

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024



**12700 SW 72nd Ave.
Tigard, OR 97223**

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 2024

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

2023 – 2024 BOARD OF DIRECTORS

	<u>TERM EXPIRATION</u>
Tara McLaughlin, President	06/30/2024
Sarah Reck-Secunda, Vice President	06/30/2025
Robert Bruders, Treasurer	06/30/2024
Lindsey Skones, Secretary	06/30/2025
Cecelia Morgan, Member	2/28/2024
Shannon Meade, Member	Resigned 03/31/2024
Darla Hall, Member	06/30/2025

All board members receive mail at the address below:

ADMINISTRATION

Shelly Smith, Executive Director (Registered Agent)

16075 Front Avenue
Oregon City, Oregon 97045

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcogas.com

January 23, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alliance Charter Academy
Clackamas, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities and major fund of Alliance Charter Academy (the Academy), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Academy, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 controls. 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 basic financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic financial statements.
- Obtain an understanding of the Academy's system 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 Academy's system of 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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 23, 2025, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of the report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION & ANALYSIS

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ALLIANCE CHARTER ACADEMY
Clackamas County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Alliance Charter Academy, we offer the following narrative overview and analysis of the Academy's financial statements for the year ended June 30, 2024. It is management's goal in preparing this discussion to assist users of these financial statements in interpreting key data found in the pages that follow, and to analyze the results of this fiscal year. Because the information contained in this discussion is necessarily select in nature, it should be read and interpreted in conjunction with those financial statements.

**Financial
Highlights**

- ACA ended the year with net position of \$(490,305)
- Our revenues came primarily from these major sources: State School Fund revenues were \$3,375,779; state grants totaled \$474,428; federal grants totaled \$14,708 and other revenues totaled \$12,759.
- Our expenses totaled \$3,969,820 for the year.

General Overview

Alliance Charter Academy (ACA) began serving students in September of 2007. ACA is a standards based, student-centered hybrid school that provides equity, access and opportunity. By delivering quality educational resources and professional teaching guidance to families, and honoring the family's role in education, a child's learning potential is optimized. With appropriate feedback and guidance, students have the information they need to reach targeted goals and attain mastery of objectives, based on the Oregon Content Standards. Flexible educational settings and schedules accommodate a diversity of student abilities, attitudes, circumstances, knowledge and skills.

Each student has an Education Specialist (ES) who meets with them each week to monitor the student's Personalized Learning Plan, set goals, make assignments, reflect on their previous week's learning, and support them with individual instruction when necessary. The ES also recommends curriculum and classes based on the student's learning style, needs and interests.

Alliance Charter Academy offers optional core and enrichment classes Monday through Thursday in the Park Place School building. A K-12 configuration, parents on campus, and flexible schedules and groupings offer opportunities for positive role and peer modeling. ACA has implemented an array of creative, logistical, staffing and management procedures that focus instruction on individual student's needs.

ALLIANCE CHARTER ACADEMY
Clackamas County, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

General Overview (continued)

A deliberate effort to involve community members, organizations and businesses as Strategic Partners in the continuing development and evolution of our program ensures an open school/community partnership. Students of ACA have opportunities for enriching and relevant learning experiences in community contexts. Our Strategic Partners have an avenue for influencing the future members of society by committing to providing timely, real-world experiences for students. Modeling on successful community members and receiving valid experiences through mentoring, internships, apprenticeships, community service and volunteer opportunities are supported and encouraged.

Financial Statements

The financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34. Our statements are presented on the same basis as those of our sponsoring district, the Oregon City School District No. 62.

The Academy’s financial statements consist of the following:

- Government-wide financial statements
- Required supplementary information
- Fund financial statements
- Notes to basic financial statements
- Other information consisting of the budgetary comparison schedule

The government-wide financial statements are designed to provide an overview of the ACA’s financial operations, in a manner similar to a private-sector business. The statement of net position presents information regarding all assets and liabilities, with the difference between the two being reported as net position. Changes in net position may serve as a useful indicator of whether or not the overall financial position of ACA is improving or deteriorating. The statement of activities presents information showing how ACA’s net position increased or decreased during the year under audit. All activities in the government-wide financial statements are presented on the full accrual basis of accounting, in which they are reported as soon as the event occurs, regardless of the timing of associated cash flows.

The fund financial statements are presented focusing on near-term inflows and outflows of available resources, as well as balances of resources available at the end of the year. This information is useful in assessing ACA’s near-term financial situation, and in the analysis of its annual budget. The reconciliations provide reconciliation between the fund financial statements and the government-wide financial statements.

Please refer to the notes to the financial statements for a discussion of the other issues related to the 2023-2024 year. Within this section are explanations of Alliance Charter Academy’s organization and operation, a summary of significant accounting policies, and other important information.

ALLIANCE CHARTER ACADEMY
Clackamas County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Summary

Net position may serve over time as a useful indicator of ACA's financial position. Net position is summarized as follows:

Alliance Charter Academy's Statement of Net Position				
	June 30, 2024	June 30, 2023	Change	
			Amount	Percent
Current assets	\$ 1,869,758	\$ 1,889,474	\$ (19,716)	-1.0%
Capital assets, net of depreciation	48,102	56,669	(8,567)	-15.1%
Lease: Right- To- Use- Asset, Net Of Amortization	123,890	-	123,890	100.0%
Other assets	48,851	48,851	-	0.0%
Net OPEB-RHIA asset	25,611	23,709	1,902	8.0%
Total Assets	2,116,212	2,018,703	97,509	4.8%
Deferred outflows of resources	1,255,624	1,342,475	(86,851)	-6.5%
Total Assets and Deferred Outflows	3,371,836	3,361,178	10,658	0.3%
Current liabilities	219,903	104,737	115,166	110.0%
Net pension liability - PERS	3,352,386	2,732,088	620,298	22.7%
Total Liabilities	3,572,289	2,836,825	735,464	25.9%
Deferred inflow of resources	289,852	937,420	(647,568)	-69.1%
Total Liabilities and Pension Related Deferrals	3,862,141	3,774,245	87,896	2.3%
Net Position:				
Net investment in capital assets	47,796	56,669	(8,873)	-15.7%
Restricted, OPEB-RHIA asset	25,611	23,709	1,902	8.0%
Unrestricted	(563,712)	(493,445)	(70,267)	14.2%
Total Net Position	\$ (490,305)	\$ (413,067)	\$ (77,238)	18.7%

ALLIANCE CHARTER ACADEMY

Clackamas County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**Financial Summary (continued)**

At the end of the year, ACA reports a negative balance in net position.

ACA's changes in net position for the current and prior years are summarized as follows:

Alliance Charter Academy's Statement of Activities				
	June 30, 2024	June 30, 2023	Change	
			Amount	Percent
Revenues:				
Program Revenues				
Contribution and charges for services	\$ 381	\$ 2,333	\$ (1,952)	-83.7%
Operating grants and contributions	14,527	378,596	(364,069)	-96.2%
Total Program Revenues	14,908	380,929	(366,021)	-96.1%
General Revenues				
State Support	3,375,779	3,122,449	253,330	8.1%
Other State Sources	474,428	447,737	26,691	6.0%
Other Local Sources	12,685	3,602	9,083	252.2%
Investment Earnings	74	447	(373)	-83.4%
Federal Sources	14,708	30,800	(16,092)	-52.2%
Total General Revenues	3,877,674	3,605,035	272,639	7.6%
Total Revenues	3,892,582	3,985,964	(93,382)	-2.3%
Expenses:				
Instruction	2,077,846	2,189,197	(111,351)	-5.1%
Support Services	1,754,670	1,562,936	191,734	12.3%
Enterprise and Community Services	12,403	17,380	(4,977)	-28.6%
Unallocated Amortization	123,890	122,474	1,416	1.2%
Interest on Lease Liability	1,011	361	650	180.1%
Total Expenses	3,969,820	3,892,348	77,472	2.0%
Change in Net Position	(77,238)	93,616	(170,854)	-182.5%
Net Position, Beginning restated	(413,067)	(506,683)	93,616	-18.5%
Total Net Position	\$ (490,305)	\$ (413,067)	\$ (77,238)	18.7%

This financial report is designed to provide a general overview of ACA's finances for all those with an interest in the ACA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the administrator, Alliance Charter Academy, 16075 Front Avenue, Oregon City, Oregon 97045.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2024

ASSETS:

Cash and Cash Equivalents	\$ 1,419,461
Accounts Receivable	441,423
Prepaid Expenses	8,874
Unemployment Deposit	48,851
Lease: Right-To-Use Asset, Net Of Amortization	123,890
Capital Assets, Net of Accumulated Depreciation	48,102
Net OPEB Asset - RHIA	<u>25,611</u>

Total Assets 2,116,212

DEFERRED OUTFLOWS OF RESOURCES:

Pension Related Deferrals - PERS	1,253,247
Pension Related Deferrals - RHIA	<u>2,377</u>

Total Assets and Pension Related Deferrals 3,371,836

LIABILITIES:

Accounts Payable	2,333
Payroll Liabilities	93,374
Short Term Lease Liability	124,196
Net Pension Liability - PERS	<u>3,352,386</u>

Total Liabilities 3,572,289

DEFERRED INFLOWS OF RESOURCES:

Pension Related Deferrals - PERS	288,369
OPEB Related Deferrals - RHIA	<u>1,483</u>

Total Liabilities and Pension Related Deferrals 3,862,141

NET POSITION:

Net Investment in Capital Assets	47,796
Restricted, OPEB RHIA Asset	25,611
Unrestricted	<u>(563,712)</u>
Total Net Position	<u><u>\$ (490,305)</u></u>

See accompanying notes to the basic financial statements.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

FUNCTIONS	EXPENDITURES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 2,077,846	\$ 381	\$ -	\$ (2,077,465)
Support Services	1,754,670	-	14,527	(1,740,143)
Enterprise and Community Services	12,403	-	-	(12,403)
Unallocated Amortization	123,890	-	-	(123,890)
Interest on Lease Liability	1,011	-	-	(1,011)
Total Governmental Activities	<u>\$ 3,969,820</u>	<u>\$ 381</u>	<u>\$ 14,527</u>	<u>(3,954,912)</u>
General Revenues:				
State Sources - State School Fund				3,375,779
Other State Sources				474,428
Other Local Sources				12,685
Investment Earnings				74
Federal Sources				<u>14,708</u>
Total General Revenues				<u>3,877,674</u>
Changes in Net Position				(77,238)
Net Position - Beginning				<u>(413,067)</u>
Net Position - Ending				<u>\$ (490,305)</u>

See accompanying notes to the basic financial statements.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2024

	GENERAL FUND
ASSETS:	
Cash and cash equivalents	\$ 1,419,461
Accounts receivable	441,423
Prepaid expenses	8,874
Unemployment deposit	48,851
Total Assets	<u>\$ 1,918,609</u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts payable	\$ 2,333
Payroll liabilities	<u>93,374</u>
Total Liabilities	95,707
Fund Balance:	
Nonspendable	57,725
Unassigned	<u>1,765,177</u>
Total Fund Balance	<u>1,822,902</u>
Total Liabilities and Fund Balance	<u>\$ 1,918,609</u>

See accompanying notes to the basic financial statements.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Fund \$ 1,822,902

The Net Asset (Liability) is the difference between the total liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

Net Pension Liability - PERS (3,352,386)
Net Pension Asset - RHIA 25,611

Deferred Inflows and Outflows of resources related to the PERS pension and OPEB RHIA plans include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.

Deferred Outflows - PERS 1,253,247
Deferred Outflows - RHIA 2,377
Deferred Inflows - PERS (288,369)
Deferred Inflows - RHIA (1,483)

The cost of capital assets purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the School as a whole.

Net Capital Assets 48,102

Right-to-use-Assets are not financial resources and therefore are not reported in the governmental funds

Right- to- use asset, Net 123,890

Long-term liabilities applicable to the School's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, both current and long-term, are reported in the statements of Net Position

Lease Payable (124,196)

Net Position \$ (490,305)

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2024

	GENERAL FUND
REVENUES:	
Local sources	\$ 27,667
State sources	3,850,207
Federal sources	14,708
Total Revenues	3,892,582
EXPENDITURES:	
Instruction	2,049,286
Support services	2,089,359
Enterprise	12,403
Total Expenditures	4,151,048
OTHER FINANCING SOURCES	
Proceeds from New lease	247,780
Total Other Financing Sources (Uses)	247,780
Net Change in Fund Balance	(10,686)
Beginning Fund Balance	1,833,588
Ending Fund Balance	\$ 1,822,902

See accompanying notes to the basic financial statements.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2024

Total Net Changes in Fund Balances - Governmental Funds	\$	(10,686)
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Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capital Asset Addition	\$ 9,339	
Depreciation Expense	<u>(17,906)</u>	(8,567)

The Pension income (expense) represents the changes in net asset (liability) from year to year due to changes in total pension liability and the fair value of plan net position available to pay benefits.

PERS		(55,977)
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The OPEB income (expense) represents the changes in net asset (liability) from year to year due to changes in total OPEB liability and the fair value of plan net position available to pay benefits.

OPEB - RHIA		(1,702)
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Payment on Lease Liability decreases liabilities in the Statement of net Position

Payment on Lease Liability		123,584
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Amortization expense increases the expense on the Statement of Activities

Amortization Expense		<u>(123,890)</u>
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Change in Net Position of Governmental Activities	\$	<u>(77,238)</u>
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See accompanying notes to the basic financial statements.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to government units as required by Oregon law. 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 are described below.

A. THE FINANCIAL REPORTING ENTITY

Alliance Charter Academy (the Academy) is a non-profit corporation governed by a board, organized under provisions of Oregon Revised Statutes Chapter 338 for the purpose of operating a charter school. Generally accepted accounting principles require that these basic financial statements present all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the Academy's reporting because of the significance of their operational or financial relationships. All significant activities and entities with which the Academy exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statement of Activities display information about the Academy as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

NET POSITION

Net Position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net Position is classified in the following categories:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Net investment in capital assets – consists of assets that are invested in building improvements, equipment and other capital assets net of depreciation and related debt.

Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period which is 60 days. Expenditures are recorded when the liability is incurred except for pension and OPEB expenses which are recorded when paid. Capital assets are not capitalized and the related depreciation expense and accumulated depreciation are not reported in the governmental funds. Debt principal is recognized as an expenditure when paid.

Revenues susceptible to accrual are interest, state, district and local shared revenue.

There is the following major governmental fund:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund (there are no other funds). The principal revenue sources are payments of state school support from Oregon City School District No. 62 and program fees.

FUND BALANCES

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and 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 on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items including the unemployment deposit.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Board authorized the administrator responsible for the budget to assign the ending fund balance in consultation with board leadership.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no restricted, committed, or assigned fund balances at year end.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

FUND BALANCE (CONTINUED)

The governing body has not established a policy on the order in which resources are to be spent. As a result of this, the default approach assumes that restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

C. BUDGET

A budget is prepared on the modified accrual basis of accounting in the main program categories as listed below. Modified accrual basis differs from accrual in the fact that no depreciation expense is recognized, capital assets are expensed when purchased, inventory is expensed when purchased, pension costs are not recorded until paid, debt is recorded as a revenue when proceeds are received and as an expenditure when paid, and gains/losses on capital assets are not recognized.

Expenditures are made at the following levels for each fund:

LEVEL OF CONTROL

- Salaries / Associated Payroll Costs
- Purchased Services
- Supplies and Materials
- Capital Outlay
- Other Objects

See page 29 for a comparison of budget to actual.

D. CAPITAL ASSETS

Capital assets, which includes the leasehold improvements and office equipment, is reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and estimated useful lives in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation is recorded on capital assets on the straight line method over the useful life of the asset. Machinery and equipment are depreciated over 5 years and leasehold improvements are depreciated over 5 to 30 years.

E. SUPPLY INVENTORY

Detailed supply inventory records are not maintained. Inventories are not considered by management to be material at year end.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. RETIREMENT PLANS

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

G. ESTIMATES

The preparation of the 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. ACCOUNTS RECEIVABLE

Receivables consist of tuition from other districts and fees from parents. All receivables are considered collectible by management; therefore, no allowance for doubtful accounts has been established. All receivables are under 90 days outstanding.

I. UNEARNED REVENUE

Unearned revenues relate to student fees that apply to the following fiscal year. At June 30, 2024, there was no unearned revenue.

J. GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unearned revenue in the balance sheet and statement of net position.

K. FUNDRAISING

Various fundraising activities are engaged in to supplement the resources available for programs. The proceeds of fundraising activities, net of related fundraising costs, are reported as part of operating grants and contributions in the statement of activities.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements will sometimes report 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/expenditure) until then. At June 30, 2024, there were deferred outflows representing PERS pension and OPEB-RHIA related deferrals in the Statement of Net Position.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2024, there were deferred inflows representing PERS pension and OPEB-RHIA related deferrals in the Statement of Net Position.

M. FAIR VALUE INPUTS AND METHODOLOGIES AND HEIRARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access.

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

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments).

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

There were no investments at June 30, 2024.

N. LEASE RIGHT-TO-USE ASSETS

Lease right-to-use assets are assets which the Academy leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the Academy's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

O. LEASE LIABILITY

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2024 was \$1,467,312, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

As of June 30, 2024, cash and cash equivalents consisted of:

Deposits With Financial Institutions:	
Demand Deposits	\$ 305,725
Money Market Accounts	1,113,136
Petty Cash	600
	<u>\$ 1,419,461</u>

CREDIT RISK – DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2024, none of the bank balance was exposed to custodial credit risk.

Policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, repurchase agreements, obligations of the United States and its agencies and instrumentalities.

INTEREST RATE RISK

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Nonnegotiable CDs are considered deposits in the State of Oregon. There were no investments that have a maturity date.

CREDIT RISK-INVESTMENTS

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

CONCENTRATION OF CREDIT RISK

There were no investments at June 30, 2024.

3. LEASE LIABILITY

On 07/01/2023, the Academy entered into a 24-month lease as Lessee for the use of Park Place Elementary School with Oregon City School District. An initial lease liability was recorded in the amount of \$247,780. As of 6/30/2024, the value of the lease liability is \$124,196. The Academy is required to make monthly fixed payments of \$10,383. The lease has an interest rate of 0.59%. The value of the right to use asset as of 06/30/2024 of \$247,780 with accumulated amortization of \$123,890 is included with building on the lease class activities table found below.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. LEASE LIABILITY (CONTINUED)

	Changes in Lease Liability			Balance at June 30, 2024	Due within a Year
	Balance at July 1, 2023	Additions	Reductions		
Building	\$ -	\$ 247,780	\$ 123,584	\$ 124,196	\$ 124,196
Total	\$ -	\$ 247,780	\$ 123,584	\$ 124,196	\$ 124,196

4. LEASE RIGHT TO USE ASSET

The right to use assets apply to the lease disclosures in Note 3.

Amount of Lease Assets by Major Classes of Underlying Asset (Right-to-Use Asset)

Asset Class	At June 30, 2024		
	Lease Asset Value	Accumulated Amortization	Net Value
Building	\$ 247,780	\$ 123,890	\$ 123,890
Total	\$ 247,780	\$ 123,890	\$ 123,890

	Changes in Right-to-Use Asset			Balance at June 30, 2024
	Balance at July 1, 2023	Additions	Reductions	
Building	\$ -	\$ 247,780	\$ -	\$ 247,780
Accumulated Amortization				
Building	-	123,890	-	123,890
Total Lease Assets, Net	\$ -	\$ 123,890	\$ -	\$ 123,890

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three fiscal years.

6. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Depreciable Capital Assets				
Machinery and Equipment	\$ 116,568	\$ 9,339	\$ (23,077)	\$ 102,830
Leasehold Improvements	11,600	-	-	11,600
	128,168	9,339	(23,077)	114,430
Accumulated Depreciation				
Machinery and Equipment	59,899	17,906	(23,077)	54,728
Leasehold Improvements	11,600	-	-	11,600
	71,499	17,906	(23,077)	66,328
Net Capital Assets	<u>\$ 56,669</u>			<u>\$ 48,102</u>

Depreciation was fully allocated to support services. Deletions represent the disposal of a copier and computer lab equipment.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2024 were \$489,325, excluding amounts to fund employer specific liabilities.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Asset or Liability – At June 30, 2024, the Academy reported a net pension liability of \$3,352,386 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2021. The Academy's proportion of the net pension liability was based on a projection of the Academy's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2023 and 2022, the Academy's proportion was .018 percent and .018 percent, respectively. Pension expense for the year ended June 30, 2024 was \$55,977.

The rates in effect for the year ended June 30, 2024 were:

- (1) Tier 1/Tier 2 – 26.42%
- (2) OPSRP general services – 23.58%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 163,942	\$ 13,293
Changes in assumptions	297,806	2,220
Net difference between projected and actual earnings on pension plan investments	60,256	
	-	
Net changes in proportionate share	62,371	124,383
Differences between contributions and proportionate share of contributions	179,547	148,473
	-	-
Subtotal - Amortized Deferrals (below)	763,922	288,369
Contributions subsequent to measuring date	489,325	-
Deferred outflow (inflow) of resources	\$ 1,253,247	\$ 288,369

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

Subtotal amounts related to pension as deferred outflows of resources, \$763,922, and deferred inflows of resources, (\$288,369), net to 475,533 and will be recognized in pension income as follows:

Year ending June 30,	Amount
2025	\$ 61,714
2026	(70,868)
2027	349,359
2028	121,250
2029	14,098
Thereafter	-
Total	\$ 475,553

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2024. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Active members:</u> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2023 PERS ACFR; p. 125)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund of Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2023 PERS ACFR; p. 92)

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2023 and 2022 was 6.90 percent, for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as 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 for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate – the following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Academy's proportionate share of the net pension liability	\$ 5,537,511	\$ 3,352,386	\$ 1,523,669

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the Academy are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the Academy pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The Academy did not make any optional contributions to member IAP accounts for the year ended June 30, 2024.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLANS – (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the Academy contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Academy currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2024. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The Academy's contributions to RHIA are included with PERS and equaled the required contributions for the year.

At June 30, 2024, the Academy reported a net OPEB asset of \$25,611 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), the Academy's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2023 and 2022, the Academy's proportion was .007 percent and .007 percent, respectively. OPEB expense for the year ended June 30, 2024 was \$1,702.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (2,964)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	4,815
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ 1,851</u>

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 643
Changes in assumptions	-	276
Net difference between projected and actual earnings on pension plan investments	73.00	-
Net changes in proportionate share	2,304	564
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	<u>2,377</u>	<u>1,483</u>
Contributions subsequent to measurement date	-	-
Deferred outflow (inflow) of resources	<u>\$ 2,377</u>	<u>\$ 1,483</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2025.

Subtotal amounts related to OPEB as deferred outflows of resources, \$2,377, and deferred inflows of resources, (\$1,483), net to \$894 and will be recognized in OPEB income as follows:

Year ending June 30,	Amount
2025	\$ 702
2026	(1,094)
2027	946
2028	339
2029	-
Thereafter	-
Total	<u>\$ 894</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2023. That independently audited report was dated February 2, 2024 and can be found at:

<https://www.oregon.gov/pers/emp/Documents/GASB/2023/Oregon%20Public%20Employees%20Retirement%20System%20-%20GASB%2075%20RHIA%20-%20YE%206.30.2023%20-%20SECURED.pdf>

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5 %; Disabled retirees: 15%
Mortality	<u>Healthy retirees and beneficiaries:</u> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Active members:</u> Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2023 and June 30, 2022 was 6.90 percent for both years. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFIT PLANS – (RHIA) (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2023 PERS ACFR; p. 92)

Sensitivity of the Academy's proportionate share of the net OPEB asset to changes in the discount rate – The following presents the Academy's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the Academy's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Academy's proportionate share of the net OPEB asset	\$ 23,280	\$ 25,611	\$ 27,610

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

9. TAX STATUS

The Academy is established pursuant to Section 501(c)(3) of the Internal Revenue Code, and, accordingly, the change in net position is exempt from income taxes. A favorable determination letter has been obtained from the Internal Revenue Service and management believes that the Academy continues to qualify and to operate in accordance with applicable provisions of the Internal Revenue Code.

U.S. Generally Accepted Accounting Principles requires management to evaluate tax positions taken by the Academy and recognize a tax liability (or asset) if an uncertain tax position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Academy's management believes it is no longer subject to income tax examinations for years prior to 2020.

ALLIANCE CHARTER ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES

A substantial portion of operating funding is State Basic School Support received from Oregon City School District No. 62. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

The Academy operates under authority of the Oregon City School District No. 62 who grants a charter to the Academy and exercises some oversight as required by Oregon law. The effect of nonrenewal of the charter has not been determined.

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the Academy's finances is not determinable.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.018 %	\$ 3,352,386	\$ 2,434,258	137.7 %	81.7 %
2023	0.018	2,732,088	2,198,477	124.3	84.5
2022	0.018	2,119,389	1,860,329	113.9	87.6
2021	0.017	3,746,168	1,739,747	215.3	75.8
2020	0.021	3,568,325	1,741,592	204.9	80.2
2019	0.021	3,168,938	1,562,998	202.7	82.1
2018	0.023	3,045,541	1,485,418	205.0	83.1
2017	0.023	3,503,435	1,439,400	243.4	80.5
2016	0.024	1,369,582	1,592,410	86.0	91.9
2015	0.021	(585,642)	1,319,545	(44.4)	103.6

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2024	\$ 489,325	\$ 489,325	\$ -	\$ 2,123,970	23.0 %
2023	491,767	491,767	-	2,434,258	20.2
2022	474,743	474,743	-	2,198,477	21.6
2021	483,056	483,056	-	1,860,329	26.0
2020	460,216	460,216	-	1,739,747	26.5
2019	348,501	348,501	-	1,741,592	20.0
2018	353,050	353,050	-	1,562,998	22.6
2017	273,154	273,154	-	1,485,418	18.4
2016	258,910	258,910	-	1,439,400	18.0
2015	295,738	295,738	-	1,592,410	18.6

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years.

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB - RHIA ASSET

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset (NOA)	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NOA as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB asset
2024	0.007 %	\$ 25,611	\$ 2,434,258	1.1 %	201.6 %
2023	0.007	23,709	2,198,477	1.1	194.6
2022	0.011	38,490	1,860,329	2.1	183.9
2021	0.012	25,423	1,739,747	1.5	150.1
2020	0.014	26,520	1,741,592	1.5	144.4
2019	0.014	15,499	1,562,998	1.0	124.0
2018	0.013	2,615	1,485,418	0.2	108.9
2017	0.014	(3,777)	1,439,400	(0.3)	90.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2024	\$ n/a	\$ n/a	\$ n/a	\$ 2,123,970	n/a %
2023	n/a	n/a	n/a	2,434,258	n/a
2022	n/a	n/a	n/a	2,198,477	n/a
2021	n/a	n/a	n/a	1,860,329	n/a
2020	n/a	n/a	n/a	1,739,747	n/a
2019	n/a	n/a	n/a	1,741,592	n/a
2018	n/a	n/a	n/a	1,562,998	n/a
2017	n/a	n/a	n/a	1,485,418	n/a

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

All statutorily required contributions were made and are included within PERS contributions (see p. 27.)

ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

OTHER INFORMATION

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ALLIANCE CHARTER ACADEMY
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND
For the Year Ended June 30, 2024

REVENUES:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local sources	\$ 329,696	\$ 329,696	\$ 27,667	\$ (302,029)
State sources	3,616,831	3,616,831	3,850,207	233,376
Federal Source	90,086	90,086	14,708	(75,378)
Total Revenues	4,036,613	4,036,613	3,892,582	(144,031)
EXPENDITURES:				
Instruction	2,502,978	2,502,978	2,049,286	453,692
Support services	1,831,044	1,831,044	2,089,359	(258,315)
Enterprise	1,181	1,181	12,403	(11,222)
Total Expenditures	4,335,203	4,335,203	4,151,048	184,155
OTHER FINNACING SOURCES				
Proceeds from New Lease	-	-	247,780	(247,780)
Total Other Financing Sources (Uses)	-	-	247,780	(247,780)
Net Change in Fund Balance	(298,590)	(298,590)	(10,686)	287,904
Beginning Fund Balance	1,371,839	1,371,839	1,833,588	461,749
Ending Fund Balance	\$ 1,073,249	\$ 1,073,249	\$ 1,822,902	\$ 749,653

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ALLIANCE CHARTER ACADEMY

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632
www.paulyrogersandcogas.com

January 23, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Alliance Charter Academy (the Academy) as of and for the year ended June 30, 2024, and have issued our report thereon dated January 23, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Insurance and fidelity bonds in force or required by law.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the Academy was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated January 23, 2025.

This report is intended solely for the information and use of the Board of Directors and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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