 4,360,000</u>	<u>\$ 3,270,000</u>

Pension Plan Fiduciary Net Position

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

NOTE 8 403(b) RETIREMENT PLAN

The School maintains a savings incentive plan 403(b) for its employees. All employees are eligible. Participants may elect voluntary salary deferrals under the plan up to the maximum permitted by law. The School contributes 7% of employee eligible compensation to the plan. The School made \$1,820,339 of contributions to the plan for the year ended June 30, 2024.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The School contributes to the Health Insurance Premium Assistance Program, which is a governmental cost sharing, multiple-employer other postemployment benefits plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the rate of the employer contribution was 34.00% of covered payroll, which was comprised of 33.09% for pension contributions, 0.64% for healthcare contributions, and 0.27% for Act 5 defined contributions. Contributions to the OPEB plan from the School were \$10,025 for the year ended June 30, 2024.

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

At June 30, 2024, the School reported a liability of \$175,000 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, 2023, the School's proportion was 0.0097%, a decrease of 0.0025% from June 30, 2022.

Contributions

For the year ended June 30, 2024, the School recognized OPEB expense of \$27,865. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 10,025	\$ -
Difference between projected and actual investment earnings	1,000	-
Difference between projected and actual contributions	6,783	-
Difference between expected and actual experience	-	2,000
Change in assumptions	15,000	33,000
Changes in proportion	62,000	54,000
	<u>\$ 94,808</u>	<u>\$ 89,000</u>

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Change in Assumptions: The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

An amount of \$10,025 is reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. The remaining deferred outflows of resources and deferred inflows of resources will be recognized as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 26,719
2026	8,719
2027	(14,631)
2028	(14,931)
2029	(10,093)
Total	<u>\$ (4,217)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by rolling forward the system's 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 – entry age normal, level percentage of pay
- Investment return – 4.13%, S&P 20 Year Municipal Bond Rate
- Salary growth – effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement capped at \$1,200 per year
- Assumed healthcare cost trends applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates based on a blend of 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 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.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, 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.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 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. As of June 30, 2023, 522 members were receiving less than the \$1,200 per year cap, is a small percentage of the total population, and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB liability	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 176,000</u>

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:

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
School's proportionate share of the net OPEB liability	<u>\$ 198,000</u>	<u>\$ 175,000</u>	<u>\$ 156,000</u>

OPEB Plan Fiduciary Net Position

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 GENERAL LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Leases payable	\$ 2,029,388	\$ -	\$ (358,985)	\$ 1,670,403	\$ 367,454
Net OPEB liability	225,000	-	(50,000)	175,000	-
Net pension liability	5,468,000	-	(1,108,000)	4,360,000	-
TOTALS	\$ 7,722,388	\$ -	\$ (1,516,985)	\$ 6,205,403	\$ 367,454

NOTE 11 COMMITMENTS AND CONTINGENCIES

The School is subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the normal course of business. In the opinion of management, all such matters are adequately covered by insurance, and if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of activities of the School if disposed of unfavorably.

Grants

The School receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audits by the grantors or their representatives. Any disallowed claims resulting from such audits could become a liability of the School. Management believes such disallowance, if any, would be immaterial.

NOTE 12 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2024:

Instruction – special programs	\$ 357,748
Instruction – other programs	\$ 485,980
Support services – pupil personnel services	\$ 3,032,508
Support services – administrative services	\$ 5,344,193
Support services – pupil health	\$ 199,325
Support services – business services	\$ 442,835
Support services – operation and maintenance of plant services	\$ 41,174
Support services – central services	\$ 5,407,873

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

The excess of expenditures over appropriations was financed by revenues exceeding budget and the use of available fund balance.

NOTE 13 FUND BALANCES

As of June 30, 2024, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable:	
Prepaid expenditures	\$ 1,297,614
Committed:	
Implementation of DEI initiatives	2,000,000
Future innovation-related expenditures	1,000,000
Future employee salary	20,000,000
Future facilities' costs	10,000,000
Future IT staff, equipment and software/applications	2,000,000
Urgent and emergency uses	8,000,000
Unassigned	338,535
 Total Fund Balances	 \$ 44,636,149

NOTE 14 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through December 18, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

<u>PROPORTIONATE SHARE OF NET PENSION LIABILITY</u>	<u>MEASUREMENT DATE</u>					
	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
School's proportion of the net pension liability	0.0098%	0.0123%	0.0131%	0.0130%	0.0129%	0.0056%
School's proportion of the net pension liability - dollar value	\$ 4,360,000	\$ 5,468,000	\$ 5,378,000	\$ 6,401,000	\$ 6,035,000	\$ 2,688,000
School's covered employee payroll	\$ 792,696	\$ 1,760,165	\$ 1,738,332	\$ 2,561,082	\$ 2,135,445	\$ 1,136,424
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	550.02%	310.65%	309.38%	249.93%	282.61%	236.53%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.56%	54.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 518,347	\$ 271,974	\$ 598,280	\$ 582,515	\$ 854,377	\$ 696,155	\$ 360,701
Contributions in relation to the contractually required contribution	<u>518,347</u>	<u>271,974</u>	<u>598,280</u>	<u>582,515</u>	<u>854,377</u>	<u>696,155</u>	<u>360,701</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 1,566,476	\$ 792,696	\$ 1,760,165	\$ 1,738,332	\$ 2,561,082	\$ 2,135,445	\$ 1,136,424
Contributions as a percentage of covered employee payroll	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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

<u>PROPORTIONATE SHARE OF NET OPEB LIABILITY</u>	MEASUREMENT DATE					
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
School's proportion of the net OPEB liability	0.0097%	0.0122%	0.0130%	0.0130%	0.0129%	0.0056%
School's proportion of the net OPEB liability - dollar value	\$ 175,000	\$ 225,000	\$ 309,000	\$ 281,000	\$ 274,000	\$ 117,000
School's covered employee payroll	\$ 1,566,476	\$ 792,495	\$ 1,760,165	\$ 1,738,332	\$ 2,561,082	\$ 2,135,445
School's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.17%	28.39%	17.56%	16.16%	10.70%	5.48%
System's fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.56%	5.56%	5.56%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 10,025	\$ 5,945	\$ 14,081	\$ 14,346	\$ 21,531	\$ 17,724	\$ 9,432
Contributions in relation to the contractually required contribution	<u>10,025</u>	<u>5,945</u>	<u>14,081</u>	<u>14,346</u>	<u>21,531</u>	<u>17,724</u>	<u>9,432</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	\$ 1,566,476	\$ 792,495	\$ 1,760,165	\$ 1,738,332	\$ 2,561,082	\$ 2,135,445	\$ 1,136,424
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.83%	0.84%	0.83%	0.83%

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

SINGLE AUDIT



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

December 18, 2024

To the Board of Trustees
Insight PA Cyber Charter School
Exton, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Insight PA Cyber Charter School ("the School"), Exton, Pennsylvania, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

To the Board of Trustees
Insight PA Cyber Charter School

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

Report on Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP



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

December 18, 2024

To the Board of Trustees
Insight PA Cyber Charter School
Exton, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Insight PA Cyber Charter School's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Insight PA Cyber Charter School's major federal programs for the year ended June 30, 2024. The Insight PA Cyber Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the Insight PA Cyber Charter 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 ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

To the Board of Trustees
Insight PA Cyber Charter School

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Insight PA Cyber Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the Insight PA Cyber Charter 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 the Insight PA Cyber Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Insight PA Cyber Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Insight PA Cyber Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Trustees
Insight PA Cyber Charter School

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

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

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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**INSIGHT PA CYBER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal/Pass-through Grantor Program Title	Source Code	Federal ALN	Pass-through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received For Year	Accrued Revenue 7/1/2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/24	Passed Through to Subrecipient
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I	I	84.010	013-231153	08/30/22-09/30/23	1,811,594	912,208	1,277,599	25,555	25,555	390,946	-
Title I	I	84.010	013-241153	08/23/23-09/30/24	2,042,914	1,908,188	-	2,042,914	2,042,914	134,726	-
Total ALN #84.010						2,820,396	1,277,599	2,068,469	2,068,469	525,672	-
Title II - Improv Teacher Quality	I	84.367	020-231153	08/30/22-09/30/23	151,093	77,182	110,259	-	-	33,077	-
Title II - Improv Teacher Quality	I	84.367	020-241153	08/23/23-09/30/24	149,976	149,976	-	149,976	149,976	-	-
Total ALN #84.367						227,158	110,259	149,976	149,976	33,077	-
Title III	I	84.031	020-231153	06/30/22-09/30/23	26,409	26,671	26,671	-	-	-	-
Title III	I	84.031	020-241153	06/30/23-09/30/24	19,154	-	-	19,154	19,154	19,154	-
Total ALN #84.031						26,671	26,671	19,154	19,154	19,154	-
Title IV - Student Support and Academic Achievment	I	84.424	144-231153	09/26/22-09/30/23	141,548	55,588	48,334	51,725	51,725	44,471	-
Title IV - Student Support and Academic Achievment	I	84.424	144-241153	08/23/23-09/30/24	141,822	113,458	-	134,035	134,035	20,577	-
Total ALN # 84.424						169,046	48,334	185,760	185,760	65,048	-
ESSER III	I	84.425D	200-211153	03/13/20-09/30/23	6,163,017	-	-	-	-	-	-
ARP ESSER	I	84.425U	223-211153	03/13/20-09/30/24	12,465,999	5,893,018	4,424,177	1,383,753	1,383,753	(85,088)	-
ARP ESSER 7% Learning Loss	I	84.425U	225-21-1153	03/13/20-09/30/24	692,063	176,162	120,944	47,724	47,724	(7,494)	-
ARP ESSER 7% Summer Enrichment	I	84.425U	225-21-1153	03/13/20-09/30/24	138,413	35,233	25,654	9,579	9,579	-	-
ARP ESSER 7% Afterschool Programs	I	84.425U	225-21-1153	03/13/20-09/30/24	138,413	35,232	35,232	-	-	-	-
ESSER III ARP Homeless	I	84.425W	181-21-2192	07/01/21-09/30/24	67,368	-	6,389	(6,389)	(6,389)	-	-
Total ALN #84.425						6,139,645	4,612,396	1,434,667	1,434,667	(92,582)	-
IDEA 611	I	84.027	N/A	07/01/22-09/30/23	744,009	744,009	744,009	-	-	-	-
IDEA 611	I	84.027	N/A	07/01/23-09/30/24	758,088	-	-	758,088	758,088	758,088	-
IDEA 619	I	84.027	N/A	07/01/22-06/30/23	640	640	640	-	-	-	-
IDEA 619	I	84.027	N/A	07/01/23-06/30/24	2,712	-	-	2,712	2,712	2,712	-
IDEA Transition Discoveries	I	84.027	N/A	07/01/22-06/30/23	7,500	3,750	3,750	-	-	-	-
Total IDEA Cluster (ALN 84.027)						748,399	748,399	760,800	760,800	760,800	-
School Improvement Grant Program Improv-Set Aside	I	84.377	042 231153	08/29/23-09/30/24	237,236.00	203,345	-	237,236	237,236	33,891	-
TOTAL U.S. DEPARTMENT OF EDUCATION						10,334,660	6,823,658	4,856,062	4,856,062	1,345,060	-
TOTAL FEDERAL AWARDS						<u>\$10,334,660</u>	<u>\$6,823,658</u>	<u>\$ 4,856,062</u>	<u>\$ 4,856,062</u>	<u>\$ 1,345,060</u>	<u>\$ -</u>

Source Code:

I = Indirect Funding

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The School uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INSIGHT PA CYBER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ Yes X No

Identification of major programs:

Assistance Listing Numbers
84.010

Name of Federal Program or Cluster
Title I

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

INSIGHT PA CYBER CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C – FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.