

**Penn Hills Charter School
of Entrepreneurship
Financial Statements
June 30, 2015**

**Penn Hills Charter School of Entrepreneurship
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HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - 412-343-9200

FAX - 412-343-9209

HSMW@HSMWCPA.COM

WWW.HSMWCPA.COM

Independent Auditor's Report

Members of the Board
Penn Hills Charter School of Entrepreneurship
Verona, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Penn Hills Charter School of Entrepreneurship (the School), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on the Financial Statements (Cont'd)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penn Hills Charter School of Entrepreneurship as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements in the year ended June 30, 2015, the School adopted the provisions of Governmental Accounting Standard Board Statement No. 68, "Accounting and Financial Reporting for Pensions". In addition, the prior year's audited financial statements were not prepared in the format for governmental units. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information as shown in the table of contents, 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.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 10, 2016

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

The discussion and analysis of Penn Hills Charter School of Entrepreneurship's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The School received an average reimbursement of \$13,758 for each student and average daily membership (ADM) was 284 children. The School received a supplemental average reimbursement of \$22,988 for each child requiring specialized instruction because of a disability. The ADM for children requiring specialized instruction was 50.

Overall, general fund revenues totaled \$4,273,160. Expenditures were \$4,071,228.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section which contains the management's discussion and analysis and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Penn Hills Charter School of Entrepreneurship, as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental statements tell how general School services were financed in the short term and show what resources remain for future spending.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Using the Annual Financial Report (Cont'd)

Proprietary fund statements are for short and long-term financial information about the School's food service fund and internal service fund. The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A-1
Required Components of
Penn Hills Charter School of Entrepreneurship's
Financial Report

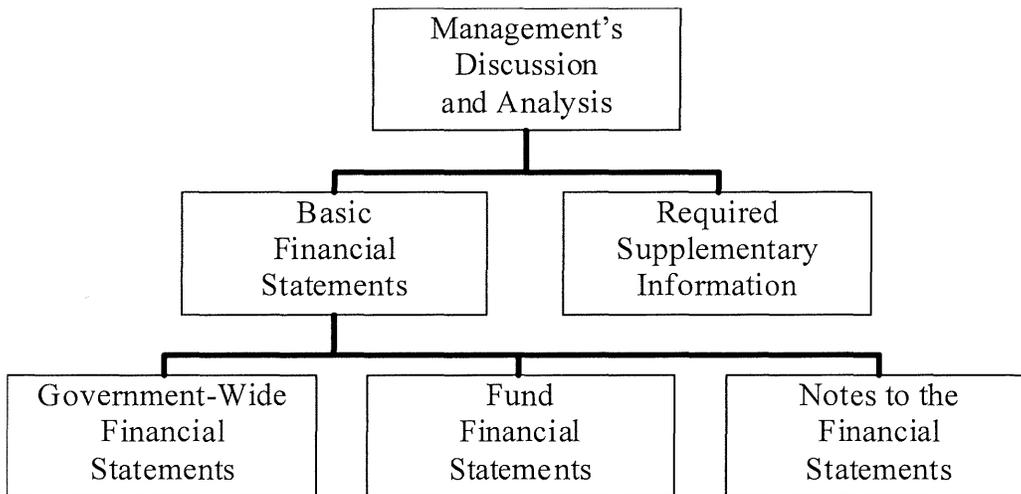


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Using the Annual Financial Report (Cont'd)

Figure A-2
Major Features of Penn Hills Charter School of Entrepreneurship's
Government-Wide and Fund Financial Statements

| | Government-Wide | Fund Statements | | |
|--|--|--|---|--|
| | Statements | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire School (except fiduciary funds) | The activities of the School that are not proprietary or fiduciary, such as education, administration and community services | Activities the School operates similar to private business - food services | Instances in which the School is the trustee or agent to someone else's resources |
| Required financial statements | Statement of net position; statement of activities | Balance sheet; statement of revenues, expenditures, and changes in fund balance | Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows | Statement of fiduciary net position; statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term |
| Type of in-flow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred inflows, liabilities and deferred outflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Overview of Financial Statements (Cont'd)

Government-Wide Statements (Cont'd)

The two government-wide statements report the School's net position and how they have changed. Net position, the residual equity balance of the components of net position (assets, deferred outflows, liabilities and deferred inflows), is only one way to measure the School's financial health or position.

Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the School are divided into two categories:

- **Governmental activities** - All of the School's basic services are included here, such as instruction, administration and community services. Tuition, state and federal subsidies and grants finance most of these activities.
- **Business-Type activities** - The School operates a food service operation and charges fees to staff, students and visitors to help cover the costs of the food service operation.

Fund Financial Statements

The School's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the School as a whole.

Governmental funds - The School only has one fund, the general fund, a governmental fund, which focuses on the determination of financial position and changes in financial position. It is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's operations and the services it provides.

Proprietary funds - These funds are used to account for the School activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School charges customers for services it provides - whether to outside customers or to other units in the School - these services are generally reported in proprietary funds. The food service fund is one of the School's proprietary funds and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Financial Analysis of the School as a Whole

The School's total net position was a deficit \$(2,276,415) at June 30, 2015 and was restated at June 30, 2014. The activity for the year ended June 30, 2014 is not reported as the prior year's statements were not prepared in the format for governmental entities. The adoption of GASB Statement No. 68 and restatement of net position was treated prospectively.

Table A-1
Year Ended June 30, 2015
Net Position

| | Governmental Activities | Business- Type Activities | Totals |
|----------------------------------|----------------------------|---------------------------------|----------------------|
| Current and Other Assets | \$ 1,974,563 | \$ 7,600 | \$ 1,982,163 |
| Capital Assets | <u>88,218</u> | <u>12,748</u> | <u>100,966</u> |
| Total Assets | <u>2,062,781</u> | <u>20,348</u> | <u>2,083,129</u> |
| Deferred Outflows of Resources | <u>1,275,265</u> | <u>50,515</u> | <u>1,325,780</u> |
| Current Liabilities | 483,989 | 6,667 | 490,656 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 5,787 | - | 5,787 |
| Due In More Than One Year | <u>4,670,391</u> | <u>187,490</u> | <u>4,857,881</u> |
| Total Liabilities | <u>5,160,167</u> | <u>194,157</u> | <u>5,354,324</u> |
| Deferred Inflows of Resources | <u>317,599</u> | <u>13,401</u> | <u>331,000</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 88,218 | - | 88,218 |
| Unrestricted | <u>(2,227,938)</u> | <u>(136,695)</u> | <u>(2,364,633)</u> |
| Total Net Position | <u>\$(2,139,720)</u> | <u>\$(136,695)</u> | <u>\$(2,276,415)</u> |

The School's net position is comprised of net position invested in land, leasehold improvements, furniture and equipment restricted under the building operating lease and unrestricted amounts.

The results of this year's operations are reported in the statement of activities on Exhibit 2 which shows the changes in net position. Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Financial Analysis of the School as a Whole (Cont'd)

Table A-2
Year Ended June 30, 2015
Changes in Net Position

| | Governmental Activities | Business- Type Activities | Totals |
|--|----------------------------|---------------------------------|----------------------|
| Revenues and Transfers | | | |
| Program Revenues | | | |
| Charges for Services | \$ 3,864,170 | \$ 726 | \$ 3,864,896 |
| Operating Grants and Contribs. | 188,680 | 127,415 | 316,095 |
| Capital Grants and Contribs. | 30,524 | - | 30,524 |
| General Revenues | | | |
| Grants, Subs. and Contribs. not Restricted | 5,675 | - | 5,675 |
| Other | 153,437 | - | 153,437 |
| Transfers | <u>(123,156)</u> | <u>123,156</u> | <u>-</u> |
| Total Revenues and Transfers | <u>4,119,330</u> | <u>251,297</u> | <u>4,370,627</u> |
| Expenses | | | |
| Instruction | 2,183,414 | - | 2,183,414 |
| Instructional Student Support | 337,766 | - | 337,766 |
| Admin. and Fin. Support Services | 1,114,805 | - | 1,114,805 |
| Operation and Maintenance of Plant Services | 566,267 | - | 566,267 |
| Pupil Transportation | 119,976 | - | 119,976 |
| Interest on Long-Term Debt | 24,788 | - | 24,788 |
| Food Services | <u>-</u> | <u>257,615</u> | <u>257,615</u> |
| Total Expenses | <u>4,347,016</u> | <u>257,615</u> | <u>4,604,631</u> |
| Increase (Decrease) in Net Position | (227,686) | (6,318) | (234,004) |
| Beginning Net Position (Restated - See Note 2) | <u>(1,912,034)</u> | <u>(130,377)</u> | <u>(2,042,411)</u> |
| Ending Net Position | <u>\$(2,139,720)</u> | <u>\$(136,695)</u> | <u>\$(2,276,415)</u> |

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Financial Analysis of the School as a Whole (Cont'd)

The following tables present the expenses of the governmental activities of the School.

Table A-3 shows the School's largest functions as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by other miscellaneous revenues.

Table A-3
Year Ended June 30, 2015
Governmental Activities

| Functions/Programs | Total Cost of Services | Net Expense |
|--|---------------------------|------------------|
| Instruction | \$2,183,414 | \$116,499 |
| Instructional Student Support | 337,766 | 19,163 |
| Administrative and Fin. Support Svcs. | 1,114,805 | 64,974 |
| Operation and Maintenance of Plant Services | 566,267 | 31,225 |
| Pupil Transportation | 119,976 | 6,993 |
| Interest on Long-Term Debt | <u>24,788</u> | <u>24,788</u> |
| Total Governmental Activities | <u>\$4,347,016</u> | 263,642 |
| Less: | | |
| Unrestricted Grants, Subsidies | | <u>(5,675)</u> |
| Total Needs from Other Revenues | | <u>\$257,967</u> |

Table A-4
Year Ended June 30, 2015
Business-Type Activities

| Functions/Programs | Total Cost of Services | Net Expense |
|--------------------|---------------------------|------------------|
| Food Service | <u>\$257,615</u> | <u>\$129,474</u> |

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

School Funds

General Fund

As of June 30, 2015, the School had a general fund balance of \$1,490,574.

General Fund Budget

Our audit shows the School's original and final budget amounts compared with amounts actually paid for each category of the budget. This schedule can be found in the required supplementary information section of this report.

Capital Assets

At June 30, 2015, the School had governmental capital assets of \$88,218 which is comprised of leasehold improvements and furniture and equipment. The School operates out of a leased facility.

Table A-5
Governmental Activities
Capital Assets - Net of Depreciation

| | 2015 | 2014 |
|-------------------------|----------|----------|
| Leasehold Improvements | \$ 8,640 | \$22,220 |
| Furniture and Equipment | 79,578 | 99,985 |

Economic Factors and Next Year's Budget and Rates

Penn Hills Charter School of Entrepreneurship capacity will be at 320 children, and the School will be serving children in grades kindergarten through sixth. We expect the School to continue to draw students from a number of school districts. Children residing in eleven school districts attended during 2014/2015. Enrollment from the chartering district, Penn Hills, is projected to remain constant at approximately 70% of the total.

The 2015/2016 revenue budget is based upon an enrollment of 305 children with an average per-pupil reimbursement estimated conservatively at \$13,000. Revenue from this source was budgeted at \$3,957,500. Special education pupils are estimated to remain constant at 36 and the budgeted special education premium is \$24,000 per eligible student and is included in the above amount. State and federal reimbursement programs are included in the budget at \$277,185. Budgeted total revenue for the 2015/2016 school year is \$423,685 for the general fund.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2015**

Economic Factors and Next Year's Budget and Rates (Cont'd)

The expenditure budget for the 2015/2016 school year is \$3,966,356.

Table A-6

| | Budgeted Revenue 2015/2016 | Actual Revenue 2014/2015 |
|------------------------------|------------------------------------|----------------------------------|
| Local | 94.6% | 96.2% |
| State | 0.0% | 1.6% |
| Federal | 5.4% | 2.2% |
| | | |
| | Budgeted Expenditures 2015/2016 | Actual Expenditures 2014/2015 |
| Instruction | 66.4% | 46.2% |
| Support Services | 29.4% | 46.8% |
| Other/Debt Service/Transfers | 4.2% | 7.0% |

Contacting the School Financial Management

All financial reports and audits are designed to provide parents, students, investors, and creditors a general overview of the School's finances and to show accountability for all aspects of its finances. If you have questions about this report or wish to request additional information, please contact: Dan Brady, Penn Hills Charter School of Entrepreneurship, 200 Penn School Drive, Verona, PA 15147.

Penn Hills Charter School of Entrepreneurship
Statement of Net Position
June 30, 2015

Exhibit 1

| | Governmental Activities | Business-Type Activities | Totals |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,025,616 | \$ - | \$ 1,025,616 |
| Due from Other Governments | 945,627 | 7,600 | 953,227 |
| Prepaid Items | 3,320 | - | 3,320 |
| Capital Assets, Net of Accumulated Depreciation | | | |
| Leasehold Improvements | 8,640 | - | 8,640 |
| Furniture and Equipment | <u>79,578</u> | <u>12,748</u> | <u>92,326</u> |
| TOTAL ASSETS | <u>2,062,781</u> | <u>20,348</u> | <u>2,083,129</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Amounts Related to Pensions | <u>1,275,265</u> | <u>50,515</u> | <u>1,325,780</u> |
| LIABILITIES | | | |
| Accounts Payable | 122,542 | - | 122,542 |
| Accrued Salaries and Benefits | 321,774 | 6,667 | 328,441 |
| Payroll Deductions and Withholdings | 31,782 | - | 31,782 |
| Other Current Liabilities | 7,891 | - | 7,891 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 5,787 | - | 5,787 |
| Due in More Than One Year | | | |
| Notes Payable | 226,881 | - | 226,881 |
| Net Pension Liability | <u>4,443,510</u> | <u>187,490</u> | <u>4,631,000</u> |
| TOTAL LIABILITIES | <u>5,160,167</u> | <u>194,157</u> | <u>5,354,324</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Amounts Related to Pensions | <u>317,599</u> | <u>13,401</u> | <u>331,000</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 88,218 | - | 88,218 |
| Unrestricted | <u>(2,227,938)</u> | <u>(136,695)</u> | <u>(2,364,633)</u> |
| TOTAL NET POSITION | <u>\$(2,139,720)</u> | <u>\$(136,695)</u> | <u>\$(2,276,415)</u> |

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Activities
Year Ended June 30, 2015**

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|--------------------|----------------------------|--|--|--|---------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Govern- mental Activities | Business- Type Activities | Totals |
| Governmental Activities | | | | | | | |
| Instruction | \$2,183,414 | \$1,878,757 | \$188,158 | \$ - | \$ (116,499) | \$ - | \$ (116,499) |
| Instructional Student Support | 337,766 | 318,081 | 522 | - | (19,163) | - | (19,163) |
| Administrative and Financial Support Services | 1,114,805 | 1,049,831 | - | - | (64,974) | - | (64,974) |
| Operation and Maintenance of Plant Services | 566,267 | 504,518 | - | 30,524 | (31,225) | - | (31,225) |
| Pupil Transportation | 119,976 | 112,983 | - | - | (6,993) | - | (6,993) |
| Interest on Long-Term Debt | <u>24,788</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(24,788)</u> | <u>-</u> | <u>(24,788)</u> |
| Total Governmental Activities | <u>4,347,016</u> | <u>3,864,170</u> | <u>188,680</u> | <u>30,524</u> | <u>(263,642)</u> | <u>-</u> | <u>(263,642)</u> |
| Business-Type Activities | | | | | | | |
| Food Service | <u>257,615</u> | <u>726</u> | <u>127,415</u> | <u>-</u> | <u>-</u> | <u>(129,474)</u> | <u>(129,474)</u> |
| Total Primary Government | <u>\$4,604,631</u> | <u>\$3,864,896</u> | <u>\$316,095</u> | <u>\$30,524</u> | <u>(263,642)</u> | <u>(129,474)</u> | <u>(393,116)</u> |
| General Revenues and Transfers | | | | | | | |
| Grants, Subsidies and Contributions not Restricted | | | | | 5,675 | - | 5,675 |
| Miscellaneous Income | | | | | 153,437 | - | 153,437 |
| Transfers | | | | | <u>(123,156)</u> | <u>123,156</u> | <u>-</u> |
| Total General Revenues and Transfers | | | | | <u>35,956</u> | <u>123,156</u> | <u>159,112</u> |
| Changes in Net Position | | | | | (227,686) | (6,318) | (234,004) |
| Net Position - July 1, 2014 (Restated - See Note 2) | | | | | <u>(1,912,034)</u> | <u>(130,377)</u> | <u>(2,042,411)</u> |
| Net Position - June 30, 2015 | | | | | <u>\$(2,139,720)</u> | <u>\$(136,695)</u> | <u>\$(2,276,415)</u> |

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Balance Sheet
Governmental Funds
June 30, 2015**

Exhibit 3

| | General Fund |
|--|---------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$1,025,616 |
| Due from Other Governments | 945,627 |
| Prepaid Items | <u>3,320</u> |
| TOTAL ASSETS | <u>\$1,974,563</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities | |
| Accounts Payable | \$ 122,542 |
| Accrued Salaries and Benefits | 321,774 |
| Payroll Deductions and Withholdings | 31,782 |
| Other Current Liabilities | <u>7,891</u> |
| Total Liabilities | <u>483,989</u> |
| Fund Balances | |
| Unassigned | <u>1,490,574</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$1,974,563</u> |

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Exhibit 4

| | |
|--|--------------|
| Total Fund Balances - Governmental Funds | \$ 1,490,574 |
|--|--------------|

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

| | |
|--|--------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$237,696, and the accumulated depreciation is \$149,478. | 88,218 |
|--|--------|

Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

| | |
|---------------|-----------|
| Notes Payable | (232,668) |
|---------------|-----------|

Some liabilities including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds.

| | |
|-----------------------|-------------|
| Net Pension Liability | (4,443,510) |
|-----------------------|-------------|

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.

| | | |
|--|------------------|----------------|
| Deferred Outflows of Resources Related to Pensions | \$1,275,265 | |
| Deferred Inflows of Resources Related to Pensions | <u>(317,599)</u> | <u>957,666</u> |

| | |
|--|----------------------|
| Total Net Position - Governmental Activities | <u>\$(2,139,720)</u> |
|--|----------------------|

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Revenues, Expenditures
and Change in Fund Balance
Governmental Funds
Year Ended June 30, 2015**

Exhibit 5

| | General Fund |
|--|------------------------|
| Revenues | |
| Local Sources | \$4,112,669 |
| State Sources | 70,006 |
| Federal Sources | <u>90,485</u> |
| Total Revenues | <u>4,273,160</u> |
| Expenditures | |
| Instruction | 1,937,717 |
| Support Services | 1,964,225 |
| Capital Outlay | 108,612 |
| Debt Service (Principal and Interest) | 30,000 |
| Refunds of Prior Year's Receipts | <u>30,674</u> |
| Total Expenditures | <u>4,071,228</u> |
| Excess of Revenues Over Expenditures | <u>201,932</u> |
| Other Financing Sources (Uses) | |
| Transfers Out | <u>(123,156)</u> |
| Net Change in Fund Balance | 78,776 |
| Fund Balance - July 1, 2014 | <u>1,411,798</u> |
| Fund Balance - June 30, 2015 | <u>\$1,490,574</u> |

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities
 Year Ended June 30, 2015**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 78,776

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

| | | |
|----------------------|---------------|----------|
| Depreciation Expense | \$ (40,317) | |
| Capital Outlays | <u>11,270</u> | (29,047) |

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,212

Governmental funds report School pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

| | | |
|---------------------------------------|------------------|------------------|
| School Pension Contributions to PSERS | 325,346 | |
| Cost of Benefits Earned | <u>(607,973)</u> | <u>(282,627)</u> |

Changes in Net Position of Governmental Activities \$ (227,686)

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit 7

| | Food Service Fund |
|---------------------------------------|---------------------------|
| ASSETS | |
| Current Assets | |
| Due from Other Governments | \$ 7,600 |
| Noncurrent Assets | |
| Furniture and Equipment, Net | <u>12,748</u> |
| TOTAL ASSETS | <u>20,348</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Amounts Related to Pensions | <u>50,515</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accrued Salaries and Benefits | 6,667 |
| Noncurrent Liabilities | |
| Net Pension Liability | <u>187,490</u> |
| TOTAL LIABILITIES | <u>194,157</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Amounts Related to Pensions | <u>13,401</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 12,748 |
| Unrestricted | <u>(149,443)</u> |
| TOTAL NET POSITION | <u><u>\$(136,695)</u></u> |

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Statement of Revenues, Expenses and Change
in Net Position
Proprietary Funds
Year Ended June 30, 2015

Exhibit 8

| | Food Service Fund |
|---|-------------------------|
| Operating Revenues | |
| Food Service Revenue | \$ <u>726</u> |
| Operating Expenses | |
| Salaries | 48,707 |
| Employee Benefits | 35,775 |
| Other Purchased Services | 168,139 |
| Supplies | 2,633 |
| Depreciation | <u>2,361</u> |
| Total Operating Expenses | <u>257,615</u> |
| Operating Income (Loss) | <u>(256,889)</u> |
| Nonoperating Revenues (Expenses) | |
| State Sources | 7,392 |
| Federal Sources | <u>120,023</u> |
| Total Nonoperating Revenues (Expenses) | <u>127,415</u> |
| Income (Loss) Before Contributions | (129,474) |
| Transfers In | <u>123,156</u> |
| Change in Net Position | (6,318) |
| Net Position - July 1, 2014 (Restated - See Note 2) | <u>(130,377)</u> |
| Net Position - June 30, 2015 | <u>\$(136,695)</u> |

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Cash Flows
Proprietary Fund Types
Year Ended June 30, 2015**

Exhibit 9

| | Food Service Fund |
|---|-------------------------|
| Cash Flows from Operating Activities | |
| Cash Received from Users | \$ 726 |
| Cash Payments to Employees for Services | (71,294) |
| Cash Payments to Suppliers for Goods and Services | <u>(170,772)</u> |
| Net Cash Used for Operating Activities | <u>(241,340)</u> |
| Cash Flows from Non-Capital Financing Activities | |
| State Sources | 7,432 |
| Federal Sources | 116,782 |
| Transfers In | <u>123,156</u> |
| Net Cash Provided by Non-Capital Financing Activities | <u>247,370</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Facilities Acquisition, Const., Improvement Services | <u>(6,030)</u> |
| Net Increase (Decrease) in Cash and Cash Flows | - |
| Cash and Cash Equivalents - July 1, 2014 | <u>-</u> |
| Cash and Cash Equivalents - June 30, 2015 | \$ <u><u>-</u></u> |
| Operating Income (Loss) | <u>\$(256,889)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities | |
| Depreciation | 2,361 |
| Changes in Pension Expense and Net Pension Liability | 15,219 |
| Increase (Decrease) in Accrued Salaries Benefits | <u>(2,031)</u> |
| Total Adjustments | <u>15,549</u> |
| Cash Used for Operating Activities | <u>\$(241,340)</u> |

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Penn Hills Charter School of Entrepreneurship conform to generally accepted accounting principles as applied to governments, and in accordance with reporting procedures established for Pennsylvania school systems. Penn Hills Charter School of Entrepreneurship was granted a charter pursuant to the authority vested in the Board of School Directors of Penn Hills School District under the Public School Code of 1949, as amended, and the Pennsylvania Charter Schools Law (Act No. 1997-22) through June 30, 2016. The School provides education for students from kindergarten to grade six. The fiscal year ended June 30, 2015 was the fourth year of operations for the School. Penn Hills Charter School of Entrepreneurship is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

A. Basic Financial Statements - Government-Wide Statements

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Penn Hills Charter School of Entrepreneurship. *Governmental activities*, which normally are supported by tuition and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary. The School reports no fiduciary type funds.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Basic Financial Statements - Fund Financial Statements (Cont'd)

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School reports the following major governmental fund and fund type:

The *general fund* is the School's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Basic Financial Statements - Fund Financial Statements (Cont'd)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Tuition and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Financial Statement Amounts

1. Cash and Cash Equivalents

The School's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

3. Budgets

The Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required. The general fund is the only fund that has an annual budget that has been legally adopted by the Board. The Public School Code allows the Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. There were no supplemental budgetary appropriations made during the year ended June 30, 2015.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes, the actual amounts have also been presented. The School's expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Financial Statement Amounts (Cont'd)

4. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund. The inventories in the general fund are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The governmental funds had no material inventory balances as of June 30, 2015.

5. Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

6. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the governmental columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Financial Statement Amounts (Cont'd)

6. Capital Assets (Cont'd)

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|------------------------|-------|
| Leasehold Improvements | 5 |
| Furniture & Equipment | 7 |
| Computers | 5 |

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discount are reported as deferred charges and amortized over the term of the related debt, where applicable.

In the fund financial statements, governmental fund types recognize bond premiums and discount during the current period. The face amount of debt issued, including capital leases, is reported as other financing sources while discount on debt issuances are reported as other financing uses.

8. Compensated Absences

The School's policies regarding vacation and sick time under various agreements, provide limited accumulation and payment for unused sick and vacation leave. There was no material accrual as of June 30, 2015.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School only has one item that qualifies for reporting in this category. It is the deferred outflows related to the participation in the cost-sharing defined benefit pension plan reported in the government-wide statement of net position.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Financial Statement Amounts (Cont'd)

9. Deferred Outflows/Inflows of Resources (Cont'd)

In addition to liabilities, the statement of financial position 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 a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has only one type of item also relating to the cost-sharing defined benefit pension plan and only reported in the government-wide statement of net position.

10. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consist of assets that are restricted by the School's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

11. Fund Statements - Fund Balance

In accordance with Governmental accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School classified governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Financial Statement Amounts (Cont'd)

11. Fund Statements - Fund Balance (Cont'd)

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the School's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the School's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the executive director or business manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

12. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the School's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

Note 2 - Restatement of Beginning Fund Balance

Penn Hills Charter School of Entrepreneurship adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as of July 1, 2014 and applied the statement by restating the beginning net position. Beginning net position of the governmental activities and business-type activities in the government-wide financial statements was restated as of July 1, 2014. The result of the effects of applying this new statement is summarized below.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 2 - Restatement of Beginning Fund Balance (Cont'd)

| | Governmental Activities | Business- Type Activities | Totals |
|---|----------------------------|---------------------------------|--------------|
| Net Position, June 30, 2014 (previously reported) | \$ - | \$ - | \$ 1,301,175 |
| Reclass to Fund Types | 1,296,395 | 4,780 | - |
| Correction of Long-Term Debt | (5,212) | - | (5,212) |

This statement requires the liability of employers for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. A liability should be recognized for the employer's proportionate share of the collective net pension liability in financial statements prepared using the economic resources measurement focus and accrual basis of accounting.

| | | | |
|---|-------------|-----------|-------------|
| The net pension liability as of June 30, 2013, the measurement date, was: | (3,417,789) | (144,211) | (3,562,000) |
|---|-------------|-----------|-------------|

In addition, employer contributions subsequent to the measurement date (June 30, 2013) of the net pension liability are required to be reported as deferred outflows of resources.

| | | | |
|---|----------------|--------------|----------------|
| The employer contributions subsequent to the measurement date were: | <u>214,572</u> | <u>9,054</u> | <u>223,626</u> |
|---|----------------|--------------|----------------|

| | | | |
|-------------------------------------|-----------------------------|---------------------------|-----------------------------|
| Restated Net Position, July 1, 2014 | <u><u>\$(1,912,034)</u></u> | <u><u>\$(130,377)</u></u> | <u><u>\$(2,042,411)</u></u> |
|-------------------------------------|-----------------------------|---------------------------|-----------------------------|

Note 3 - Deposits and Investments

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

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 3 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$858,480 of the School's bank balance of \$1,108,480 was exposed to custodial credit risk as follows:

| | |
|--|------------------|
| Uninsured and Collateral Held by Pledging Bank's Agent not in the School's Name | <u>\$858,480</u> |
|--|------------------|

Interest Rate Risk - The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1D. The School has no investment policy that would further limit its investment choices.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, 2015, the following amounts are due from other governmental units:

| | Governmental Funds | Enterprise Fund | Totals |
|-----------------------------|-----------------------|--------------------|------------------|
| Federal (through the state) | \$ 18,069 | \$7,158 | \$ 25,227 |
| State | 30,524 | 442 | 30,966 |
| Local | <u>897,034</u> | <u>-</u> | <u>897,034</u> |
| | <u>\$945,627</u> | <u>\$7,600</u> | <u>\$953,227</u> |

Note 5 - Capital Assets

For the year ended June 30, 2015, capital asset activity was as follows:

| | Balance 07/01/14 | Additions | Disposals | Balance 06/30/15 |
|-----------------------------------|---------------------|-----------|-----------|---------------------|
| Governmental Activities | | | | |
| Capital Assets, Being Depreciated | | | | |
| Leasehold Improvements | \$ 43,199 | \$ - | \$ - | \$ 43,199 |

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 5 - Capital Assets (Cont'd)

| | Balance 07/01/14 | Additions | Disposals | Balance 06/30/15 |
|---|---------------------|-------------------|------------|---------------------|
| Governmental Activities (Cont'd) | | | | |
| Capital Assets, Being Depreciated (Cont'd) | | | | |
| Furniture and Equipment | \$ <u>183,227</u> | \$ <u>11,270</u> | \$ _____ - | \$ <u>194,497</u> |
| Total Capital Assets Being Depreciated | <u>226,426</u> | <u>11,270</u> | _____ - | <u>237,696</u> |
| Less Accumulated Depreciation | | | | |
| Leasehold Improvements | 25,919 | 8,640 | - | 34,559 |
| Furniture and Equipment | <u>83,242</u> | <u>31,677</u> | _____ - | <u>114,919</u> |
| Total Accumulated Depreciation | <u>109,161</u> | <u>40,317</u> | _____ - | <u>149,478</u> |
| Total Capital Assets Being Depreciated, Net | <u>117,265</u> | <u>(29,047)</u> | _____ - | <u>88,218</u> |
| Governmental Activities Capital Assets, Net | <u>\$117,265</u> | <u>\$(29,047)</u> | \$ _____ - | <u>\$ 88,218</u> |
| Business-Type Activities | | | | |
| Furniture and Equipment | \$ 13,510 | \$ 6,030 | \$ - | \$ 19,540 |
| Less Accumulated Depreciation | <u>4,431</u> | <u>2,361</u> | _____ - | <u>6,792</u> |
| Business-Type Capital Assets, Net | <u>\$ 9,079</u> | <u>\$ 3,669</u> | \$ _____ - | <u>\$ 12,748</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|-----------------|
| Governmental Activities | |
| Instruction | \$36,285 |
| Administration and Financial Support Services | 2,016 |
| Operation and Maintenance of Plant Services | <u>2,016</u> |
| Total Depreciation Expense | <u>\$40,317</u> |
| Business-Type Activities | |
| Food Service | <u>\$ 2,361</u> |

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 6 - Interfund Transfer

The general fund transferred \$123,156 to the food service fund to support operations.

Note 7 - Long-Term Debt

The following is the change in long-term debt for the year ended June 30, 2015:

| | Balance 07/01/14 | Additions | Retire- ments | Balance 06/30/15 | Due Within One Year |
|---------------|---------------------|-------------|------------------|---------------------|------------------------|
| Notes Payable | <u>\$237,880</u> | <u>\$ -</u> | <u>\$5,212</u> | <u>\$232,668</u> | <u>\$5,787</u> |

As part of the Administrative Services Agreement with Imagine, a development allocation was provided to the School in order to facilitate the start-up of the School. The original principal amount of the note was \$250,000. Pursuant to the Administrative Service Agreement, the note is to be repaid at an interest rate of 10.50% over 20 years through August 2031 at \$2,500 per month.

The annual requirements to amortize the note outstanding at June 30, 2015, are as follows:

| Year Ended June 30, | Principal | Interest | Totals |
|------------------------|------------------|------------------|------------------|
| 2016 | \$ 5,787 | \$ 24,213 | \$ 30,000 |
| 2017 | 6,427 | 23,573 | 30,000 |
| 2018 | 7,137 | 22,863 | 30,000 |
| 2019 | 7,926 | 22,074 | 30,000 |
| 2020 | 8,801 | 21,199 | 30,000 |
| 2021-2025 | 60,923 | 89,077 | 150,000 |
| 2026-2030 | 102,876 | 47,124 | 150,000 |
| 2031-2032 | <u>32,791</u> | <u>34,985</u> | <u>67,776</u> |
| | <u>\$232,668</u> | <u>\$285,108</u> | <u>\$517,776</u> |

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 8 - Short-Term Debt Payable

The School and Imagine entered into a Payment Agreement and Mutual Release (Payment Agreement) in June 2013. Through the Payment Agreement, the School is required to make the following payments: \$140,000 payment on June 30, 2013; thirteen payments of \$58,000 paid on the last day of each month beginning October 2013 and ending October 2014; a payment of \$45,111 on or before December 31, 2014, the amount of this payment shall be adjusted if necessary if the revenue of the School for the fiscal year ended June 30, 2013 is greater or less than \$3,608,820; a make-up payment on or before December 31, 2014 only to the extent that the payment amount does not exceed 30% of revenues of the School during the preceding month; a payment of \$130,000 on or before December 31, 2014. Payments are expected provided that the School's expenditures for the fiscal year do not exceed the approved budgeted expenditures by more than 5.0% and the amounts collected during such fiscal year with respect to unpaid amounts from the school districts are less than amounts projected to be collected by more than \$200,000, the parties will negotiate to modify the payments.

Included in the Payment Agreement is the provision that if the School makes all scheduled payments to Imagine before December 31, 2014 and is current on lease payments owed to Schoolhouse Finance, LLC, Imagine would forgive and not require the final payment of \$130,000. On December 19, 2014, the School made the final scheduled payment to Imagine. Accordingly, the School recognized a gain of \$130,000 for the year ending June 30, 2015, which is recorded in miscellaneous revenue.

The beginning balance of the short-term debt was \$467,952 and the balance as of June 30, 2015 was \$-0-.

Note 9 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

Pensions

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

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

B. General Information about the Pension Plan

1. Plan Description

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

2. Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

B. General Information about the Pension Plan (Cont'd)

3. Contributions

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute 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 Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Employer Contributions

The School's contractually required contribution rate for fiscal year ended June 30, 2015 was 20.5% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$335,780 for the year ended June 30, 2015.

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

At June 30, 2015, the School reported a liability of \$4,631,000; \$4,443,510 and \$187,490 in the governmental and business-type activities, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013 to June 30, 2014. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2014, the School's proportion was 0.0117%, which was an increase of 0.0030% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School recognized pension expense of \$644,000. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual investment earnings | \$ - | \$331,000 |
| Changes in proportions | 990,000 | - |
| Contributions subsequent to the measurement date | <u>335,780</u> | <u>-</u> |
| | <u>\$1,325,780</u> | <u>\$331,000</u> |

\$335,780 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | |
|------------------------|------------------|
| 2016 | \$156,000 |
| 2017 | 156,000 |
| 2018 | 156,000 |
| 2019 | 156,000 |
| 2020 | <u>35,000</u> |
| | <u>\$659,000</u> |

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

1. Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases - effected average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.00%, and merit or seniority increase of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|-------------------|--|
| Public markets global equity | 19% | 5.0% |
| Private markets (equity) | 21% | 6.5% |
| Private real estate | 13% | 4.7% |
| Global fixed income | 8% | 2.0% |
| U.S. long treasuries | 3% | 1.4% |

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

1. Actuarial Assumptions (Cont'd)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------|----------------------|--|
| TIPS | 12 % | 1.2 % |
| High yield bonds | 6 % | 1.7 % |
| Cash | 3 % | 0.9 % |
| Absolute return | 10 % | 4.8 % |
| Risk parity | 5 % | 3.9 % |
| MLPs/Infrastructure | 3 % | 5.3 % |
| Commodities | 6 % | 3.3 % |
| Financing (LIBOR) | <u>(9) %</u> | 1.1 % |
| | <u>100 %</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, 2014.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Sensitivity of 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 9 - Public School Employees' Retirement System (PSERS) (Cont'd)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

3. Sensitivity of School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

| | (In thousands) | | |
|---|----------------|---------------|----------|
| | 1.00% | Current | 1.00% |
| | Decrease | Discount Rate | Increase |
| | 6.50% | 7.50% | 8.50% |
| School's proportionate share of the net pension liability | \$5,776 | \$4,631 | \$3,653 |

4. Pension Plan Fiduciary Net Position

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

Note 10 - Risk Management

Penn Hills Charter School of Entrepreneurship is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

The School also purchases commercial insurance for its employees' health and accident insurance coverage.

Settled claims for these risks have not exceeded insurance coverage for the past three years.

Note 11 - Administrative Services Agreement

The School and Imagine Schools, Inc. entered into a Charter School Administrative Services Agreement for Imagine to provide certain school management services for the School. Under the terms of the agreement, the School is to pay Imagine an indirect cost allocation fee equal to twelve percent (12%) of revenues. These fees for the year ended June 30, 2015 were \$524,493.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2015

Note 12 - Operating Lease

The School entered into a building lease on August 24, 2011. The term of the lease continues until June 30, 2016 but automatically terminates upon the termination or non-renewal of the School's charter. Base rent for the first year was \$102,000 annually with subsequent year increases based on certain indexes.

Rent expense was approximately \$108,000 in the year ended June 30, 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local Sources | | | | |
| Food Service Revenues | \$ 12,749 | \$ 12,749 | \$ - | \$ (12,749) |
| Revenue from Student Activities | 8,000 | 8,000 | - | (8,000) |
| Federal Revenues from IU | - | - | 58,713 | 58,713 |
| Contrib. and Donations from Private Sources | - | - | 5,675 | 5,675 |
| Tuition from Other LEAs | 3,872,000 | 3,872,000 | 3,894,844 | 22,844 |
| Miscellaneous Revenue | 16,000 | 16,000 | 135,762 | 119,762 |
| Refund of Prior Year's Expenditures | <u>-</u> | <u>-</u> | <u>17,675</u> | <u>17,675</u> |
| Total Revenues from Local Sources | <u>3,908,749</u> | <u>3,908,749</u> | <u>4,112,669</u> | <u>203,920</u> |
| State Sources | | | | |
| Subsidies for Noneducational Programs | | | | |
| Rentals and Sinking Fund Payments | - | - | 30,524 | 30,524 |
| Ready to Learn Block Grant | - | - | 22,536 | 22,536 |
| State Retirement Revenue | <u>25,000</u> | <u>25,000</u> | <u>16,946</u> | <u>(8,054)</u> |
| Total Revenues from State Sources | <u>25,000</u> | <u>25,000</u> | <u>70,006</u> | <u>45,006</u> |
| Federal Sources | | | | |
| Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth | | | | |
| Title I | 106,581 | 106,581 | 79,631 | (26,950) |
| Title II | 11,127 | 11,127 | 10,854 | (273) |
| Subsidies for Milk, Breakfast and Lunch Programs | <u>176,083</u> | <u>176,083</u> | <u>-</u> | <u>(176,083)</u> |
| Total Revenues from Federal Sources | <u>293,791</u> | <u>293,791</u> | <u>90,485</u> | <u>(203,306)</u> |
| Total Revenues | <u>4,227,540</u> | <u>4,227,540</u> | <u>4,273,160</u> | <u>45,620</u> |

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Expenditures | | | | |
| Instruction | | | | |
| Regular Programs | | | | |
| Personal Services | | | | |
| Salaries | \$ 961,195 | \$ 961,195 | \$ 920,309 | \$ 40,886 |
| Employee Benefits | 338,922 | 338,922 | 461,546 | (122,624) |
| Purchased Prof. and Tech. Services | 25,515 | 25,515 | 87,673 | (62,158) |
| Other Purchased Services | 19,000 | 19,000 | 322 | 18,678 |
| Supplies | 189,199 | 189,199 | 102,304 | 86,895 |
| Property | 61,000 | 61,000 | 1,469 | 59,531 |
| Other Objects | <u>9,872</u> | <u>9,872</u> | <u>-</u> | <u>9,872</u> |
| Total Regular Programs | <u>1,604,703</u> | <u>1,604,703</u> | <u>1,573,623</u> | <u>31,080</u> |
| Special Programs | | | | |
| Personal Services | | | | |
| Salaries | 133,530 | 133,530 | 78,412 | 55,118 |
| Employee Benefits | 49,024 | 49,024 | 27,646 | 21,378 |
| Purchased Prof. and Tech. Services | 145,444 | 145,444 | 159,164 | (13,720) |
| Other Purchased Services | - | - | 85,778 | (85,778) |
| Supplies | 12,000 | 12,000 | 8,197 | 3,803 |
| Property | <u>2,000</u> | <u>2,000</u> | <u>4,897</u> | <u>(2,897)</u> |
| Total Special Programs | <u>341,998</u> | <u>341,998</u> | <u>364,094</u> | <u>(22,096)</u> |
| Total Instruction | <u>1,946,701</u> | <u>1,946,701</u> | <u>1,937,717</u> | <u>8,984</u> |
| Support Services | | | | |
| Pupil Personnel | | | | |
| Personal Services | | | | |
| Salaries | 40,000 | 40,000 | 110,798 | (70,798) |
| Employee Benefits | 12,978 | 12,978 | 34,741 | (21,763) |
| Purchased Prof. & Tech. Services | 40,750 | 40,750 | 72,962 | (32,212) |
| Supplies | <u>12,607</u> | <u>12,607</u> | <u>4,489</u> | <u>8,118</u> |
| Total Pupil Personnel | <u>106,335</u> | <u>106,335</u> | <u>222,990</u> | <u>(116,655)</u> |

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Expenditures (Cont'd) | | | | |
| Support Services (Cont'd) | | | | |
| Instructional Staff | | | | |
| Purchased Prof. and Tech. Services | \$ <u>18,000</u> | \$ <u>18,000</u> | \$ <u>27,349</u> | \$ <u>(9,349)</u> |
| Administration | | | | |
| Personal Services | | | | |
| Salaries | 310,140 | 310,140 | 244,427 | 65,713 |
| Employee Benefits | 134,056 | 134,056 | 84,859 | 49,197 |
| Purchased Prof. and Tech. Services | 573,305 | 573,305 | 624,686 | (51,381) |
| Other Purchased Services | 72,200 | 72,200 | 82,947 | (10,747) |
| Supplies | 11,464 | 11,464 | 15,210 | (3,746) |
| Property | 10,000 | 10,000 | - | 10,000 |
| Other Objects | <u>166,544</u> | <u>166,544</u> | <u>17,333</u> | <u>149,211</u> |
| Total Administration | <u>1,277,709</u> | <u>1,277,709</u> | <u>1,069,462</u> | <u>208,247</u> |
| Pupil Health | | | | |
| Personal Services | | | | |
| Salaries | 40,000 | 40,000 | - | 40,000 |
| Employee Benefits | 14,685 | 14,685 | - | 14,685 |
| Purchased Prof. and Tech. Services | - | - | 66,921 | (66,921) |
| Supplies | <u>2,520</u> | <u>2,520</u> | <u>1,900</u> | <u>620</u> |
| Total Pupil Health | <u>57,205</u> | <u>57,205</u> | <u>68,821</u> | <u>(11,616)</u> |
| Business | | | | |
| Purchased Prof. and Tech. Services | 40,000 | 40,000 | 5,539 | 34,461 |
| Supplies | 2,335 | 2,335 | 1,234 | 1,101 |
| Other Objects | <u>8,242</u> | <u>8,242</u> | <u>-</u> | <u>8,242</u> |
| Total Business | <u>50,577</u> | <u>50,577</u> | <u>6,773</u> | <u>43,804</u> |
| Oper. and Maint. of Plant Svcs. | | | | |
| Personal Services | | | | |
| Salaries | 64,000 | 64,000 | 108,405 | (44,405) |
| Employee Benefits | 14,685 | 14,685 | 34,076 | (19,391) |
| Purchased Prof. and Tech. Services | 33,000 | 33,000 | 30,205 | 2,795 |
| Purchased Property Services | 229,610 | 229,610 | 193,716 | 35,894 |

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Expenditures (Cont'd) | | | | |
| Support Services (Cont'd) | | | | |
| Oper. and Maint. of Plant Svcs. (Cont'd) | | | | |
| Other Purchased Services | \$ 44,000 | \$ 44,000 | \$ 37,738 | \$ 6,262 |
| Supplies | 15,300 | 15,300 | 42,433 | (27,133) |
| Property | 2,000 | 2,000 | - | 2,000 |
| Other Objects | <u>3,000</u> | <u>3,000</u> | <u>1,031</u> | <u>1,969</u> |
| Total Oper. and Maint. of Plant Svcs. | <u>405,595</u> | <u>405,595</u> | <u>447,604</u> | <u>(42,009)</u> |
| Student Transportation Services | | | | |
| Other Purchased Services | <u>81,000</u> | <u>81,000</u> | <u>119,976</u> | <u>(38,976)</u> |
| Central | | | | |
| Purchased Prof. & Tech. Services | <u>1,250</u> | <u>1,250</u> | <u>1,250</u> | <u>-</u> |
| Total Support Services | <u>1,997,671</u> | <u>1,997,671</u> | <u>1,964,225</u> | <u>33,446</u> |
| Noninstructional Services | | | | |
| Food Service | | | | |
| Other Purchased Services | <u>258,168</u> | <u>258,168</u> | <u>-</u> | <u>258,168</u> |
| Facilities Acquisition, Construction and Improvement Services | | | | |
| Purchased Prof. & Tech Services | <u>-</u> | <u>-</u> | <u>108,612</u> | <u>(108,612)</u> |
| Debt Service | | | | |
| Interest | 25,000 | 25,000 | 24,788 | 212 |
| Refunds of Prior Year's Receipts | - | - | 30,674 | (30,674) |
| Redemption of Principal | <u>-</u> | <u>-</u> | <u>5,212</u> | <u>(5,212)</u> |
| Total Debt Service | <u>25,000</u> | <u>25,000</u> | <u>60,674</u> | <u>(35,674)</u> |
| Total Expenditures | <u>4,227,540</u> | <u>4,227,540</u> | <u>4,071,228</u> | <u>156,312</u> |

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Other Financing Uses | | | | |
| Fund Transfers | | | | |
| Food Service Fund | \$ _____ - | \$ _____ - | \$ <u>123,156</u> | \$ <u>(123,156)</u> |
| Total Expenditures and Other Financing Uses | <u>4,227,540</u> | <u>4,227,540</u> | <u>4,194,384</u> | <u>33,156</u> |
| Net Change in Fund Balance | - | - | 78,776 | 78,776 |
| Fund Balance - July 1, 2014 | _____ - | _____ - | <u>1,411,798</u> | <u>1,411,798</u> |
| Fund Balance - June 30, 2015 | <u>\$ _____ -</u> | <u>\$ _____ -</u> | <u>\$1,490,574</u> | <u>\$1,490,574</u> |

Penn Hills Charter School of Entrepreneurship
Required Supplementary Information
Schedule of School's Contributions
PSERS
Current Year

| | June 30, 2015 |
|---|------------------------|
| Contractually Required Contribution | \$ 310,014 |
| Contributions in Relation to the Contractually Required Contribution | <u>310,014</u> |
| Contribution Deficiency (Excess) | \$ <u> </u> - |
| School's Covered-Employee Payroll | \$1,519,290 |
| Contributions as a Percentage of Covered Employee Payroll | 20.41% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Penn Hills Charter School of Entrepreneurship
Required Supplementary Information
Schedule of School's Proportionate Share
of the Net Pension Liability
PSERS
Last Two Years
(Dollar Amount in Thousands)

| | June 30, 2014 | June 30, 2013 |
|---|------------------|------------------|
| School's Proportion of the Net Pension Liability (Asset) | 0.0117% | 0.0087% |
| School's Proportionate Share of the Net Pension Liability (Asset) | \$4,931 | \$3,562 |
| School's Covered Employee Payroll | \$1,488 | \$1,118 |
| School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 331.38% | 318.60% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 57.24% | 54.49% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.