

**Penn Hills Charter School  
of Entrepreneurship  
Financial Statements  
June 30, 2018**

**Penn Hills Charter School of Entrepreneurship  
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**Independent Auditor's Report**

Members of the Board  
Penn Hills Charter School of Entrepreneurship  
Pittsburgh, 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, 2018, 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, 2018, 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.

### *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  
December 19, 2018

**Penn Hills Charter School of Entrepreneurship**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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, 2018. 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. 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 \$12,432 (\$12,258 weighted average) for each student and average daily membership (ADM) was 333 children. The School received a supplemental average reimbursement of \$30,161 (\$28,323 weighted average) for each child requiring specialized instruction because of a disability. The ADM for children requiring specialized instruction was 64.

Overall, revenues increased \$878,090 for the year to \$6,348,874. The increase was due to increases in the average daily membership per student by 16%.

Expenditures increased \$736,701 to \$7,086,500 for the year. The increase was due to an increase in operations to support expansion and capital outlay.

**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, 2018**

**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

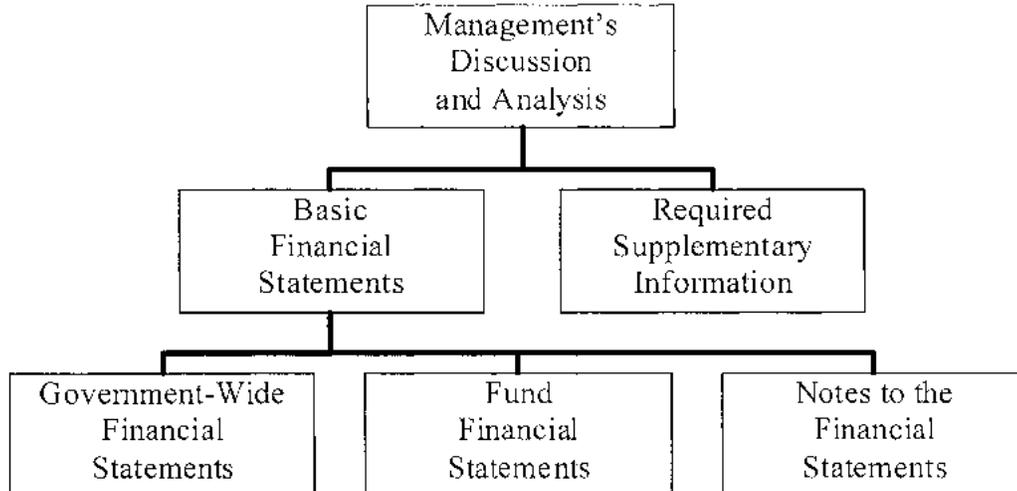


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Penn Hills Charter School of Entrepreneurship  
Management's Discussion and Analysis  
June 30, 2018**

**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, 2018**

**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 under the current financial resources measurement focus. 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, 2018**

**Financial Analysis of the School as a Whole**

The School's total net position was a deficit \$(2,756,320) at June 30, 2018 and a deficit \$(1,923,985) at June 30, 2017.

Table A-1  
Years Ended June 30, 2018 and 2017  
Net Position

	2018			2017		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 1,538,769	\$ 10,279	\$ 1,549,048	\$ 1,965,165	\$ 1,044	\$ 1,966,209
Capital Assets	<u>1,381,847</u>	<u>9,806</u>	<u>1,391,653</u>	<u>1,029,422</u>	<u>11,296</u>	<u>1,040,718</u>
Total Assets	<u>2,920,616</u>	<u>20,085</u>	<u>2,940,701</u>	<u>2,994,587</u>	<u>12,340</u>	<u>3,006,927</u>
Deferred Outflows of Resources	<u>2,440,905</u>	<u>112,813</u>	<u>2,553,718</u>	<u>1,677,338</u>	<u>60,444</u>	<u>1,737,782</u>
Current Liabilities	820,714	126,025	946,739	614,533	27,295	641,828
Noncurrent Liabilities						
Due in More Than One Year	<u>6,978,711</u>	<u>281,289</u>	<u>7,260,000</u>	<u>5,798,889</u>	<u>197,111</u>	<u>5,996,000</u>
Total Liabilities	<u>7,799,425</u>	<u>407,314</u>	<u>8,206,739</u>	<u>6,413,422</u>	<u>224,406</u>	<u>6,637,828</u>
Deferred Inflows of Resources	<u>42,295</u>	<u>1,705</u>	<u>44,000</u>	<u>48,356</u>	<u>1,644</u>	<u>50,000</u>
Net Position						
Net Investment in Capital Assets	1,381,847	9,806	1,391,653	1,029,422	11,296	1,040,718
Unrestricted	<u>(3,862,046)</u>	<u>(285,927)</u>	<u>(4,147,973)</u>	<u>(2,819,275)</u>	<u>(164,562)</u>	<u>(2,983,837)</u>
Total Net Position	<u>\$(2,480,199)</u>	<u>\$(276,121)</u>	<u>\$(2,756,320)</u>	<u>\$(1,789,853)</u>	<u>\$(153,266)</u>	<u>\$(1,943,119)</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, 2018**

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

Table A-2  
Years Ended June 30, 2018 and 2017  
Changes in Net Position

	2018			2017		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
<b>Revenues and Transfers</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 5,805,132	\$ 590	\$ 5,805,722	\$ 5,207,615	\$ -	\$ 5,207,615
Operating Grants and Contribs.	362,779	294,971	657,750	212,239	171,542	383,781
Capital Grants and Contribs.	40,000	-	40,000	39,966	-	39,966
<b>General Revenues</b>						
Grants, Subs. and Contribs. not Restricted	11,253	-	11,253	1,234	-	1,234
Other	6,875	-	6,875	9,730	-	9,730
Transfers	<u>(139,644)</u>	<u>139,644</u>	<u>-</u>	<u>(147,149)</u>	<u>147,149</u>	<u>-</u>
<b>Total Revenues and Transfers</b>	<u>6,086,395</u>	<u>435,205</u>	<u>6,521,600</u>	<u>5,323,635</u>	<u>318,691</u>	<u>5,642,326</u>
<b>Expenses</b>						
Instruction	3,686,439	-	3,686,439	2,819,269	-	2,819,269
Instructional Student Support	407,326	-	407,326	309,078	-	309,078
Admin. and Fin. Support Services	1,419,623	-	1,419,623	1,199,976	-	1,199,976
Operation and Maintenance of Plant Services	1,116,047	-	1,116,047	961,455	-	961,455
Pupil Transportation	67,033	-	67,033	54,735	-	54,735
Student Activities	80,273	-	80,273	5,471	-	5,471
Interest on Long-Term Debt	-	-	-	1,990	-	1,990
Food Services	<u>-</u>	<u>558,060</u>	<u>558,060</u>	<u>-</u>	<u>309,486</u>	<u>309,486</u>
<b>Total Expenses</b>	<u>6,776,741</u>	<u>558,060</u>	<u>7,334,801</u>	<u>5,351,974</u>	<u>309,486</u>	<u>5,661,460</u>
Increase (Decrease) in Net Position	(690,346)	(122,855)	(813,201)	(28,339)	9,205	(19,134)
Beginning Net Position	<u>(1,789,853)</u>	<u>(153,266)</u>	<u>(1,943,119)</u>	<u>(1,761,514)</u>	<u>(162,471)</u>	<u>(1,923,985)</u>
Ending Net Position	<u><u>\$(2,480,199)</u></u>	<u><u>\$(276,121)</u></u>	<u><u>\$(2,756,320)</u></u>	<u><u>\$(1,789,853)</u></u>	<u><u>\$(153,266)</u></u>	<u><u>\$(1,943,119)</u></u>

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.

**Penn Hills Charter School of Entrepreneurship  
Management's Discussion and Analysis  
June 30, 2018**

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

Table A-3  
Years Ended June 30, 2018 and 2017  
Governmental Activities

	2018		2017	
Functions/Programs	Total Cost of Services	Net Expense	Total Cost of Services	Net Expense
Instruction	\$3,686,439	\$264,707	\$2,819,269	\$ (57,370)
Instructional Student Support	407,326	30,671	309,078	(6,549)
Administrative and Fin. Support Svcs.	1,419,623	148,201	1,199,976	14,973
Operation and Maintenance of Plant Services	1,116,047	47,529	961,455	(60,681)
Pupil Transportation	67,033	2,492	54,735	(90)
Student Activities	80,273	75,230	5,471	(119)
Interest on Long-Term Debt	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,990</u>
Total Governmental Activities	<u>\$6,776,741</u>	568,830	<u>\$5,351,974</u>	(107,846)
Less:				
Unrestricted Grants, Subsidies		<u>(11,253)</u>		<u>(1,234)</u>
Total Needs from Other Revenues		<u>\$557,577</u>		<u>\$ (109,080)</u>

Table A-4  
Years Ended June 30, 2018 and 2017  
Business-Type Activities

	2018		2017	
Functions/Programs	Total Cost of Services	Net Expense	Total Cost of Services	Net Expense
Food Service	<u>\$558,060</u>	\$ 262,499	<u>\$309,486</u>	\$137,944
Less:				
Transfers		<u>(139,644)</u>		<u>(147,149)</u>
Total Business-Type Activities		<u>\$ 122,855</u>		<u>\$ (9,205)</u>

**Penn Hills Charter School of Entrepreneurship  
Management's Discussion and Analysis  
June 30, 2018**

**School Funds**

General Fund

As of June 30, 2018, the School had a general fund balance of \$613,006.

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, 2018, the School had governmental capital assets of \$1,381,847 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

	2018	2017
Leasehold Improvements	\$927,655	\$671,388
Furniture and Equipment	410,892	293,780
Construction in Progress	43,300	64,254

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

Penn Hills Charter School of Entrepreneurship's capacity will be at 400 children, and the School will be serving children in grades kindergarten through eighth. We expect the School to continue to draw students from a number of school districts. Children residing in eight school districts attended during 2017/2018. Enrollment from the chartering district, Penn Hills, is projected to remain constant at approximately 77% of the total.

The 2018/2019 revenue budget is based upon an enrollment of 400 children with an average per-pupil reimbursement estimated conservatively at \$12,445. Revenue from this source was budgeted at \$6,473,559. Special education pupils are estimated to remain constant at 59 and the budgeted special education premium is \$28,824 per eligible student and is included in the above amount. State and federal reimbursement programs are included in the budget at \$865,188. Budgeted total revenue for the 2018/2019 school year is \$7,343,747 for the general fund.

**Penn Hills Charter School of Entrepreneurship  
Management's Discussion and Analysis  
June 30, 2018**

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

The expenditure budget for the 2018/2019 school year is \$7,208,952.

Table A-6

	Budgeted Revenue 2018/2019	Actual Revenue 2017/2018
Local	88%	95%
State	1%	2%
Federal	11%	3%
	Budgeted Expenditures 2018/2019	Actual Expenditures 2017/2018
Instruction	46%	44%
Support Services	40%	41%
Other/Debt Service/Transfers	14%	15%

**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: Wayne Jones, Penn Hills Charter School of Entrepreneurship, 2501 Main Street, Pittsburgh, PA 15235.

**Penn Hills Charter School of Entrepreneurship**  
**Statement of Net Position**  
**June 30, 2018**

**Exhibit 1**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 305,742	\$ 1,200	\$ 306,942
Due from Other Governments	1,209,456	9,079	1,218,535
Prepaid Items	23,571	-	23,571
Capital Assets Not Being Depreciated			
Construction in Progress	43,300	-	43,300
Capital Assets, Net of Accumulated Depreciation			
Leasehold Improvements	927,655	-	927,655
Furniture and Equipment	<u>410,892</u>	<u>9,806</u>	<u>420,698</u>
<b>TOTAL ASSETS</b>	<u><b>2,920,616</b></u>	<u><b>20,085</b></u>	<u><b>2,940,701</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts Related to Pensions	<u>2,440,905</u>	<u>112,813</u>	<u>2,553,718</u>
<b>LIABILITIES</b>			
Accounts Payable	116,720	101,971	218,691
Contracts Payable	4,330	-	4,330
Accrued Salaries and Benefits	675,369	24,054	699,423
Payroll Deductions and Withholdings	24,295	-	24,295
Noncurrent Liabilities			
Due in More Than One Year			
Net Pension Liability	<u>6,978,711</u>	<u>281,289</u>	<u>7,260,000</u>
<b>TOTAL LIABILITIES</b>	<u><b>7,799,425</b></u>	<u><b>407,314</b></u>	<u><b>8,206,739</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts Related to Pensions	<u>42,295</u>	<u>1,705</u>	<u>44,000</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,381,847	9,806	1,391,653
Unrestricted	<u>(3,862,046)</u>	<u>(285,927)</u>	<u>(4,147,973)</u>
<b>TOTAL NET POSITION</b>	<u><b>\$(2,480,199)</b></u>	<u><b>\$(276,121)</b></u>	<u><b>\$(2,756,320)</b></u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship  
Statement of Activities  
Year Ended June 30, 2018**

**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
<b>Governmental Activities</b>							
Instruction	\$3,686,439	\$3,110,468	\$311,264	\$ -	\$ (264,707)	\$ -	\$ (264,707)
Instructional Student Support	407,326	360,404	16,251	-	(30,671)	-	(30,671)
Administrative and Financial Support Services	1,419,623	1,271,422	-	-	(148,201)	-	(148,201)
Operation and Maintenance of Plant Services	1,116,047	1,028,518	-	40,000	(47,529)	-	(47,529)
Pupil Transportation	67,033	29,277	35,264	-	(2,492)	-	(2,492)
Student Activities	<u>80,273</u>	<u>5,043</u>	-	-	<u>(75,230)</u>	-	<u>(75,230)</u>
<b>Total Governmental Activities</b>	<u>6,776,741</u>	<u>5,805,132</u>	<u>362,779</u>	<u>40,000</u>	<u>(568,830)</u>	<u>-</u>	<u>(568,830)</u>
<b>Business-Type Activities</b>							
Food Service	<u>558,060</u>	<u>590</u>	<u>294,971</u>	<u>-</u>	<u>-</u>	<u>(262,499)</u>	<u>(262,499)</u>
<b>Total Primary Government</b>	<u>\$7,334,801</u>	<u>\$5,805,722</u>	<u>\$657,750</u>	<u>\$40,000</u>	<u>(568,830)</u>	<u>(262,499)</u>	<u>(831,329)</u>
<b>General Revenues and Transfers</b>							
Grants, Subsidies and Contributions not Restricted					11,253	-	11,253
Investment Earnings					49	-	49
Miscellaneous Income					6,826	-	6,826
Transfers					<u>(139,644)</u>	<u>139,644</u>	<u>-</u>
<b>Total General Revenues and Transfers</b>					<u>(121,516)</u>	<u>139,644</u>	<u>18,128</u>
<b>Changes in Net Position</b>					<u>(690,346)</u>	<u>(122,855)</u>	<u>(813,201)</u>
<b>Net Position - July 1, 2017</b>					<u>(1,789,853)</u>	<u>(153,266)</u>	<u>(1,943,119)</u>
<b>Net Position - June 30, 2018</b>					<u>\$(2,480,199)</u>	<u>\$(276,121)</u>	<u>\$(2,756,320)</u>

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship  
 Balance Sheet  
 Governmental Funds  
 June 30, 2018

Exhibit 3

	General Fund	Non- major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 200,693	\$105,049	\$ 305,742
Due from Other Governments	1,209,456	-	1,209,456
Prepaid Items	<u>23,571</u>	<u>-</u>	<u>23,571</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,433,720</u></b>	<b><u>\$105,049</u></b>	<b><u>\$1,538,769</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 116,720	\$ -	\$ 116,720
Contracts Payable	4,330	-	4,330
Accrued Salaries and Benefits	675,369	-	675,369
Payroll Deductions and Withholdings	<u>24,295</u>	<u>-</u>	<u>24,295</u>
Total Liabilities	<u>820,714</u>	<u>-</u>	<u>820,714</u>
Fund Balances			
Nonspendable	23,571	-	23,571
Assigned	-	105,049	105,049
Unassigned	<u>589,435</u>	<u>-</u>	<u>589,435</u>
Total Fund Balance	<u>613,006</u>	<u>105,049</u>	<u>718,055</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$1,433,720</u></b>	<b><u>\$105,049</u></b>	<b><u>\$1,538,769</u></b>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2018**

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 718,055
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$2,018,408, and the accumulated depreciation is \$636,561.</p>		1,381,847
<p>Some liabilities including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Net Pension Liability		(6,978,711)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.</p>		
Deferred Outflows of Resources Related to Pensions	\$2,440,905	
Deferred Inflows of Resources Related to Pensions	<u>(42,295)</u>	<u>2,398,610</u>
Total Net Position - Governmental Activities		\$ <u>(2,480,199)</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, 2018**

**Exhibit 5**

	General Fund	Non- major Funds	Total Governmental Funds
<b>Revenues</b>			
Local Sources	\$6,012,383	\$ 49	\$6,012,432
State Sources	112,886	-	112,886
Federal Sources	<u>223,605</u>	<u>-</u>	<u>223,605</u>
 Total Revenues	 <u>6,348,874</u>	 <u>49</u>	 <u>6,348,923</u>
<b>Expenditures</b>			
Instruction	3,120,208	-	3,120,208
Support Services	2,902,288	-	2,902,288
Noninstructional Services	80,273	-	80,273
Capital Outlay	613,034	-	613,034
Refunds of Prior Year's Receipts	<u>126,053</u>	<u>-</u>	<u>126,053</u>
 Total Expenditures	 <u>6,841,856</u>	 <u>-</u>	 <u>6,841,856</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(492,982)</u>	 <u>49</u>	 <u>(492,933)</u>
 Other Financing Sources (Uses)			
Transfers In	-	105,000	105,000
Transfers Out	<u>(244,644)</u>	<u>-</u>	<u>(244,644)</u>
 Total Other Financing Sources (Uses)	 <u>(244,644)</u>	 <u>105,000</u>	 <u>(139,644)</u>
 Net Change in Fund Balance	 (737,626)	 105,049	 (632,577)
 Fund Balance - July 1, 2017	 <u>1,350,632</u>	 <u>-</u>	 <u>1,350,632</u>
 Fund Balance - June 30, 2018	 <u>\$ 613,006</u>	 <u>\$105,049</u>	 <u>\$ 718,055</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, 2018**

**Exhibit 6**

Total Net Change in Fund Balances - Governmental Funds	\$(632,577)
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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 capital outlays exceeds depreciation in the period.

Depreciation Expense	\$ (301,351)	
Capital Outlays	<u>653,776</u>	352,425

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	772,365	
Cost of Benefits Earned	<u>(1,182,559)</u>	<u>(410,194)</u>

Changes in Net Position of Governmental Activities	\$ <u>(690,346)</u>
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See Accompanying Notes

Penn Hills Charter School of Entrepreneurship  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

Exhibit 7

	Food Service Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,200
Due from Other Governments	9,079
Noncurrent Assets	
Furniture and Equipment, Net	<u>9,806</u>
<b>TOTAL ASSETS</b>	<u>20,085</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	<u>112,813</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	101,971
Accrued Salaries and Benefits	24,054
Noncurrent Liabilities	
Net Pension Liability	<u>281,289</u>
<b>TOTAL LIABILITIES</b>	<u>407,314</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	<u>1,705</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,806
Unrestricted	<u>(285,927)</u>
<b>TOTAL NET POSITION</b>	<u>\$(276,121)</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, 2018**

**Exhibit 8**

	Food Service Fund
Operating Revenues	
Food Service Revenues	\$ <u>590</u>
Operating Expenses	
Salaries	143,310
Employee Benefits	126,578
Other Purchased Services	284,072
Supplies	352
Depreciation	<u>3,748</u>
Total Operating Expenses	<u>558,060</u>
Operating Income (Loss)	<u>(557,470)</u>
Nonoperating Revenues (Expenses)	
State Sources	13,767
Federal Sources	<u>281,204</u>
Total Nonoperating Revenues (Expenses)	<u>294,971</u>
Income (Loss) Before Transfers	<u>(262,499)</u>
Transfers In	<u>139,644</u>
Change in Net Position	<u>(122,855)</u>
Net Position - July 1, 2017	<u>(153,266)</u>
Net Position - June 30, 2018	<u>\$(276,121)</u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship  
Statement of Cash Flows  
Proprietary Fund Types  
Year Ended June 30, 2018**

**Exhibit 9**

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 590
Cash Payments to Employees for Services	(218,014)
Cash Payments to Suppliers for Goods and Services	<u>(185,743)</u>
Net Cash Used for Operating Activities	<u>(403,167)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	14,374
Federal Sources	252,607
Transfers In	<u>139,644</u>
Net Cash Provided by Non-Capital Financing Activities	<u>406,625</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp. Svcs.	<u>(2,258)</u>
Net Increase in Cash and Cash Flows	1,200
Cash and Cash Equivalents - July 1, 2017	<u>-</u>
Cash and Cash Equivalents - June 30, 2018	\$ <u>1,200</u>
Operating Income (Loss)	<u>\$(557,470)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	3,748
Change in Pension Expense and Net Pension Liability	31,870
Increase (Decrease) in Accounts Payable	98,681
Increase (Decrease) in Accrued Salaries/Benefits	<u>20,004</u>
Total Adjustments	<u>154,303</u>
Cash Used for Operating Activities	<u>\$(403,167)</u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**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 charter was renewed for the period July 1, 2016 through June 30, 2021. The School provides education for students from kindergarten to grade eight. The fiscal year ended June 30, 2018 was the seventh 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, 2018**

**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 School also reports, as a nonmajor governmental fund, the following:

The *capital projects fund* accounts for financial resources to be used for the acquisition or construction of facilities and equipment.

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, 2018**

**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, 2018**

**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, 2018.

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.

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.

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

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

D. Financial Statement Amounts (Cont'd)

4. Inventories (Cont'd)

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, 2018.

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.

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

Assets	Years
Leasehold Improvements	5 - 30
Furniture & Equipment	7
Computers	5

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

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

D. Financial Statement Amounts (Cont'd)

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, 2018.

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.

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.

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

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

D. Financial Statement Amounts (Cont'd)

10. Government-wide and Proprietary Fund Net Position (Cont'd)

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. The amount reported in the general fund is for prepaid items as of June 30, 2018.

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.

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. The assigned balance of \$105,049 is for future facilities' improvement.

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.

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

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

D. Financial Statement Amounts (Cont'd)

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 - 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.

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, 2018, \$59,173 of the School's bank balance of \$309,173 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the School's Name	<u>\$59,173</u>
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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 3 - Due from Other Governments**

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, 2018, the following amounts are due from other governmental units:

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 3 - Due from Other Governments (Cont'd)**

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$ 133,150	\$8,642	\$ 141,792
State	60,000	437	60,437
Local	<u>1,016,306</u>	<u>-</u>	<u>1,016,306</u>
	<u>\$1,209,456</u>	<u>\$9,079</u>	<u>\$1,218,535</u>

**Note 4 - Capital Assets**

For the year ended June 30, 2018, capital asset activity was as follows:

	Balance 07/01/17	Additions	Transfers	Balance 06/30/18
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Construction in Progress	\$ <u>64,254</u>	\$ <u>43,300</u>	\$( <u>64,254</u> )	\$ <u>43,300</u>
Capital Assets, Being Depreciated				
Leasehold Improvements	776,982	360,279	64,254	1,201,515
Furniture and Equipment	<u>523,396</u>	<u>250,197</u>	<u>-</u>	<u>773,593</u>
Total Capital Assets Being Depreciated	<u>1,300,378</u>	<u>610,476</u>	<u>64,254</u>	<u>1,975,108</u>
Less Accumulated Depreciation				
Leasehold Improvements	105,594	168,266	-	273,860
Furniture and Equipment	<u>229,616</u>	<u>133,085</u>	<u>-</u>	<u>362,701</u>
Total Accumulated Depreciation	<u>335,210</u>	<u>301,351</u>	<u>-</u>	<u>636,561</u>
Total Capital Assets Being Depreciated, Net	<u>965,168</u>	<u>309,125</u>	<u>-</u>	<u>1,338,547</u>
Governmental Activities Capital Assets, Net	<u>\$1,029,422</u>	<u>\$352,425</u>	<u>\$-</u>	<u>\$1,381,847</u>
<b>Business-Type Activities</b>				
Furniture and Equipment	\$ 24,167	\$ 2,258	\$ -	\$ 26,425
Less Accumulated Depreciation	<u>12,871</u>	<u>3,748</u>	<u>-</u>	<u>16,619</u>
Business-Type Capital Assets, Net	<u>\$ 11,296</u>	<u>\$ (1,490)</u>	<u>\$-</u>	<u>\$ 9,806</u>

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 4 - Capital Assets (Cont'd)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$271,215
Administration and Financial Support Services	15,068
Operation and Maintenance of Plant Services	<u>15,068</u>
Total Depreciation Expense	<u>\$301,351</u>
Business-Type Activities	
Food Service	<u>\$ 3,748</u>

**Note 5 - Interfund Transfer**

The general fund transferred \$139,644 to the food service fund to support operations and \$105,000 to the capital projects fund for future capital projects.

**Note 6 - 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.

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

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - Public School Employees' Retirement System (PSERS) (Cont'd)**

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

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.

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.

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - Public School Employees' Retirement System (PSERS) (Cont'd)**

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

**3. Contributions (Cont'd)**

**Member Contributions (Cont'd)**

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, 2018 was 31.74% 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 \$817,924 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of \$7,260,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the School's proportion was 0.0147%, which was an increase of 0.0026% from its proportion measured as of June 30, 2017.

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - 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)**

For the year ended June 30, 2018, the School recognized pension expense of \$1,259,988. At June 30, 2018, 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
Difference between expected and actual experience	\$ 76,000	\$44,000
Net difference between projected and actual investment earnings	168,000	-
Changes in assumptions	197,000	-
Changes in proportions	1,287,000	-
Difference between employer contributions and proportionate share of total contributions	7,794	-
Contributions subsequent to the measurement date	<u>817,924</u>	<u>-</u>
	<u>\$2,553,718</u>	<u>\$44,000</u>

\$817,924 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, 2019. 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,	
2019	\$ 605,988
2020	507,988
2021	365,232
2022	<u>212,586</u>
	<u>\$1,691,794</u>

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - 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, 2017 was determined by rolling forward the System's total pension liability at June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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
Global public equity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternate investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	<u>(20.0)%</u>	1.1%
	<u>100%</u>	

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - 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)

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, 2017.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(In thousands)		
	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
School's proportionate share of the net pension liability	\$8,937	\$7,260	\$5,845

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

**Penn Hills Charter School of Entrepreneurship**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 7 - 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 8 - Business Services Agreement**

As of February 1, 2016, the School and Charter Choices, Inc. entered into a Business Services Agreement for Charter Choices to provide certain school management services for the School. Under the terms of the agreement, the School is to pay Charter Choices a monthly fee of \$6,250. These fees for the year ended June 30, 2018, were \$75,000.

**Note 9 - Operating Lease**

The School entered into a building lease on April 25, 2016 with Penn Hills School District. The term of the lease is for five years, commencing on July 1, 2016 and ending in September 2018, as noted in the below subsequent event note. Annual rent expense is \$500,000 payable in monthly installments. As noted in Note 11, during the 2018/2019 school year, the School and District were in discussion for purchase of the building under lease and as such, an agreement was reached noting no lease payments due subsequent to June 2018 if an agreement was reached.

Rent expense was \$500,000 in the year ended June 30, 2018.

**Note 10 - Construction Commitment**

As of June 30, 2018, the School had construction commitments of approximately \$450,000 for various leasehold improvements to the School building. It is anticipated that these projects will be completed in the 2018/2019 school year.

**Note 11 - Subsequent Events**

On September 26, 2018, the School finalized the purchase of the building currently occupied that was being leased from Penn Hills School District in the amount of \$3,000,000. In addition, on September 26, 2018, the School entered into a promissory note agreement in the amount of \$2,835,000, the proceeds being used for the purchase of the building.

**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, 2018**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Local Sources</b>				
Federal Revenues from IU	\$ 50,556	\$ 50,556	\$ 66,288	\$ 15,732
Contrib. and Donations from Private Sources	-	-	11,253	11,253
Tuition from Other LEAs	6,218,797	6,218,797	5,928,016	(290,781)
Miscellaneous Revenue	5,000	5,000	5,353	353
Refund of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>1,473</u>	<u>1,473</u>
Total Revenues from Local Sources	<u>6,274,353</u>	<u>6,274,353</u>	<u>6,012,383</u>	<u>(261,970)</u>
<b>State Sources</b>				
<b>Subsidies for Noneducational Programs</b>				
Rentals and Sinking Fund Payments	157,988	157,988	40,000	(117,988)
Health Services	8,000	8,000	6,251	(1,749)
Ready to Learn Block Grant	22,536	22,536	22,536	-
Safe Schools Grant	<u>-</u>	<u>-</u>	<u>44,099</u>	<u>44,099</u>
Total Revenues from State Sources	<u>188,524</u>	<u>188,524</u>	<u>112,886</u>	<u>(75,638)</u>
<b>Federal Sources</b>				
<b>Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth</b>				
Title I	114,940	114,940	125,880	10,940
Title II	10,739	10,739	18,457	7,718
Title IV	-	-	10,000	10,000
21 <sup>st</sup> Century Community Learning Center	-	-	69,268	69,268
Subsidies for Milk, Breakfast and Lunch Programs	<u>188,993</u>	<u>188,993</u>	<u>-</u>	<u>(188,993)</u>
Total Revenues from Federal Sources	<u>314,672</u>	<u>314,672</u>	<u>223,605</u>	<u>(91,067)</u>
<b>Total Revenues</b>	<u>6,777,549</u>	<u>6,777,549</u>	<u>6,348,874</u>	<u>(428,675)</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, 2018**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	\$1,534,582	\$1,534,582	\$1,485,145	\$ 49,437
Employee Benefits	993,410	993,410	912,946	80,464
Purchased Prof. and Tech. Services	85,985	85,985	62,538	23,447
Supplies	173,272	173,272	44,652	128,620
Property	<u>153,800</u>	<u>153,800</u>	<u>100,794</u>	<u>53,006</u>
Total Regular Programs	<u>2,941,049</u>	<u>2,941,049</u>	<u>2,606,075</u>	<u>334,974</u>
Special Programs				
Personal Services				
Salaries	257,462	257,462	253,796	3,666
Employee Benefits	152,611	152,611	129,941	22,670
Purchased Prof. and Tech. Services	55,000	55,000	127,528	(72,528)
Other Purchased Services	6,000	6,000	-	6,000
Supplies	<u>9,504</u>	<u>9,504</u>	<u>2,868</u>	<u>6,636</u>
Total Special Programs	<u>480,577</u>	<u>480,577</u>	<u>514,133</u>	<u>(33,556)</u>
Total Instruction	<u>3,421,626</u>	<u>3,421,626</u>	<u>3,120,208</u>	<u>301,418</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	131,769	131,769	54,722	77,047
Employee Benefits	71,248	71,248	28,615	42,633
Purchased Prof. and Tech. Services	148,059	148,059	149,840	(1,781)
Other Purchased Services	5,000	5,000	-	5,000
Supplies	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Pupil Personnel	<u>359,076</u>	<u>359,076</u>	<u>233,177</u>	<u>125,899</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, 2018**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Instructional Staff				
Personal Services				
Salaries	\$ 113,852	\$ 113,852	\$ -	\$ 113,852
Employee Benefits	71,598	71,598	4,899	66,699
Purchased Prof. and Tech. Services	50,000	50,000	49,521	479
Other Purchased Services	3,500	3,500	-	3,500
Supplies	<u>-</u>	<u>-</u>	<u>118</u>	<u>(118)</u>
Total Instructional Staff	<u>238,950</u>	<u>238,950</u>	<u>54,538</u>	<u>184,412</u>
Administration				
Personal Services				
Salaries	464,867	464,867	491,734	(26,867)
Employee Benefits	254,383	254,383	274,233	(19,850)
Purchased Prof. and Tech. Services	142,800	142,800	166,777	(23,977)
Other Purchased Services	121,000	121,000	246,241	(125,241)
Supplies	15,000	15,000	90,470	(75,470)
Other Objects	<u>16,997</u>	<u>16,997</u>	<u>36,535</u>	<u>(19,538)</u>
Total Administration	<u>1,015,047</u>	<u>1,015,047</u>	<u>1,305,990</u>	<u>(290,943)</u>
Pupil Health				
Personal Services				
Salaries	47,320	47,320	50,954	(3,634)
Employee Benefits	19,832	19,832	44,487	(24,655)
Purchased Prof. and Tech. Services	-	-	5,582	(5,582)
Supplies	<u>3,500</u>	<u>3,500</u>	<u>778</u>	<u>2,722</u>
Total Pupil Health	<u>70,652</u>	<u>70,652</u>	<u>101,801</u>	<u>(31,149)</u>
Business				
Purchased Prof. and Tech. Services	8,500	8,500	8,250	250
Other Purchased Services	5,500	5,500	6,382	(882)
Other Objects	<u>-</u>	<u>-</u>	<u>1,685</u>	<u>(1,685)</u>
Total Business	<u>14,000</u>	<u>14,000</u>	<u>16,317</u>	<u>(2,317)</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, 2018**

	<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.				
Personal Services				
Salaries	\$ 40,053	\$ 40,053	\$ 112,319	\$ (72,266)
Employee Benefits	27,132	27,132	56,985	(29,853)
Purchased Prof. and Tech. Services	1,175	1,175	-	1,175
Purchased Property Services	762,772	762,772	826,927	(64,155)
Other Purchased Services	55,300	55,300	46,223	9,077
Supplies	15,000	15,000	80,978	(65,978)
Property	<u>154,259</u>	<u>154,259</u>	<u>-</u>	<u>154,259</u>
Total Oper. and Maint. of Plant Svcs.	<u>1,055,691</u>	<u>1,055,691</u>	<u>1,123,432</u>	<u>(67,741)</u>
Student Transportation Services				
Other Purchased Services	<u>65,000</u>	<u>65,000</u>	<u>67,033</u>	<u>(2,033)</u>
Total Support Services	<u>2,818,416</u>	<u>2,818,416</u>	<u>2,902,288</u>	<u>(83,872)</u>
Noninstructional Services				
Food Service				
Personal Services				
Salaries	126,202	126,202	-	126,202
Employee Benefits	73,721	73,721	-	73,721
Other Purchased Services	205,200	205,200	-	205,200
Supplies	5,000	5,000	-	5,000
Property	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Food Service	<u>420,123</u>	<u>420,123</u>	<u>-</u>	<u>420,123</u>
Student Activities				
Other Purchased Services	32,000	32,000	70,740	(38,740)
Supplies	<u>-</u>	<u>-</u>	<u>9,533</u>	<u>(9,533)</u>
Total Student Activities	<u>32,000</u>	<u>32,000</u>	<u>80,273</u>	<u>(48,273)</u>
Total Noninstructional Services	<u>452,123</u>	<u>452,123</u>	<u>80,273</u>	<u>371,850</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, 2018**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Facilities Acquisition, Construction and Improvement Services				
Property	\$ _____	\$ _____	\$ <u>613,034</u>	\$ <u>(613,034)</u>
Debt Service				
Refunds of Prior Year's Receipts	_____	_____	<u>126,053</u>	<u>(126,053)</u>
Total Expenditures	<u>6,692,165</u>	<u>6,692,165</u>	<u>6,841,856</u>	<u>(149,691)</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	-	-	105,000	(105,000)
Food Service Fund	_____	_____	<u>139,644</u>	<u>(139,644)</u>
Total Other Financing Uses	_____	_____	<u>244,644</u>	<u>(244,644)</u>
Total Expenditures and Other Financing Uses	<u>6,692,165</u>	<u>6,692,165</u>	<u>7,086,500</u>	<u>(394,335)</u>
Net Change in Fund Balance	85,384	85,384	(737,626)	(823,010)
Fund Balance - July 1, 2017	<u>1,673,400</u>	<u>1,673,400</u>	<u>1,350,632</u>	<u>(322,768)</u>
Fund Balance - June 30, 2018	<u>\$1,758,784</u>	<u>\$1,758,784</u>	<u>\$ 613,006</u>	<u>\$(1,145,778)</u>

**Penn Hills Charter School of Entrepreneurship**  
**Note to the Required Supplementary Information**  
**Budget Comparison**  
**June 30, 2018**

**Note 1 - Budgetary Information**

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Penn Hills Charter School of Entrepreneurship  
Required Supplementary Information  
Schedule of School's Contributions  
PSERS  
Last Four Years**

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 792,550	\$ 561,949	\$ 384,846	\$ 310,014
Contributions in Relation to the Contractually Required Contribution	<u>792,550</u>	<u>561,949</u>	<u>384,846</u>	<u>310,014</u>
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____
School's Covered Payroll	\$2,541,724	\$1,961,588	\$1,567,022	\$1,519,290
Contributions as a Percentage of Covered Payroll	31.18%	28.65%	24.56%	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.

The covered payroll amount reported for June 30, 2017 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2018.

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

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School's Proportion of the Net Pension Liability (Asset)	0.0147%	0.0121%	0.0121%	0.0117%	0.0087%
School's Proportionate Share of the Net Pension Liability (Asset)	\$7,260	\$5,996	\$5,241	\$4,931	\$3,562
School's Covered Payroll	\$1,962	\$1,567	\$1,519	\$1,488	\$1,118
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	370.03%	382.64%	345.03%	331.38%	318.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%	50.14%	54.36%	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.