

**Penn Hills Charter School
of Entrepreneurship
Financial Statements
June 30, 2021**

**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, the business-type activities, each major fund, and the aggregate remaining fund information of Penn Hills Charter School of Entrepreneurship, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Penn Hills Charter School of Entrepreneurship'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 presentation 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Penn Hills Charter School of Entrepreneurship, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, post-employment benefit 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
January 26, 2022

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

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, 2021. 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 \$13,478 for each student and average daily membership (ADM) was 357 children. The School received an average reimbursement of \$32,478 for each child requiring specialized instruction because of a disability. The ADM for children requiring specialized instruction was 53.

Overall, revenues increased \$412,291 for the year to \$7,855,142. The increase was due to the forgiveness of the Paycheck Protection Program Loan.

Expenditures increased \$407,669 to \$6,982,808 for the year. The increase is due to increase in expenditures due to COVID-19 while the school operated both in-person and remote instruction.

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.

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.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

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

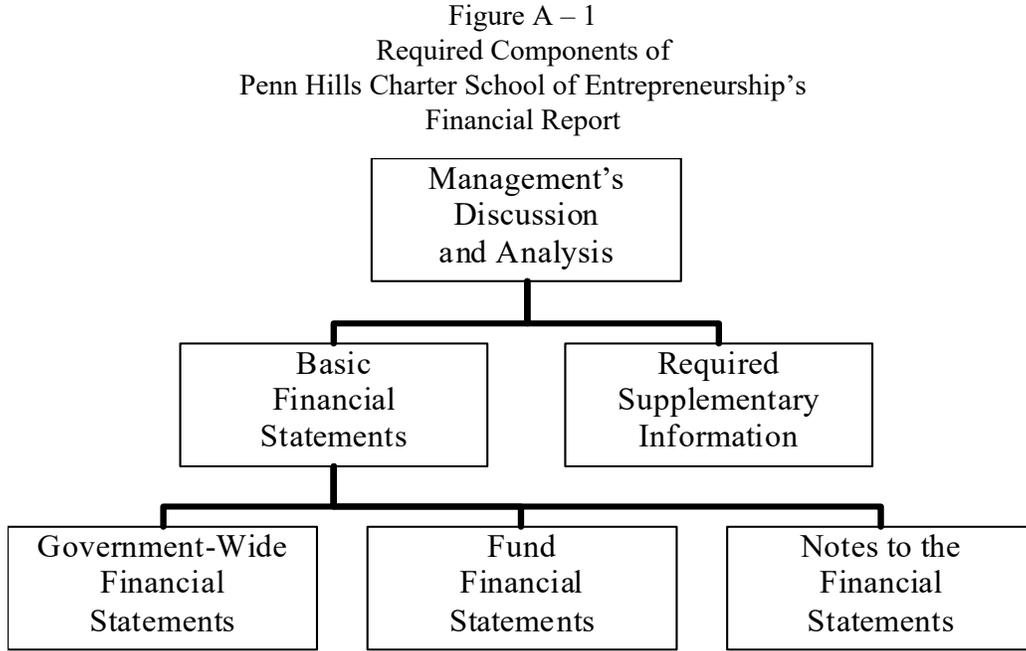


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

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

	Government-Wide Statements	Fund 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

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

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.

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 it 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 has two funds, the general fund and the capital projects fund, governmental funds, which focus on the determination of financial position and changes in financial position. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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, 2021**

Financial Analysis of the School as a Whole

The School's total net position was a deficit \$(4,516,402) at June 30, 2021 and a deficit \$(4,275,813) at June 30, 2020.

Table A - 1
Years Ended June 30, 2021 and 2020
Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 2,265,711	\$ 1,201	\$ 2,266,912	\$ 2,361,143	\$ 8,896	\$ 2,370,039
Capital Assets	<u>4,473,047</u>	<u>5,747</u>	<u>4,478,794</u>	<u>4,622,513</u>	<u>8,364</u>	<u>4,630,877</u>
Total Assets	<u>6,738,758</u>	<u>6,948</u>	<u>6,745,706</u>	<u>6,983,656</u>	<u>17,260</u>	<u>7,000,916</u>
Deferred Outflows of Resources	<u>2,457,864</u>	<u>157,042</u>	<u>2,614,906</u>	<u>3,157,315</u>	<u>189,508</u>	<u>3,346,823</u>
Current and Other Liabilities	636,169	30,560	666,729	1,345,702	24,776	1,370,478
Noncurrent Liabilities						
Due Within One Year	83,385	-	83,385	77,988	-	77,988
Due in More Than One Year	<u>11,369,686</u>	<u>591,015</u>	<u>11,960,701</u>	<u>12,257,501</u>	<u>553,585</u>	<u>12,811,086</u>
Total Liabilities	<u>12,089,240</u>	<u>621,575</u>	<u>12,710,815</u>	<u>13,681,191</u>	<u>578,361</u>	<u>14,259,552</u>
Deferred Inflows of Resources	<u>1,092,923</u>	<u>73,276</u>	<u>1,166,199</u>	<u>344,193</u>	<u>19,807</u>	<u>364,000</u>
Net Position						
Net Investment in Capital Assets	1,834,961	5,747	1,840,708	1,906,439	8,364	1,914,803
Unrestricted	<u>(5,820,502)</u>	<u>(536,608)</u>	<u>(6,357,110)</u>	<u>(5,790,852)</u>	<u>(399,764)</u>	<u>(6,190,616)</u>
Total Net Position	<u>\$ (3,985,541)</u>	<u>\$ (530,861)</u>	<u>\$ (4,516,402)</u>	<u>\$ (3,884,413)</u>	<u>\$ (391,400)</u>	<u>\$ (4,275,813)</u>

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2, which shows changes in net position. Table A-2 summarizes the information in the statement of activities and provides a comparison between fiscal year 2021 and 2020.

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

Table A - 2
Years Ended June 30, 2021 and 2020
Changes in Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues and Transfers						
Program Revenues						
Charges for Services	\$ 6,684,029	\$ -	\$ 6,684,029	\$ 7,104,445	\$ 696	\$ 7,105,141
Operating Grants and Contribs.	1,150,103	162,555	1,312,658	290,642	265,463	556,105
General Revenues						
Grants, Subsidies and Contribs.						
Unrestricted	8,348	-	8,348	11,314	-	11,314
Other	10,002	-	10,002	21,496	-	21,496
Investment Earnings	2,660	-	2,660	14,955	-	14,955
Transfers	(258,233)	258,233	-	(281,563)	281,563	-
Total Revenues and Transfers	7,596,909	420,788	8,017,697	7,161,289	547,722	7,709,011
Expenses						
Instruction	4,673,834	-	4,673,834	4,570,948	-	4,570,948
Instructional Student Support	732,066	-	732,066	641,668	-	641,668
Admin. and Fin. Support Svcs.	1,423,606	-	1,423,606	1,605,936	-	1,605,936
Operation and Maintenance						
of Plant Services	618,311	-	618,311	594,029	-	594,029
Pupil Transportation	8,943	-	8,943	66,404	-	66,404
Student Activities	31,718	-	31,718	307,542	-	307,542
Community Services	29,679	-	29,679	-	-	-
Interest on Long-Term Debt	179,880	-	179,880	184,927	-	184,927
Food Service	-	560,249	560,249	-	511,145	511,145
Total Expenses	7,698,037	560,249	8,258,286	7,971,454	511,145	8,482,599
Increase (Decrease) in Net Position	(101,128)	(139,461)	(240,589)	(810,165)	36,577	(773,588)
Beginning Net Position	(3,884,413)	(391,400)	(4,275,813)	(3,074,248)	(427,977)	(3,502,225)
Ending Net Position	\$ (3,985,541)	\$ (530,861)	\$ (4,516,402)	\$ (3,884,413)	\$ (391,400)	\$ (4,275,813)

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

The tables below present the expenses of both the governmental activities and the business-type 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
Years Ended June 30, 2021 and 2020
Governmental Activities

	2021		2020	
Functions/Programs	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$ 4,673,834	\$ (194,704)	\$ 4,570,948	\$ 226,516
Instructional Student Support	732,066	(37,379)	641,668	27,033
Admin. and Fin. Support Svcs.	1,423,606	(77,635)	1,605,936	87,466
Operation and Maintenance of Plant Services	618,311	(33,719)	594,029	32,353
Pupil Transportation	8,943	(488)	66,404	3,617
Student Activities	31,718	(1,729)	307,542	14,455
Community Services	29,679	29,679	-	-
Interest on Long-Term Debt	<u>179,880</u>	<u>179,880</u>	<u>184,927</u>	<u>184,927</u>
Total Governmental Activities	<u>\$ 7,698,037</u>	(136,095)	<u>\$ 7,971,454</u>	576,367
Less:				
Unrestricted Grants, Subsidies		<u>(8,348)</u>		<u>(21,496)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ (144,443)</u>		<u>\$ 554,871</u>

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

Table A - 4
Years Ended June 30, 2021 and 2020
Business-Type Activities

	2021		2020	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 560,249</u>	\$ 397,694	<u>\$ 511,145</u>	\$ 244,986
Add/Less:				
Transfers		<u>(258,233)</u>		<u>(281,563)</u>
Total Business-Type Activities		<u>\$ 139,461</u>		<u>\$ (36,577)</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School Funds

General Fund

As of June 30, 2021, the School had a general fund balance of \$1,628,041.

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, 2021, the School had governmental capital assets of \$4,473,047 which is comprised of buildings, building improvements, furniture and equipment, and land.

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

	2021	2020
Land and Land Improvements	\$ 839,090	\$ 839,090
Buildings and Building Improvements	3,514,374	3,532,091
Furniture and Equipment	119,583	240,847
Construction in Progress	-	10,485

**Penn Hills Charter School of Entrepreneurship
Management's Discussion and Analysis
June 30, 2021**

Economic Factors and Next Year's Budget and Rates

Penn Hills Charter School of Entrepreneurship's capacity will be at 432 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 seventeen school districts attended during 2020/2021. Enrollment from the chartering district, Penn Hills, is projected to remain constant at approximately 76% of the total.

The 2021/2022 revenue budget is based upon an enrollment of 418 children with an average per-pupil reimbursement estimated conservatively at \$17,062. Revenue from this source was budgeted at \$7,131,988. Special education pupils are estimated to remain constant at 59 and the budgeted special education premium is \$34,877 per eligible student and is included in the above amount. State and federal reimbursement programs are included in the budget at \$1,430,998. Budgeted total revenue for the 2021/2022 school year is \$8,567,986 for the general fund.

The comparison of revenue and expenditure categories is as follows:

Table A - 6

	Budgeted Revenue 2021/2022	Actual Revenue 2020/2021
Local	83.3%	86.3%
State	0.8%	1.1%
Federal/Other	15.9%	12.6%
	Budgeted Expenditures 2021/2022	Actual Expenditures 2020/2021
Instruction	51.3%	53.0%
Support Services	45.3%	34.3%
Noninstructional Services	0.0%	0.8%
Fund Transfers/Debt/Other	3.4%	11.9%

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: Dr. 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, 2021

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,788,735	\$ 1,201	\$ 1,789,936
Due From Other Governments	369,663	-	369,663
Other Receivables	28,423	-	28,423
Prepaid Items	78,890	-	78,890
Capital Assets not Being Depreciated			
Land	839,090	-	839,090
Capital Assets, Net of Accumulated Depreciation			
Building & Building Improvements	3,514,374	-	3,514,374
Furniture & Equipment	119,583	5,747	125,330
	<u>6,738,758</u>	<u>6,948</u>	<u>6,745,706</u>
TOTAL ASSETS			
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB - PSERS	136,455	8,963	145,418
Amounts Related to Pension	2,321,409	148,079	2,469,488
	<u>2,457,864</u>	<u>157,042</u>	<u>2,614,906</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable	51,178	5,784	56,962
Accrued Salaries and Benefits	545,388	24,776	570,164
Payroll Deductions and Withholdings	39,603	-	39,603
Noncurrent Liabilities:			
Due Within One Year	83,385	-	83,385
Due in More Than One Year:			
Notes Payable	2,554,701	-	2,554,701
Other Post-Employment Benefits - PSERS	370,182	24,818	395,000
Net Pension Liability	8,444,803	566,197	9,011,000
	<u>12,089,240</u>	<u>621,575</u>	<u>12,710,815</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - PSERS	50,794	3,405	54,199
Amounts Related to Pension	1,042,129	69,871	1,112,000
	<u>1,092,923</u>	<u>73,276</u>	<u>1,166,199</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
NET POSITION			
Net Investment in Capital Assets	1,834,961	5,747	1,840,708
Unrestricted	(5,820,502)	(536,608)	(6,357,110)
	<u>(3,985,541)</u>	<u>(530,861)</u>	<u>(4,516,402)</u>
TOTAL NET POSITION	<u>\$ (3,985,541)</u>	<u>\$ (530,861)</u>	<u>\$ (4,516,402)</u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Activities
Year Ended June 30, 2021**

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	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 4,673,834	\$ 3,765,065	\$ 1,103,473	\$ -	\$ 194,704	\$ -	\$ 194,704
Instructional Student Support	732,066	722,815	46,630	-	37,379	-	37,379
Administrative and Financial Support Services	1,423,606	1,501,241	-	-	77,635	-	77,635
Operation and Maintenance of Plant Services	618,311	652,030	-	-	33,719	-	33,719
Pupil Transportation	8,943	9,431	-	-	488	-	488
Student Activities	31,718	33,447	-	-	1,729	-	1,729
Community Services	29,679	-	-	-	(29,679)	-	(29,679)
Interest on Long-Term Debt	179,880	-	-	-	(179,880)	-	(179,880)
Total Governmental Activities	7,698,037	6,684,029	1,150,103	-	136,095	-	136,095
Business-type Activities:							
Food Service	560,249	-	162,555	-	-	(397,694)	(397,694)
Total Primary Government	\$ 8,258,286	\$ 6,684,029	\$ 1,312,658	\$ -	136,095	(397,694)	(261,599)
General Revenues and Transfers							
Grants, Subsidies and Contributions not Restricted					8,348	-	8,348
Investment Earnings					2,660	-	2,660
Miscellaneous Income					10,002	-	10,002
Transfers					(258,233)	258,233	-
Total General Revenues and Transfers					(237,223)	258,233	21,010
Change in Net Position					(101,128)	(139,461)	(240,589)
Net Position - July 1, 2020					(3,884,413)	(391,400)	(4,275,813)
Net Position - June 30, 2021					\$ (3,985,541)	\$ (530,861)	\$ (4,516,402)

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,788,735	\$ -	\$ 1,788,735
Due from Other Funds	-	1,501	1,501
Due from Other Governments	369,663	-	369,663
Other Receivables	28,423	-	28,423
Prepaid Items	78,890	-	78,890
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,265,711</u></u>	<u><u>\$ 1,501</u></u>	<u><u>\$ 2,267,212</u></u>
LIABILITIES			
AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 1,501	\$ -	\$ 1,501
Accounts Payable	51,178	-	51,178
Accrued Salaries and Benefits	545,388	-	545,388
Payroll Deductions and Withholdings	39,603	-	39,603
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>637,670</u>	<u>-</u>	<u>637,670</u>
Fund Balances			
Nonspendable	78,890	-	78,890
Assigned	-	1,501	1,501
Unassigned	1,549,151	-	1,549,151
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,628,041</u>	<u>1,501</u>	<u>1,629,542</u>
TOTAL LIABILITIES	<u><u>\$ 2,265,711</u></u>	<u><u>\$ 1,501</u></u>	<u><u>\$ 2,267,212</u></u>
AND FUND BALANCES			

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 1,629,542
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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 \$6,342,287, and the accumulated depreciation is \$1,869,240.		4,473,047
--	--	-----------

Long-term liabilities, including bonds, notes and capital leases 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		(2,638,086)
---------------	--	-------------

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

OPEB Liability - PSERS	\$ (370,182)		
Net Pension Liability	<u>(8,444,803)</u>		(8,814,985)

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

Deferred Outflows of Resources Related to Pensions	2,321,409		
Deferred Inflows of Resources Related to Pensions	(1,042,129)		
Deferred Outflows of Resources Related to OPEB - PSERS	136,455		
Deferred Inflows of Resources Related to OPEB - PSERS	<u>(50,794)</u>		<u>1,364,941</u>

Total Net Position - Governmental Activities		<u>\$ (3,985,541)</u>
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See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

Exhibit 5

	General Fund	Nonmajor Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 6,780,306	\$ -	\$ 6,780,306
State Sources	82,777	-	82,777
Federal Sources	992,059	-	992,059
	<hr/>	<hr/>	<hr/>
Total Revenues	7,855,142	-	7,855,142
	<hr/>	<hr/>	<hr/>
Expenditures			
Instruction	3,841,245	-	3,841,245
Support Services	2,480,471	-	2,480,471
Noninstructional Services	61,064	-	61,064
Capital Outlay	342,160	-	342,160
Debt Service (Principal & Interest)	257,868	-	257,868
	<hr/>	<hr/>	<hr/>
Total Expenditures	6,982,808	-	6,982,808
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	872,334	-	872,334
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers Out	(258,233)	-	(258,233)
	<hr/>	<hr/>	<hr/>
Net Changes in Fund Balances	614,101	-	614,101
	<hr/>	<hr/>	<hr/>
Fund Balances - July 1, 2020	1,013,940	1,501	1,015,441
	<hr/>	<hr/>	<hr/>
Fund Balances - June 30, 2021	\$ 1,628,041	\$ 1,501	\$ 1,629,542
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2021**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	614,101
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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 depreciation exceeds capital outlays in the period.

Depreciation Expense	\$	(421,926)	
Capital Outlays		<u>272,460</u>	(149,466)

Repayment of note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	77,988
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In the statement of activities, certain operating expenses other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(15,605)
--	----------

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	789,076	
Cost of Benefits Earned	<u>(1,417,222)</u>	<u>(628,146)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(101,128)</u></u>
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See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>1,201</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>5,747</u>
TOTAL ASSETS	<u>6,948</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to Pensions	148,079
Amounts Related to OPEB - PSERS	<u>8,963</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>157,042</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	5,784
Accrued Salaries and Benefits	<u>24,776</u>
Total Current Liabilities	<u>30,560</u>
Noncurrent Liabilities	
Net Pension Liability	566,197
Net OPEB Liability - PSERS	<u>24,818</u>
Total Noncurrent Liabilities	<u>591,015</u>
TOTAL LIABILITIES	<u>621,575</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to Pensions	69,871
Amounts Related to OPEB - PSERS	<u>3,405</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>73,276</u>
NET POSITION	
Invested in Capital Assets	5,747
Unrestricted	<u>(536,608)</u>
TOTAL NET POSITION	<u>\$ (530,861)</u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>-</u>
Operating Expenses	
Salaries	153,422
Employee Benefits	232,394
Other Purchased Services	171,816
Depreciation	<u>2,617</u>
Total Operating Expenses	<u>560,249</u>
Operating Income (Loss)	<u>(560,249)</u>
Nonoperating Revenues (Expenses)	
State Sources	2,495
Federal Sources	<u>160,060</u>
Total Nonoperating Revenues (Expenses)	<u>162,555</u>
Income (Loss) Before Transfers	(397,694)
Transfers In (Out)	<u>258,233</u>
Change in Net Position	(139,461)
Net Position - July 1, 2020	<u>(391,400)</u>
Net Position - June 30, 2021	<u><u>\$ (530,861)</u></u>

See Accompanying Notes

**Penn Hills Charter School of Entrepreneurship
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Payments to Employees for Services	\$ (262,451)
Cash Payments to Suppliers for Goods and Services	<u>(166,032)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(428,483)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	2,495
Federal Sources	167,755
Operating Transfers In (Out)	<u>258,233</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>428,483</u>
Net Increase (Decrease) in Cash and Cash Flows	-
Cash and Cash Equivalents - July 1, 2020	<u>1,201</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 1,201</u>
Operating Income (Loss)	\$ (560,249)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	2,617
Change in Pensions and OPEB Liability	123,365
Increase (Decrease) in Accounts Payable	<u>5,784</u>
Total Adjustments	<u>131,766</u>
Cash Provided by (Used for) Operating Activities	<u>\$ (428,483)</u>

See Accompanying Notes

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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, 2021 was the tenth 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.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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, 2021.

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.

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, 2021.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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
Buildings	40
Building Improvements	15
Furniture & Equipment	3-15

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, 2021.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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 two items that qualify for reporting in this category. It is the deferred outflows related to the participation in the cost-sharing defined benefit pension and OPEB 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 two types of items also relating to the cost-sharing defined benefit pension and OPEB 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. The amount reported in the general fund is for prepaid items as of June 30, 2021.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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 - 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, 2021, \$1,534,590 of the School's bank balance of \$1,784,590 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the School's Name	<u>\$1,534,590</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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

Note 3 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School. At June 30, 2021, the following amounts are due from other governmental units:

	Governmental Funds
Federal (through the state)	\$ 119,282
State	46,630
Local	<u>203,751</u>
	<u>\$ 369,663</u>

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 07/01/20	Additions	Transfers	Balance 06/30/21
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 839,090	\$ -	\$ -	\$ 839,090
Construction in Progress	<u>10,485</u>	<u>-</u>	<u>(10,485)</u>	<u>-</u>
Total Capital Assets not Being Depreciated	<u>849,575</u>	<u>-</u>	<u>(10,485)</u>	<u>839,090</u>
Capital Assets Being Depreciated				
Buildings and Building Improv.	4,339,267	272,460	10,485	4,622,212
Furniture and Equipment	<u>880,985</u>	<u>-</u>	<u>-</u>	<u>880,985</u>
Total Capital Assets Being Depreciated	<u>5,220,252</u>	<u>272,460</u>	<u>10,485</u>	<u>5,503,197</u>
Less Accumulated Depreciation				
Buildings and Building Improv.	807,176	300,662	-	1,107,838
Furniture and Equipment	<u>640,138</u>	<u>121,264</u>	<u>-</u>	<u>761,402</u>
Total Accumulated Depreciation	<u>1,447,314</u>	<u>421,926</u>	<u>-</u>	<u>1,869,240</u>
Total Capital Assets Being Depreciated, Net	<u>3,772,938</u>	<u>(149,466)</u>	<u>10,485</u>	<u>3,633,957</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,622,513</u>	<u>\$ (149,466)</u>	<u>\$ -</u>	<u>\$ 4,473,047</u>

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

	Balance 07/01/20	Additions	Transfers	Balance 06/30/21
Business-Type Activities				
Furniture and Equipment	\$ 31,095	\$ -	\$ -	\$ 31,095
Less Accumulated Depreciation and Equipment	<u>22,731</u>	<u>2,617</u>	<u>-</u>	<u>25,348</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,364</u>	<u>\$ (2,617)</u>	<u>\$ -</u>	<u>\$ 5,747</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$ 379,734
Administration and Financial Support Services	21,096
Operation and Maintenance of Plant Services	<u>21,096</u>
Total Depreciation Expense	<u>\$ 421,926</u>
Business-Type Activities - Food Service	<u>\$ 2,617</u>

Note 5 - Interfund Balances/Transfers

At June 30, 2021, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 1,501
Capital Projects Fund	<u>1,501</u>	<u>-</u>
	<u>\$ 1,501</u>	<u>\$ 1,501</u>

Balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

The general fund transferred \$258,233 to the food service fund to support operations.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

Note 6 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2021 was as follows:

	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Due Within One Year
Governmental Activities					
Notes Payable	<u>\$ 2,716,074</u>	<u>\$ -</u>	<u>\$ 77,988</u>	<u>\$ 2,638,086</u>	<u>\$ 83,385</u>

On September 26, 2018, the School entered into an agreement with Reinvestment Fund, Inc. for a note payable in the amount of \$2,835,000 for the purchase of the school building. The interest rate shall accrue on the outstanding balance at a fixed rate of 6.71%. Monthly principal and interest payments are due commencing on November 1, 2018 and continuing until September 26, 2023 when the full outstanding balance and all accrued and unpaid interest is due. The Note is secured by the property owned by the School, any improvements to the properties, and all future revenue, rents and profits. The note contains a provision that in event of default: 1) the interest rate is adjusted to 11.71%, 2) the entire unpaid balance becomes due and payable immediately and 3) if the School is unable to make payment, the Lender will institute and maintain action of foreclosure. The balance outstanding at June 30, 2021 is \$2,638,086.

The annual requirements of School funds to amortize all debt outstanding, as of June 30, 2021, including interest, are as follows:

Year Ended June 30,	Notes Payable		Totals
	Principal	Interest	
2022	\$ 83,385	\$ 174,483	\$ 257,868
2023	89,156	168,712	257,868
2024	<u>2,465,545</u>	<u>54,885</u>	<u>2,520,430</u>
	<u>\$ 2,638,086</u>	<u>\$ 398,080</u>	<u>\$ 3,036,166</u>

Note 7 - Short-Term Payable

On April 24, 2020, the School received loan proceeds in the amount of approximately \$639,300 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the period. The full amount of the loan was forgiven during the year ended June 30, 2021.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

Note 8 - 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' 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.

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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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.

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, 2021 was 33.51% 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 \$834,417 for the year ended June 30, 2021.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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

At June 30, 2021, the School reported a liability of \$9,011,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the School's proportion was 0.0183%, which was a decrease of 0.0025% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized pension expense of \$1,581,952. At June 30, 2021, 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	\$ 24,000	\$ 216,000
Net difference between projected and actual investment earnings	396,000	896,000
Changes in proportions	1,199,000	-
Difference between employer contributions and proportionate share of total contributions	16,071	-
Contributions subsequent to the measurement date	834,417	-
	<u>\$ 2,469,488</u>	<u>\$ 1,112,000</u>

\$834,417 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, 2022. 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,	
2022	\$ 612,434
2023	(28,155)
2024	(178,940)
2025	117,732
	<u>\$ 523,071</u>

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

1. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability at June 30, 2019 to June 30, 2020 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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study that was performed for the five year period ending June 30, 2015.

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	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	<u>-14.0%</u>	-0.7%
	<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, 2020.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.25%	7.25%	8.25%
School's proportionate share of the net pension liability	\$ 11,148	\$ 9,011	\$ 7,200

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.

Note 9 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

3. Pension Plan Description

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

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were \$20,418 for the year ended June 30, 2021.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

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

At June 30, 2021, the School reported a liability of \$395,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School's proportion was 0.0183% which was a decrease of 0.0025% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized OPEB expense of \$39,998. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,000	\$ -
Net difference between projected and actual investment earnings	1,000	-
Changes in assumptions	16,000	9,000
Changes in proportions	104,000	45,000
Difference between employer contributions and proportionate share of total contributions	-	199
Contributions subsequent to the measurement date	<u>20,418</u>	<u>-</u>
	<u>\$ 145,418</u>	<u>\$ 54,199</u>

\$20,418 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 19,998
2023	19,986
2024	19,908
2025	14,909
2026	1,000
Thereafter	<u>(5,000)</u>
	<u>\$ 70,801</u>

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by rolling forward the System's total OPEB liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79%, S&P 20 Year Municipal Bond Rate.
- 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.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	<u>3.2%</u>	-0.10%
	<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, 2020.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

The following presents the System net OPEB liability, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00% Decrease	Current	1.00% Increase
System Net OPEB Liability	\$ 395	\$ 395	\$ 395

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate:

	(In Thousands)		
	1.00% Decrease 1.66%	Current Discount Rate 2.66%	1.00% Increase 3.66%
School's proportionate share of the net OPEB liability	\$ 451	\$ 395	\$ 350

5. OPEB 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.

Note 10 - Risk Management

The 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.

Penn Hills Charter School of Entrepreneurship
Notes to Financial Statements
June 30, 2021

Note 11 - Operating Lease

On May 10, 2019, the School entered into a lease for additional office space. The term of the lease is for five years commencing on the date in which the landlord delivers possession of the premises to the School, which took place in September 2019. The rent is to be paid in monthly installments of \$1,500 for the first three years and \$1,600 for the final two years of the lease. In addition to the base rent, additional rent is due for real estate taxes, insurance and common area expenses. The total payments made in the current fiscal year on this lease were \$24,997.

Total future lease payments to be paid by the School, under the above lease, are as follows:

Year Ended June 30,	Amount
2022	\$ 18,000
2023	18,900
2024	19,200
2025	<u>6,400</u>
	<u>\$ 62,500</u>

Note 12 - Contingencies/Commitments

The COVID-19 pandemic has continued to impact the School. During the year ended June 30, 2021, the School incurred additional expenses related to mitigating the effects of the pandemic on staff and students. The ultimate outcome cannot be determined at this time. The School's staff will continue to monitor operating results to mitigate any financial impact that may occur.

As a response to COVID-19, the Coronavirus Aid, Relief and Economics Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act were enacted by Congress to provide budgetary relief to educational agencies. This funding is reflected in these and in future financial statements.

Note 13 – Subsequent Event

On December 22, 2021, the School approved the issuance of General Obligation Bonds Series of 2021A and B in the amount of \$12,210,000 for the purpose of refunding current notes payable and future construction projects.

**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, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Earnings on Investments	\$ -	\$ -	\$ 2,660	\$ 2,660
Other Local Revenues				
Federal Revenues from IU	65,700	65,700	75,267	9,567
Contributions & Donations from Private Sources	-	-	8,348	8,348
Tuition from other LEAs	7,139,361	7,139,361	6,617,607	(521,754)
Refund of Prior Year's Expenditures	5,000	5,000	66,422	61,422
Miscellaneous Revenue	-	-	10,002	10,002
Total Revenues from Local Sources	<u>7,210,061</u>	<u>7,210,061</u>	<u>6,780,306</u>	<u>(429,755)</u>
State Sources				
Subsidies for Noneduc. Programs				
Ready to Learn Block Grant	23,733	23,733	22,536	(1,197)
Health Services	8,000	8,000	7,731	(269)
Other State Revenue	35,000	35,000	52,510	17,510
Total Revenues from State Sources	<u>66,733</u>	<u>66,733</u>	<u>82,777</u>	<u>16,044</u>
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	160,169	160,169	134,287	(25,882)
Title II	-	-	17,687	17,687
Title IV	-	-	10,000	10,000
Subsidies for Milk, Breakfast and Lunch Programs	324,269	324,269	-	(324,269)
Elementary and Secondary School Emergency Relief Fund (ESSER)	-	-	99,933	99,933
Other CARES Act and CRRSA Act Funding	-	-	730,152	730,152
Total Revenues from Federal Sources	<u>484,438</u>	<u>484,438</u>	<u>992,059</u>	<u>507,621</u>
Total Revenues	<u>7,761,232</u>	<u>7,761,232</u>	<u>7,855,142</u>	<u>93,910</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, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	1,633,060	1,633,060	1,733,437	(100,377)
Employee Benefits	1,027,347	1,027,347	1,050,748	(23,401)
Purchased Prof. and Tech. Services	204,170	204,170	81,384	122,786
Other Purchased Services	44,000	44,000	40,657	3,343
Supplies	119,654	119,654	267,743	(148,089)
Property	113,402	113,402	81,359	32,043
Total Regular Programs	<u>3,141,633</u>	<u>3,141,633</u>	<u>3,255,328</u>	<u>(113,695)</u>
Special Programs				
Personal Services				
Salaries	328,578	328,578	286,642	41,936
Employee Benefits	207,134	207,134	156,604	50,530
Purchased Prof. and Tech. Services	23,178	23,178	141,634	(118,456)
Other Purchased Services	-	-	281	(281)
Supplies	5,000	5,000	756	4,244
Total Special Programs	<u>563,890</u>	<u>563,890</u>	<u>585,917</u>	<u>(22,027)</u>
Total Instruction	<u>3,705,523</u>	<u>3,705,523</u>	<u>3,841,245</u>	<u>(135,722)</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	119,221	119,221	121,026	(1,805)
Employee Benefits	75,105	75,105	53,859	21,246
Purchased Prof. and Tech. Services	144,393	144,393	278,168	(133,775)
Supplies	-	-	28,530	(28,530)
Total Pupil Personnel	<u>338,719</u>	<u>338,719</u>	<u>481,583</u>	<u>(142,864)</u>
Instructional Staff				
Purchased Prof. and Tech. Services	-	-	74,371	(74,371)

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Personal Services				
Salaries	496,062	496,062	641,850	(145,788)
Employee Benefits	314,066	314,066	299,743	14,323
Purchased Prof. and Tech. Services	174,393	174,393	132,153	42,240
Other Purchased Services	134,647	134,647	110,276	24,371
Supplies	10,650	10,650	22,760	(12,110)
Property	3,000	3,000	4,485	(1,485)
Other Objects	11,828	11,828	24,961	(13,133)
	<u>1,144,646</u>	<u>1,144,646</u>	<u>1,236,228</u>	<u>(91,582)</u>
Pupil Health				
Personal Services				
Salaries	52,038	52,038	53,387	(1,349)
Employee Benefits	32,819	32,819	60,366	(27,547)
Purchased Prof. and Tech. Services	2,000	2,000	509	1,491
Supplies	5,000	5,000	13,803	(8,803)
	<u>91,857</u>	<u>91,857</u>	<u>128,065</u>	<u>(36,208)</u>
Business				
Personal Services				
Salaries	69,236	69,236	-	69,236
Employee Benefits	20,478	20,478	-	20,478
Purchased Prof. and Tech. Services	42,000	42,000	9,000	33,000
Other Purchased Services	18,387	18,387	10,697	7,690
Other Objects	12,820	12,820	3,371	9,449
	<u>162,921</u>	<u>162,921</u>	<u>23,068</u>	<u>139,853</u>
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	149,990	149,990	134,912	15,078
Employee Benefits	100,272	100,272	46,221	54,051
Purchased Prof. and Tech. Services	-	-	1,459	(1,459)
Purchased Property Services	257,451	257,451	181,816	75,635
Other Purchased Services	45,757	45,757	50,181	(4,424)
Supplies	29,350	29,350	97,865	(68,515)
	<u>582,820</u>	<u>582,820</u>	<u>512,454</u>	<u>70,366</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, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Student Transportation Services				
Other Purchased Services	10,000	10,000	8,943	1,057
Central				
Personal Services				
Employee Benefits	-	-	15,759	(15,759)
Total Support Services	2,330,963	2,330,963	2,480,471	(149,508)
Noninstructional Services				
Food Service				
Personal Services				
Salaries	160,354	160,354	-	160,354
Employee Benefits	101,397	101,397	-	101,397
Other Purchased Services	245,061	245,061	-	245,061
Supplies	2,000	2,000	-	2,000
Property	5,000	5,000	-	5,000
Total Food Service	513,812	513,812	-	513,812
Student Activities				
Personal Services				
Salaries	-	-	1,220	(1,220)
Employee Benefits	-	-	445	(445)
Other Purchased Services	-	-	12,701	(12,701)
Supplies	-	-	17,019	(17,019)
Total Student Activities	-	-	31,385	(31,385)
Community Services				
Other Objects	-	-	29,679	(29,679)
Total Noninstructional Services	513,812	513,812	61,064	452,748

**Penn Hills Charter School of Entrepreneurship
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities Acquisition, Construction and Improvement Services Property	<u>350,000</u>	<u>350,000</u>	<u>342,160</u>	<u>7,840</u>
Debt Service				
Interest	184,927	184,927	179,880	5,047
Redemption of Principal	<u>72,941</u>	<u>72,941</u>	<u>77,988</u>	<u>(5,047)</u>
Total Debt Service	<u>257,868</u>	<u>257,868</u>	<u>257,868</u>	<u>-</u>
Total Expenditures	<u>7,158,166</u>	<u>7,158,166</u>	<u>6,982,808</u>	<u>175,358</u>
Other Financing Uses				
Fund Transfers				
Food Service Fund	<u>-</u>	<u>-</u>	<u>258,233</u>	<u>(258,233)</u>
Total Expenditures and Other Financing Uses	<u>7,158,166</u>	<u>7,158,166</u>	<u>7,241,041</u>	<u>(82,875)</u>
Net Change in Fund Balance	603,066	603,066	614,101	11,035
Fund Balance - July 1, 2020	<u>663,987</u>	<u>663,987</u>	<u>1,013,940</u>	<u>349,953</u>
Fund Balance - June 30, 2021	<u>\$ 1,267,053</u>	<u>\$ 1,267,053</u>	<u>\$ 1,628,041</u>	<u>\$ 360,988</u>

Penn Hills Charter School of Entrepreneurship
Note to the Required Supplementary Information
Budget Comparison
June 30, 2021

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 Seven Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 831,636	\$ 852,877	\$ 931,397	\$ 792,550	\$ 561,949	\$ 384,846	\$ 310,014
Contributions in Relation to the Contractually Required Contribution	<u>831,636</u>	<u>852,877</u>	<u>931,397</u>	<u>792,550</u>	<u>561,949</u>	<u>384,846</u>	<u>310,014</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
School's Covered Payroll	\$ 2,486,631	\$ 2,569,268	\$ 2,862,424	\$ 2,524,436	\$ 1,961,588	\$ 1,567,022	\$ 1,519,290
Contributions as a Percentage of Covered Payroll	33.44%	33.20%	32.54%	31.40%	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, 2020 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2021.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School's Proportion of the Net Pension Liability (Asset)	0.0183%	0.0208%	0.0187%	0.0147%	0.0121%	0.0121%	0.0117%	0.0087%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,011	\$ 9,731	\$ 8,977	\$ 7,260	\$ 5,996	\$ 5,241	\$ 4,931	\$ 3,562
School's Covered Payroll	\$ 2,569	\$ 2,862	\$ 2,524	\$ 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	350.76%	340.01%	355.67%	370.03%	382.64%	345.03%	331.38%	318.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%	55.66%	54.00%	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.

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 20,418	\$ 21,543	\$ 23,998	\$ 21,389
Contributions in Relation to the Contractually Required Contribution	<u>20,418</u>	<u>21,543</u>	<u>23,998</u>	<u>21,389</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 2,486,631	\$ 2,569,268	\$ 2,862,424	\$ 2,524,436
Contributions as a Percentage of Covered Payroll	0.82%	0.84%	0.84%	0.85%

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, 2020 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2021.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School's Proportion of the Net OPEB Liability (Asset)	0.0183%	0.0208%	0.0187%	0.0147%
School's Proportionate Share of the Net OPEB Liability (Asset)	\$ 395	\$ 442	\$ 390	\$ 299
School's Covered Payroll	\$ 2,569	\$ 2,862	\$ 2,524	\$ 1,962
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.38%	15.44%	15.45%	15.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%	5.56%	5.56%	5.73%

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.