

PPID	First Name	Last Name	PA Certified Yes/No	Issue Date	% Cert	Areas Certification	Grade Serving or Teaching	All Areas of Assignment Subject Areas Teaching or Services Provided	# of Hours Worked in Assignment	% of Time in Certified Position	% of Time in Areas Not Certified
	Lauren	Ardiff	Yes	6/1/2015, 6/1/2015	100	Instructional II Elementary K-6 (2810), Instructional II Mid-Level Science 6-9 (2880)	7	Science	100	100	0
	Jennifer	Arnold	Yes	8/1/2012	100	Instructional I Math 7-12 (6800)	9,10,11	Math	100	100	0
	Nicole	Baskwill	Yes	3/1/2006, 4/1/2013	100	Instructional I English 7-12 (3230), Instructional II English 7-12 (3230)	10,11	English	100	100	0
	Kelly	Bausher	Yes	6/1/2018	100	Administrative I Principal PK-12 (1115)	K,1,2,3,4,5		100	100	0
	Lisa	Berger	Yes	5/1/2015	100	Instructional II Social Studies 7-12 (8875)	9,10,11	Social Studies	100	100	0
	Lisa	Birckbichler	Yes	8/1/2017	100	Instructional II Elementary K-6 (2810)	5	ELA, Math, Science Social Studies	100	100	0
	Megan	Bogart	Yes	6/1/2011, 6/1/2011, 3/1/2013, 8/1/2016, 12/1/2017	100	Instructional I Early Childhood N-3 (2840), Instructional I Elementary K-6 (2810), Instructional I Mid-Level English 6-9 (2850), Instructional I English 7-12 (3230), Instructional II Early Childhood N-3 (2840)	4	ELA, Math, Science Social Studies	100	100	0
	Mary	Bowers	Yes	6/1/2015, 6/1/2015, 4/1/2017	100	Instructional I Special Education PK-8 (9226), Instructional I Grades 4-8 (All subjects 4-6, English Language Arts and Reading 7-8) (3100), Instructional I Grades 4-8 (All subjects 4-6, Math 7-8) (3100)	7	Special Education	100	100	0
	Megan	Boyer	Yes	7/1/2013	100	Instructional II Math 7-12 (6800)	8	Math	100	100	0
	Amy	Brown	Yes	7/1/2004	100	Instructional II Math 7-12 (6800)	9,10,11	Math	100	100	0
	Amanda	Bryner	Yes	2/1/2016, 2/1/2016	100	Instructional I Grades PK-4 (2825), Instructional I Special Education PK-8 (9226)	7	Special Education	100	100	0
	Megan	Capone	Yes	3/1/2018	100	Instructional I English 7-12 (3230)	9,10,11	English	100	100	0
	Stephanie	Carr	Yes	8/1/2011, 8/1/2011, 8/1/2011	100	Instructional II Mid-Level English 6-9 (2850), Instructional II Mid-Level Math 6-9 (2860), Instructional II Special Education PK-12 (9225)	9,10,11	Math, Special Education	100	100	0
	Traci	Chandler	Yes	9/1/2004, 2/1/2016	100	Instructional II Ment and/or Phys Handicapped K-12 (9235), Instructional II Grades PK-4 (2825)	9,10,11	Special Education	100	100	0

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	Katrina	Chapman	Yes	4/1/2018, 8/1/2018, 8/1/2018, 10/1/2018	100	Instructional I Grades PK-4 (2825), Instructional I Grades 4-8 (All subjects 4-6, Math 7-8) (3100), Instructional I Grades 5-6 (2826), Instructional I Reading Specialist PK-12 (7650)	7	Math	100	100	0
	Dawn	Christ	Yes	1/1/2010	100	Instructional I Special Education PK-12 (9225)	11,12	Special Education	100	100	0
	Vince	Ciaramella	Yes	12/1/2014	100	Instructional II Social Studies 7-12 (8875)	9,10,11	Social Studies	100	100	0
	Beryl	Cohen	Yes	6/1/2015	100	Administrative I Principal PK-12 (1115)	9,10,11	Principal	100	100	0
	Danielle	Conto-Miller	Yes	12/1/2018 12/1/2018	100	Instructional I Bus-Computer-Info Tech PK-12 (1603), Instructional I Marketing (Distributive) Ed PK-12 (1666)	9,10,11	Business	100	100	0
	Amanda	Copulos	Yes	6/1/2005	100	Instructional I Elementary K-6 (2810)	1	ELA, Math, Science Social Studies	100	100	0
	Brayden	Cressman	Yes	5/1/2016, 3/1/2017	100	Program Specialist English as a Second Language (ESL) PK-12 (4499), Instructional II Spanish PK-12 (4490)	9,10,11	Spanish	100	100	0
	Jessica	Curtis	Yes	9/1/2009, 11/1/2016 11/1/2016	100	Instructional II Special Education PK-12 (9225), Administrative I Principal PK-12 (1115)	9,10,11	Special Education	100	100	0
	Danielle	Darmo	Yes	6/1/1998	100	Instructional I Elementary K-6 (2810)	6	Science	100	100	0
	Christina	Davis	Yes	9/1/2018, 9/1/2018, 11/1/2013	100	Instructional II Elementary K-6 (2810), Instructional II French PK-12 (4410), Instructional I Math 7-12 (6800)	9,10,11	Math	100	100	0
	Jamie	Deimling	Yes	12/1/2006 12/1/2006	100	Instructional I Special Education PK-12 (9225), Instructional I Elementary K-6 (2810)	K, 7,8,9,10,11	Special Education	100	100	0
	Jennifer	Detruf	Yes	4/1/2016, 4/1/2016, 4/1/2016	100	Instructional II Special Education PK-12 (9225), Instructional II Elementary K-6 (2810), Instructional II Mid-Level English 6-9 (2850)	6,7,8	Reading Interventionist	100	100	0
	Daniel	Doan	Yes	5/1/2018, 5/1/2018	100	Instructional I Grades 4-8 (All subjects 4-6, Science 7-8) (3100), Instructional I Grades 4-8 (All subjects 4-6, Math 7-8) (3100)	7	Science	100	100	0
	Maggie	Dominick	Yes	11/1/2011 1/1/2018	100	Instructional II Elementary K-6 (2810), Administrative I Principal PK-12 (1115)	6	Mathematics	100	100	0

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	Sarah	Emery	Yes	9/1/2011, 8/1/2010, 5/1/2013, 5/1/2013, 8/1/2013	100	Instructional I Mid-Level English 6-9 (2850), Instructional I Special Education PK-12 (9225), Instructional I Mid-Level Citiz. Ed 6-9 (2870), Instructional I Mid-Level Science 6-9 (2880), Instructional I Mid-Level Math 6-9 (2860)	8	ELA	100	100	0
	Tia	Gaines	Yes	8/1/2004	100	Instructional I English 7-12 (3230)	8,9,10,11	English	100	100	0
	Christan	Glennon	Yes	8/1/2010, 8/1/2010	100	Instructional I Elementary K-6 (2810), Instructional I Special Education PK-12 (9225)	4	Special Education	100	100	0
	Syieda	Graham-Logan	Yes	6/1/2004, 5/1/2007, 5/1/2012	100	Educational Specialist I Inst Technology Specialist PK-12 (1825), Instructional II Elementary K-6 (2810), Instructional II Special Education PK-12 (9225)	9	Special Education	100	100	0
	Leah	Haney	Yes	5/1/2018, 5/1/2018	100	Instructional I Math 7-12 (6800), Instructional I Grades 4-8 (All subjects 4-6, Math 7-8) (3100)	7	Math	100	100	0
	Erin	Harper	Yes	12/1/2009 12/1/2009	100	Instructional II Elementary K-6 (2810), Instructional II Special Education PK-12 (9225)	5	Special Education	100	100	0
	Anne	Hopkins	Yes	5/1/2017	100	Instructional I Social Studies 7-12 (8875)	7	Social Studies	100	100	0
	Andrew	Humphreys	Yes	4/1/2015	100	Instructional I Grades 4-8 (All subjects 4-6, Social Studies 7-8) (3100)	7	Social Studies	100	100	0
	Natalee	Kluchurosky	Yes	1/1/2009, 8/1/2014, 6/1/2017	100	Instructional I English 7-12 (3230), Instructional I Social Studies 7-12 (8875), Instructional I Special Education 7-12 (9227)	7,8,9,10	ELA, Math, Special Education	100	100	0
	Kimberly	Kohler	Yes	1/1/1991, 10/1/2016	100	Instructional I Elementary K-6 (2810), Instructional I Special Education PK-8 (9226)	2	Special Education	100	100	0
	Tricia	Kovall	Yes	11/1/2010	100	Instructional II English 7-12 (3230)	7	ELA	100	100	0
	Kasey	Kreider	Yes	1/1/2006	100	Instructional I Health & Physical Educ PK-12 (4805)	6,7,8	PE, Health	100	100	0
	Marco	Labricciosa	Yes	1/1/2015	100	Instructional I Grades 4-8 (All subjects 4-6, Social Studies 7-8) (3100)	8	Social Studies	100	100	0

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	Reuben	Lacy	Yes	8/1/2016	100	Instructional I Health & Physical Educ PK-12 (4805)	6,7,8	PE, Health	100	100	0
	Nichol	Laskey	Yes	4/1/2016, 4/1/2016, 4/1/2016	100	Instructional II Elementary K-6 (2810), Instructional II Mid-Level Science 6-9 (2880), Instructional II Mid-Level Mathematics 6-9 (2860)	6,7,8	Math Interventionist	100	100	0
	Rachael	Latore	Yes	7/1/2014, 7/1/2014	100	Instructional II Ment and/or Phys Handicapped K-12 (9235), Instructional II Grades PK-4 (2825)	1	Special Education	100	100	0
	Nicole	Lavia	Yes	8/1/2006, 10/1/2010 8/1/2006	100	Instructional I Elementary K-6 (2810), Instructional I Mid-Level Math 6-9 (2860), Instructional I Special Education PK-12 (9225)	7	Special Education	100	100	0
	Benjamin	Leskovansky	Yes	1/1/2019	100	Vocational Intern Computer Technology 7-12 (2121)	9,10,11	Business, IT	100	100	0
	Lauren	Love	Yes	4/1/2018	100	Instructional I Grades PK-4 (2825)	2	ELA, Math, Science Social Studies	100	100	0
	Bobbi-Jo	Lundy	Yes	6/1/2016	100	Instructional I Grades PK-4 (2825)	K	ELA, Math, Science Social Studies	100	100	0
	Nicole	Manley	Yes	1/1/2011	100	Instructional I Elementary K-6 (2810)	3, 4, 5	Math Interventionist	100	100	0
	Valerie	Mansberger	Yes	7/1/2004, 7/1/2004, 7/1/2012	100	Instructional II Environmental Educ PK-12 (4820), Instructional II Biology 7-12 (8405), Instructional I Chemistry 7-12 (8420)	9,10,11	Science	100	100	0
	Chelsea	McConnell	Yes	1/1/2015	100	Instructional I English 7-12 (3230)	9,10,11	English	100	100	0
	Corrine	McGourney	Yes	5/1/2017	100	Educational Specialist I Elementary & Secondary School Counselor PK-12 (1839)	6,7,8	Counselor	100	100	0
	Catherine	McQuillan	Yes	4/1/2015	100	Educational Specialist I Elementary & Secondary School Counselor PK-12 (1839)	9,10,11	Counselor	100	100	0
	Zachary	Melcher	Yes	7/1/2014, 7/1/2014	100	Instructional I Health PK-12 (4810), Instructional I Health & Physical Educ PK-12 (4805)	9,10,11	PE, Health	100	100	0
	Nadine	Michalak	Yes	6/1/2016, 6/1/2016	100	Instructional II Communications 7-12 (3200), Instructional II English 7-12 (3230)	7	ELA	100	100	0

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	Megan	Miller	Yes	8/1/2009, 5/1/2013, 5/1/2013	100	Instructional I Social Studies 7-12 (8875), Instructional II Elementary K-6 (2810), Instructional II English 7-12 (3230)	9,10,11	English	100	100	0
	Katina	Moyer	Yes	2/1/2010, 2/1/2010, 7/1/2013	100	Instructional I Special Education PK-12 (9225), Instructional I Elementary K-6 (2810), Endorsement Autism PK-12 (1180)	1,2,3,4,5	Math, Special Education	100	100	0
	Elizabeth	Munsterteiger	Yes	2/1/2001	100	Instructional I Elementary K-6 (2810)	6	Social Studies	100	100	0
	Samara	Oliphant	Yes	4/1/2015, 5/1/2015, 5/1/2015, 5/1/2019	100	Instructional I Grades 4-8 (All subjects 4-6, English Language Arts and Reading 7-8) (3100), Instructional I Reading Specialist PK- 12 (7650), Instructional I Grades 4-8 (All subjects 4-6, Science 7-8) (3100), Instructional II Grades PK-4 (2825)	8	Science	100	100	0
	Megan	Owad	Yes	10/1/2018 10/1/2018	100	Instructional II Elementary K-6 (2810), Instructional II Special Education PK-12 (9225)	1	ELA, Math, Science Social Studies	100	100	0
	Tiffany	Pugliese	Yes	6/1/2015, 7/1/2015	100	Instructional I Grades PK-4 (2825), Instructional I Technology Education PK-12 (6075)	K	ELA, Math, Science Social Studies	100	100	0
	Daniele	Quarino	Yes	4/1/2009	100	Instructional II Math 7-12 (6800)	9,10,11	Math	100	100	0
	Michelle	Rabe	Yes	8/1/2006, 4/1/2008	100	Instructional I Elementary K-6 (2810), Instructional I Special Education PK-12 (9225)	9,10,11	Math, Special Education	100	100	0
	Donna	Riley	Yes	8/1/2019	100	Emergency Permit: LT Sub with Educational Obligation Health Related Technology 7-12 (2214)	9,10,11	Business, Healthcare	100	100	0
	Desiree	Roberts	Yes	8/1/2016	100	Instructional I English 7-12 (3230)	8	ELA	100	100	0
	Adriana	Rojas		6/1/2016	100	Instructional I Spanish PK-12 (4490)	9,10,11	Spanish	100	100	0
	Julie	Rothbard	Yes	8/1/2013, 8/1/2013, 2/1/2016	100	Instructional I Grades 4-8 (All subjects 4-6, Math 7-8) (3100), Instructional I Grades 4-8 (All subjects 4-6, English Language Arts and Reading 7-8) (3100), Instructional I Grades 4- 8 (All subjects 4-6, Social Studies 7-8) (3100)	5	ELA, Math, Science Social Studies	100	100	0

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	Jennifer	Russell	Yes	11/1/2016 11/1/2016	100	Instructional I Special Education PK-8 (9226), Instructional I Grades PK-4 (2825)	3	Special Education	100	100	0
	Marissa Lynn	Rutkowski	Yes	6/1/2012	100	Instructional I Elementary K-6 (2810)	3	ELA, Math, Science Social Studies	100	100	0
	Allison	Schleifer	Yes	5/1/2013	100	Educational Specialist I Secondary School Counselor 7-12 (1837)	9,10,11	Counselor	100	100	0
	Kristen	Septak	Yes	12/1/2010 12/1/2010	100	Instructional II Elementary K-6 (2810), Instructional II Special Education PK-12 (9225)	9	Special Education	100	100	0
	Nancy	Shifflett	Yes	7/1/2019, 8/1/2003, 1/1/2013	100	Instructional I Special Education PK-12 (9225), Instructional I Elementary K-6 (2810), Instructional I Mid-Level Math 6-9 (2860)	1,2,3,4,5,6,7,8	Special Education	100	100	0
	Anneliese	Simon	Yes	7/1/2017, 9/1/2017	100	Instructional I Grades PK-4 (2825), Instructional I Special Education PK-8 (9226)	K, 5,6,7,8	Special Education	100	100	0
	Allison	Snyder	Yes	4/1/2004, 8/1/1999	100	Instructional I Reading Specialist PK-12 (7650), Instructional I Elementary K-6 (2810)	6	ELA	100	100	0
	Jaclyn	Snyder	Yes	7/1/2013	100	Educational Specialist I Elementary School Counselor K-6 (1836), Educational Specialist I Secondary School Counselor 7-12 (1837)	9,10,11	Counselor	100	100	0
	Kimberly	Spurgeon	Yes	6/1/2010, 2/1/2015	100	Instructional I Biology 7-12 (8405), Instructional I General Science 7-12 (8450)	9,10,11	Science	100	100	0
	Tara	Stine	Yes	5/1/2015, 5/1/2015	100	Instructional II Elementary K-6 (2810), Instructional II Special Education PK-12 (9225)	9,10,11	ELA, Special Education	100	100	0
	Bobbi Jo	Stogsdill	Yes	8/1/2011, 8/1/2011	100	Instructional II Citizenship 7-12 (8825), Instructional II Social Science 7-12 (8865)	8	Social Studies	100	100	0
	Shannon	Surrec	Yes	7/1/2013	100	Instructional I Elementary K-6 (2810)	4	ELA, Math, Science Social Studies	100	100	0
	Katelynn	Taylor	Yes	3/1/2018	100	Instructional II Chemistry 7-12 (8420)	8	Science	100	100	0
	Carly	Tetkoski	Yes	9/1/2018	100	Instructional II Grades PK-4 (2825)	3	ELA, Math, Science Social Studies	100	100	0

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	Amanda	Thomas	Yes	4/1/2010, 8/1/2011, 8/1/2011,	100	Program Specialist English as a Second Language (ESL) PK-12 (4499), Instructional II Reading Specialist PK-12 (7650), Instructional II Early Childhood N-3 (2840)	K	ELA, Math, Science Social Studies	100	100	0
	Kathleen	Turkelson	Yes	8/1/2009, 5/1/2010, 3/1/2007, 4/1/2010, 4/1/2013	100	Instructional I General Science 7-12 (8450), Instructional I Special Education PK-12 (9225), Instructional I English 7-12 (3230), Instructional I Health PK-12 (4810), Instructional II English 7-12 (3230)	9,10,11	Science	100	100	0
	Lucas	VanEmburg	Yes	1/1/2018, 2/1/2019	100	Instructional I Social Studies 7-12 (8875), Instructional I Bus-Computer-Info Tech PK-12 (1603)	9,10,11	Social Studies	100	100	0
	Chelsea	Varnado	Yes	4/1/2018, 4/1/2018	100	Instructional I Grades PK-4 (2825), Instructional I Special Education PK-8 (9226)	8	Special Education	100	100	0
	Suzanne	Vuksan	Yes	7/1/2018, 7/1/2018	100	Instructional II Early Childhood N-3 (2840), Instructional II Elementary K-6 (2810)	2	ELA, Math, Science Social Studies	100	100	0
	Pamela	Waltz	Yes	5/1/2007, 1/1/2008	100	Instructional I Elementary K-6 (2810), Instructional I Reading Specialist PK-12 (7650)	3, 4, 5	Reading Interventionist	100	100	0
	Amanda	Weber	Yes	1/1/2019, 1/1/2019	100	Instructional II Grades PK-4 (2825), Instructional II Special Education PK-8 (9226)	K	Special Education	100	100	0
	Jennifer	Weimer	Yes	4/1/2011, 4/1/2011	100	Instructional II Special Education PK-12 (9225), Instructional II Elementary K-6 (2810)	9,10	Special Education	100	100	0
	Heather	Wells	Yes	2/1/2012	100	Instructional I Elementary K-6 (2810)	3	ELA, Math, Science Social Studies	100	100	0
	Aithen	Wesleyan	Yes	4/1/2013, 8/1/2014, 8/1/2017, 8/1/2018	100	Instructional I General Science 7-12 (8450) , Instructional I Biology 7-12 (8405), Instructional I Earth and Space Science 7-12 (8440), Instructional I Chemistry 7-12 (8420)	9,10,11	Science	100	100	0
	Melissa	White	Yes	7/1/2015	100	Instructional I Social Studies 7-12 (8875)	9,10,11	Social Studies	100	100	0
	Alicia	Wilburne	Yes	8/1/2017	100	Instructional II Elementary K-6 (2810)	5	ELA, Math, Science Social Studies	100	100	0

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	Deanna	Wilhelm	Yes	5/1/2011	100	Instructional I Special Education PK-12 (9225)	10,11	Special Education	100	100	0
	Beth	Winkowski	Yes	7/1/2003	100	Instructional II Math 7-12 (6800)	8	Math	100	100	0
	Jessica	Wright	Yes	12/1/2017	100	Administrative I Principal PK-12 (1115)	6,7,8		100	100	0
	Sandi	Wrigley	Yes	7/1/2009	100	Instructional I Elementary K-6 (2810)	4	ELA, Math, Science Social Studies	100	100	0
	Lisa	Young	Yes	9/1/2014, 9/1/2014, 5/1/2016	100	Instructional II English 7-12 (3230), Instructional II Ment and/or Phys Handicapped K-12 (9235), Instructional II Grades PK-4 (2825)	9,10,11	Special Education	100	100	0
	Jamie	Zona	Yes	9/1/2010, 9/1/2010	100	Instructional II Elementary K-6 (2810), Instructional II Early Childhood N-3 (2840)	1	ELA, Math, Science Social Studies	100	100	0

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2019

Name of School Insight PA Cyber Charter School

Address of School 350 Eagleview Blvd., Suite 350, Exton, PA 19341

CEO Signature *John Carrister*

REVENUES

6000		REVENUE FROM LOCAL SOURCES	
6500		EARNINGS ON INVESTMENTS	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	19.52
	6520	Dividends on Investments	
	6530	Gains or Losses on Sale of Investments	
	6540	Earnings on Investments in Real Property	
	6590	Other Earnings or Investments	
6600		FOOD SERVICE REVENUE	
	6610	Daily Sales - Reimbursable Programs	
	6620	Daily Sales - Non-Reimbursable Programs	
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	
6700		REVENUES FROM STUDENT ACTIVITIES	
	6710	Admissions	
	6720	Bookstore Sales	
	6730	Student Organization Membership Dues and Fees	
	6740	Fees	
	6750	Student Activity - Special Events	
	6790	Other Student Activity Income	
6800		REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH	
	6810	Revenue from Local Governmental Units	
	6820	Revenue from Intermediary Sources - Commonwealth Funds	
	6830	Revenues from Intermediary Sources - Federal Funds	
	6890	Other Revenues from Intermediary Sources	
6900		OTHER REVENUE FROM LOCAL SOURCES	
	6910	Rentals	
	6920	Contributions & Donations from Private Sources / Capital Contributions	
	6930	Gains or Losses on Sale of Fixed Assets (Economic Resource Measurement Focus Only)	
	6940	Tuition from Patrons	
	6941	Regular Day School Tuition	
	6942	Summer School Tuition	
	6943	Adult Education Tuition	
	6944	Receipts From Other LEAs in Pennsylvania - Education	25,292,406.07
	6945	Receipts from Out-of-State LEAs	
	6946	Receipts from Member Districts - AVTS / Special Program Jointure only	
	6947	Receipts from Members of Intermediate Units for Education by	
	6948	Receipts from Members of Intermediate Units for Direct Contributions	
	6949	Other Tuition from Patrons	
	6950	Unassigned	
	6960	Services Provide Other Local Governmental Units / LEAs	
	6961	Transportation Services Provided Other Pennsylvania LEAs	
	6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970	Services Provided Other Funds	
	6980	Revenue from Community Service Activities	
	6990	Refunds and Other Miscellaneous Revenue	
	6991	Refunds of a Prior Year Expenditure	
	6999	Other Revenues Not Specified Above	
7000		REVENUE FROM STATE SOURCES	
7100		BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES	
	7150	Unassigned	
	7160	Tuition for Orphans and Children Placed in Private Homes	
	7180	Staff and Program Development	

7200		REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS	
	7210	Homebound Instruction	
	7220	Vocational Education	
	7230	Alternative Education	
	7240	Driver Education - Student	
	7250	Migratory Children	
	7260	Workforce Investment Act (WIA)	
	7270	Specialized Education of Exceptional Pupils	
	7280	Adult Literacy	
	7290	Additional Educational Program Revenues	
7300		REVENUES FOR NON-EDUCATIONAL PROGRAMS	
	7310	Transportation (Regular and Additional)	
	7320	Rental and Sinking Fund Payments / Building Reimbursement Subsidy	
	7330	Health Services (Medical, Dental, Nurse, Act 25)	13,205.29
	7340	Unassigned	
	7350	Sewage Treatment Operations / Environmental Subsidies	
	7360	Safe Schools	
7400		VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500		STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
	7502	Dual Enrollment Grants	
	7503	Project 720/High School Reform	
	7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600		REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS	
7800		REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS	
	7810	State Share of Social Security and Medicare Taxes	
	7820	State Share of Retirement Contributions	
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	
8000		REVENUE FROM FEDERAL SOURCES	
8100		UNRESTRICTED GRANTS-IN-AID DIRECT FROM THE FEDERAL GOVERNMENT	
	8110	Payments for Federally Impacted Areas - P.L. 81-874	
	8190	Other Unrestricted Federal Grants-in-Aid Direct from the Federal Government	
8200		UNRESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH	
8300		RESTRICTED GRANTS-IN-AID DIRECTLY FROM THE FEDERAL GOVERNMENT	
	8310	Payments for Federally Impacted Areas - P.L. 81-815	
	8320	Energy Conservation Grants - TA and ECM	
	8390	Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510	Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	576,607.75
	8520	Vocational Education	
	8530	Child Nutrition Program	
	8540	Nutrition Education and Training	
	8560	Federal Block Grants	
	8570	Unassigned	
	8580	Child Care and Development Block Grants	
	8590	Unassigned	
8600		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS	
	8610	Homeless Assistance Act	
	8620	Adult Basic Education	
	8640	Headstart	

	8650	Unassigned	
	8660	Workforce Investment Act (WIA)	
	8670	Unassigned	
	8680	Unassigned	
	8690	Other Restricted Federal Grants-in-Aid through the Commonwealth	
	8800	MEDICAL ASSISTANCE REIMBURSEMENTS	
	9000	OTHER FINANCING SOURCES	
	9100	SALE OF BONDS	
	9110	Bond Issue Proceeds (Gross)	
	9120	Proceeds from Refunding of Bonds	
	9200	PROCEEDS FROM EXTENDED TERM FINANCING	
	9300	INTERFUND TRANSFERS	
	9310	General Fund Transfers	
	9320	Special Revenue Fund Transfers	
	9330	Capital Projects Funds Transfers	
	9340	Debt Service Fund Transfers	
	9350	Enterprise Fund Transfers	
	9360	Internal Service Fund Transfers	
	9370	Trust and Agency Fund	
	9380	Activity Fund Transfers	
	9390	Permanent Fund Transfers	
	9400	SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
	9500	Unassigned	
	9600	Unassigned	
	9700	TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710	Transfers from Component Units	
	9720	Transfers from Primary Governments	
	9800	INTRAFUND TRANSFERS IN	
	9810	General Fund Intrafund Transfers	
	9820	Special Revenue Intrafund Transfers	
	9840	Debt Service Intrafund Transfers	
	9850	Enterprise Intrafund Transfers	
	9860	Internal Service Intrafund Transfers	
	9870	Trust and Agency Intrafund Transfers	
	9880	Activity Interfund Transfers	
TOTAL REVENUES			25,882,238.63

Preliminary Statement of Revenues, Expenditures & Fund Balances
Include ALL Funds
as of June 30, 2019

Name of School Insight PA Cyber Charter School

Address of School 350 Eagleview Blvd., Suite 350, Exton, PA 19341

CEO Signature *Edu Carrista*

Note-Expenditures may be submitted EITHER as accrual or cash basis

EXPENDITURES

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	11,924,038.47
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	1,753,499.80
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	156,636.83
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
2000	SUPPORT SERVICES	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	
2110	Supervision of Pupil Personnel Services	161,016.53
2120	Guidance Services	660,035.75
2130	Attendance Services	397,434.79
2140	Psychological Services	11,425.13
2150	Speech Pathology and Audiology Services	
2160	Social Work Services	49,196.12
2170	Student Accounting Services	433,720.23
2190	Other Pupil Personnel Services	4,083.74
2200	SUPPORT SERVICES - INSTRUCTIONAL STAFF	1,918.11
2210	Supervision of Educational Media Services	
2220	Technology Support Services	614,425.00
2230	Educational Television Services	
2240	Computer-Assisted Instruction Support Services	
2250	School Library Services	
2260	Instruction and Curriculum Development Services	493,730.84
2270	Instructional Staff Professional Development Services	210,049.36
2280	Nonpublic Support Services	
2300	SUPPORT SERVICES - ADMINISTRATION	
2310	Board Services	11,302.95
2320	Board Treasurer Services	
2340	Staff Relations and Negotiations Services	
2350	Legal Services	120,818.52
2360	Office of the Superintendent (Executive Director) Services	2,000,807.19
2370	Community Relations Services	737,726.00
2380	Office of the Principal Services	68,172.48
2390	Other Administration Services	5,185.16
2400	SUPPORT SERVICES - PUPIL HEALTH	76,296.67
2500	SUPPORT SERVICES - BUSINESS	27,828.88
2510	Fiscal Services	150,750.44
2520	Purchasing Services	
2530	Warehousing and Distributing Services	
2540	Printing, Publishing and Duplicating Services	
2590	Other Support Services - Business	
2600	OPERATION AND MAINTENANCE OF PLANT SERVICES	498,673.10
2610	Supervision of Operation and Maintenance of Plant Services	
2620	Operation of Buildings Services	
2630	Care and Upkeep of Grounds Services	
2640	Care and Upkeep of Equipment Services	
2650	Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	

	2660	Security Services	
	2690	Other Operation and Maintenance of Plant Services	
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	
	2750	Nonpublic Transportation	
	2790	Other Student Transportation Services	
2800		SUPPORT SERVICES - CENTRAL	
	2810	Planning, Research, Development and Evaluation Services	
	2820	Information Services	327,641.00
	2830	Staff Services	77,842.00
	2840	Data Processing Services	119,832.00
	2850	State and Federal Agency Liaison Services	784,001.28
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
3000		OPERATION OF NON-INSTRUCTIONAL SERVICES	
3100		FOOD SERVICES	
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	
	3250	School Sponsored Athletics	
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	
3400		SCHOLARSHIPS AND AWARDS	
4000		FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES	
4100		SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL	
4200		EXISTING SITE IMPROVEMENT SERVICES	
4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL	
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	
4500		BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600		EXISTING BUILDING IMPROVEMENT SERVICES	
5000		OTHER EXPENDITURES AND FINANCING USES	
5100		DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200		FUND TRANSFERS	
5300		TRANSFERS INVOLVING COMPONENT UNITS	
5400		INTRAFUND TRANSFERS OUT	
5800		SUSPENSE ACCOUNT	
5900		BUDGETARY RESERVE	
		Funds Committed By Board Resolution 6-17-19	1,795,000.00
		TOTAL EXPENDITURES	23,673,088.37

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND
BALANCE AS OF JUNE 30, 2019

2,209,150.26



INSIGHT PA CYBER CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2018

INSIGHT PA CYBER CHARTER SCHOOL
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

November 14, 2018

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Insight PA Cyber Charter School ("the School"), Exton, Pennsylvania, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

To the Board of Trustees
Insight PA Cyber Charter School

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Insight PA Cyber Charter School as of June 30, 2018, and the respective changes in its financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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



Management's Discussion and Analysis | For the Year Ended June 30, 2018 – Unaudited

The Board of Trustees of the Insight PA Cyber Charter School ("the School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

The 2017-2018 school year was the first year of operations for the School. All increases and decreases are fundamentally from zero. For the year ended June 30, 2018, the School's net position increased \$767,524 from the prior year. Revenues totaling \$10,865,359 increased by \$10,865,359 from the prior year primarily due to increases in tuition charges of \$10,838,523. Expenses for the same period totaled \$10,097,835 and increased \$10,097,835 from the prior year primarily due to an increase in instructional services of \$5,521,144 and an increase in support services of \$4,576,691. The first year of operations for the School was 2018.

As of June 30, 2018, the general fund reported fund balance of \$309,943, which is an increase of \$309,738 from the prior year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the functions of the School, which are principally supported by subsidies from school districts whose constituents attend the School.



Management's Discussion and Analysis | For the Year Ended June 30, 2018 – Unaudited (cont'd)

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

Governmental Activities – All of the School's basic services are reported here.

Fund Financial Statements

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like government-type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches. The School currently has no proprietary or fiduciary funds.

All the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The schedules of School contributions are presented for purposes of additional analysis.

Government-wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities exceeded assets and deferred outflows by \$767,729 at June 30, 2018, an increase of \$767,524 from June 30, 2017. The following table is a comparative analysis of fiscal year 2018 to 2017:



Management's Discussion and Analysis | For the Year Ended June 30, 2018 – Unaudited (cont'd)

STATEMENTS OF NET POSITION

	Governmental Activities	
	2018	2017
Current and noncurrent assets	\$ 3,605,048	\$ 205
Capital assets	87,653	-
Total Assets	<u>3,692,701</u>	<u>205</u>
Deferred outflows of resources	<u>370,133</u>	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,062,834</u>	<u>\$ 205</u>
Current liabilities	\$ 3,295,105	-
Total Liabilities	<u>3,295,105</u>	<u>-</u>
Net Position:		
Investment in capital assets	87,653	-
Unrestricted	<u>680,076</u>	<u>205</u>
Total Net Position	<u>767,729</u>	<u>205</u>
Total Liabilities and Net Position	<u>\$ 4,062,834</u>	<u>\$ 205</u>

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The School's revenues are predominately local school district funds based on student enrollment. For the year ended June 30, 2018, the School's total revenues of \$10,865,359 exceeded expenditures of \$10,097,835 by \$767,524.

STATEMENTS OF CHANGES IN NET POSITION

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for services	\$ 10,838,523	\$ -
Operating grants	<u>26,836</u>	<u>-</u>
Total Program Revenues	<u>10,865,359</u>	<u>-</u>
Total Revenues	<u>10,865,359</u>	<u>-</u>
Expenses		
Instruction	5,521,144	-
Support services	<u>4,576,691</u>	<u>-</u>
Total Expenses	<u>10,097,835</u>	<u>-</u>
Change in Net Position	<u>\$ 767,524</u>	<u>\$ -</u>



Management's Discussion and Analysis | For the Year Ended June 30, 2018 – Unaudited (cont'd)

Governmental Funds

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

The School's General Fund reported an ending fund balance of \$309,943, an increase of \$309,738 from the prior year.

Budget Variations

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

Actual expenditures came in less than budgeted due mainly to savings realized in salaries and benefits associated with teachers as well as decreased supplies and support expenditures as a result of fewer students than anticipated.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the School's investment in capital assets, net of accumulated depreciation totaled \$87,653. Capital assets include buildings, site improvements, books, and furniture and equipment. Additional information on the School's capital assets can be found in Note 4 of this report.

Major capital asset purchases during fiscal year ended June 30, 2018 consisted of site improvements and furniture and equipment totaling \$98,252.

Long-term Debt

The School has no long-term debt as of June 30, 2018.

Economic Factors and Next Year's Budgets and Rates

The fiscal and operational stability of our Commonwealth's charter schools is directly linked to the State of Pennsylvania's Budget and shifting political realities. This issue manifests itself most clearly in the way that the state determines each charter school's per-pupil allotment, which is calculated by the student's school district of residence and Form PDE-363. Form PDE 363 uses a "state-determined" formula, which calculates per pupil allotments, based on school district expenditures minus a list of "permitted deductions." These deductions currently leave Pennsylvania's charter schools with an estimated average 75 percent of the funding available to our state's traditional public schools. Further



Management's Discussion and Analysis | For the Year Ended June 30, 2018 – Unaudited (cont'd)

manipulation of the mechanism through which the state funds charter schools could necessitate charter school program reductions, hinder program maintenance, and/or prohibit the program development required meet to the Commonwealth's increasingly high expectations for student learning.

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

However, there will eventually be a "breaking point" for Pennsylvania's charter school movement. Fortunately, there are many passionate and deeply committed individuals in our movement actively reaching out to the General Assembly to communicate funding facts as well as charter school student accomplishments.

Future Events that will Financially Impact the School

The School is in growth mode and will continue to be for at least three to four more years; with projections demonstrating growth to approximately 6,000 students during that time. With enrollment growth comes increasing revenue, increasing expenses, and economies of scale that will allow the new revenue to out-pace the expenses.

The School converted from the Public School Employees' Retirement System ("PSERS") to a 403(b) plan for all new employees hired on or after July 1, 2018. This retirement benefit conversion is on track to save over \$400,000 in just the first year (2018-2019) of implementation and continued savings as the school increases the number of employees during the growth period referenced above, as all the new employees will participate in the 403(b).

The School was issued an initial Charter by the Pennsylvania Department of Education ("PDE") for three years; it expires June 30, 2020. The School plans on submitting a Charter Renewal Application during the early months of the 2019-2020 school year. It is important to note that the PDE has been "sitting on" cyber charter renewals. That is, they accept the renewal request, allow the school to continue to operate, but do not issue a formal charter renewal. This lacking process has been brought to the attention of Pennsylvania state legislators, the Charter School Office of PDE, and the state advocacy group for Pennsylvania charter schools (PCPCS).

Contracting the School's Financial Management

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

Produced by:
Beth Jones, CFO
Eileen Cannistraci, CEO
October 18, 2018

**INSIGHT PA CYBER CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 2,698,902
Due from other governments	858,478
Other receivables	19,983
Prepaid expenses	27,685
	3,605,048
NONCURRENT ASSETS:	
Capital assets, net of accumulated depreciation	87,653
	87,653
TOTAL ASSETS	3,692,701
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension contributions	360,701
Deferred OPEB contributions	9,432
TOTAL DEFERRED OUTFLOWS OF RESOURCES	370,133
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,062,834
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	\$ 2,398,277
Accrued salaries and benefits	34,726
Accrued expenses	716,910
Lease incentives	95,718
Deferred revenue	49,474
TOTAL CURRENT LIABILITIES	3,295,105
TOTAL LIABILITIES	3,295,105
NET POSITION:	
Investment in capital assets	87,653
Unrestricted	680,076
TOTAL NET POSITION	767,729
TOTAL LIABILITIES AND NET POSITION	\$ 4,062,834

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

**INSIGHT PA CYBER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 5,521,144	\$ 10,838,523	\$ 26,836	\$ 5,344,215
Support services	4,576,691	-	-	(4,576,691)
TOTAL GOVERNMENTAL ACTIVITIES	10,097,835	10,838,523	26,836	767,524
 TOTAL PRIMARY GOVERNMENT	 \$ 10,097,835	 \$ 10,838,523	 \$ 26,836	 767,524
				767,524
				205
				\$ 767,729

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

**INSIGHT PA CYBER CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2018**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,698,902
Due from other governments	858,478
Other receivables	19,983
Prepaid expenditures	<u>27,685</u>
TOTAL ASSETS	<u><u>\$ 3,605,048</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	\$ 2,398,277
Accrued salaries and benefits	34,726
Accrued expenses	716,910
Unearned revenue	<u>49,474</u>
TOTAL LIABILITIES	<u>3,199,387</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - lease incentive	<u>95,718</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>95,718</u>
FUND BALANCE:	
Nonspendable	27,685
Unassigned	<u>282,258</u>
TOTAL FUND BALANCE	<u>309,943</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 3,605,048</u></u>

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

**INSIGHT PA CYBER CHARTER SCHOOL
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND TO
STATEMENT OF NET POSITION
JUNE 30, 2018**

TOTAL GOVERNMENTAL FUND BALANCE		\$ 309,943
---------------------------------	--	------------

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 in the funds.		87,653
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Deferred inflows and outflows of resources related to the School's pension and OPEB plans do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows - pension contributions	\$ 360,701		
Deferred outflows - OPEB contributions	<u>9,432</u>		
			<u>370,133</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 767,729</u></u>
---	--	--------------------------

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

**INSIGHT PA CYBER CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**

	<u>General Fund</u>
REVENUES	
Local sources	\$ 10,838,523
Federal sources	<u>26,836</u>
TOTAL REVENUES	<u>10,865,359</u>
EXPENDITURES	
Current:	
Instruction	5,820,330
Support services	4,637,039
Capital outlays	<u>98,252</u>
TOTAL EXPENDITURES	<u>10,555,621</u>
EXCESS OF REVENUES OVER EXPENDITURES	309,738
FUND BALANCE, BEGINNING OF YEAR	<u>205</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 309,943</u></u>

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

**INSIGHT PA CYBER CHARTER SCHOOL
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 309,738

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

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

Capital outlays	\$ 98,252	
Depreciation	<u>(10,599)</u>	87,653

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

370,133
\$ 767,524

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

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

**INSIGHT PA CYBER CHARTER SCHOOL
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Appropriated Budget	Final Appropriated Budget	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	\$16,882,226	\$15,087,536	\$10,838,523	\$ (4,249,013)
Federal sources	-	-	26,836	26,836
TOTAL REVENUES	16,882,226	15,087,536	10,865,359	(4,222,177)
EXPENDITURES				
Instruction:				
Regular programs	7,818,828	6,687,150	5,328,745	1,358,405
Special programs	1,516,893	1,201,333	491,585	709,748
Total Instruction	9,335,721	7,888,483	5,820,330	2,068,153
Support services:				
Pupil personnel services	1,407,052	1,109,333	698,177	411,156
Instructional staff services	703,856	688,838	551,084	137,754
Administrative services	2,191,576	2,188,771	2,062,947	125,824
Pupil health	55,803	50,731	33,535	17,196
Business services	243,000	250,000	192,934	57,066
Operation and maintenance of plant services	450,473	377,462	372,078	5,384
Central services	936,968	881,704	726,284	155,420
Total Support Services	5,988,728	5,546,839	4,637,039	754,380
Operation of noninstructional activities:				
Student activities	22,210	22,210	-	22,210
Capital outlays	-	-	98,252	(98,252)
TOTAL EXPENDITURES	15,346,659	13,457,532	10,555,621	2,746,491
EXCESS OF REVENUES OVER EXPENDITURES	1,535,567	1,630,004	309,738	(1,320,266)
NET CHANGE IN FUND BALANCE	1,535,567	1,630,004	309,738	(1,320,266)
FUND BALANCE, BEGINNING OF YEAR	-	-	205	205
FUND BALANCE, END OF YEAR	\$ 1,535,567	\$ 1,630,004	\$ 309,943	\$ (1,320,061)

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The School is a charter school located in Exton, Pennsylvania. The School was established and operates under the provisions enacted by the General Assembly of the Commonwealth of Pennsylvania in 1997 and is operating under a charter agreement expiring June 30, 2020.

Entity-wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

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

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

The School reports the following major governmental fund:

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

Amounts reported as program revenues include 1) charges for students for services provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

Receivables

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

Prepaid Expenses/Expenditures

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

Capital Assets

Capital assets, including land, land improvements, buildings and improvements, equipment, and vehicles, are reported in the statement of net position. Capital assets are defined by the School as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets may be purchased or constructed and are recorded at cost or estimated historical cost. Estimated historical costs are based either on similar assets of the same era or on deflated current values. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

Leasehold improvements	20 - 80 years
Furniture and equipment	3 - 7 years

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

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

Deferred Inflows and Outflows of Resources

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

Net Position

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

Fund Balance

The School follows the provisions of the *GASB Codification of Accounting and Financial Reporting Standards* ("the Codification") relating to fund balance. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Assigned – amounts intended to be used for specific purposes with the intent being expressed by the Board of Trustees or the Chief Financial Officer as authorized by the Board of Trustees. With the exception of the general fund, amounts in all other governmental funds that are not nonspendable, restricted, or committed will be assigned.

Unassigned – all other spendable amounts.

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

Budgets and Budgetary Accounting

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

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

Income Tax Status

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

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

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School maintains accounts at an institution which is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2018, the carrying amount of the School's deposits totaled \$2,698,902, and the bank balance was \$2,733,524. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$2,483,524 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the School's name. However, the exposed deposits were collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania.

NOTE 3 DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2018 consisted of the following:

Due from school districts and Pennsylvania Department of Education	<u>\$ 858,478</u>
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NOTE 4 PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Leasehold improvements	\$ -	\$ 8,557	\$ -	\$ 8,557
Furniture and equipment	-	89,695	-	89,695
Accumulated depreciation	-	(10,599)	-	(10,599)
Total Property and Equipment, Net	<u>\$ -</u>	<u>\$ 87,653</u>	<u>\$ -</u>	<u>\$ 87,653</u>

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 DUE TO K-12, INC.

In June 2014, the School entered into an agreement with K-12, Inc. to provide management services, online curricula, instructional tools, materials, and other products through June 2020. Under this agreement, the School has purchased online curricula, instructional tools, materials, and other products totaling \$6,958,454 for the year ended June 30, 2018.

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

The line item "accounts payable" shown on the statement of net position represents amounts payable and due to K-12, Inc. for curriculum materials. The amount due as of June 30, 2018 was \$2,398,277.

NOTE 6 OPERATING LEASES

The School leases office space in Exton, Pennsylvania, along with copier leases. The lease terms range from one to five years, and rental payments increase annually. Lease expense for the year ended June 30, 2018 was \$263,183.

The following is a schedule of minimum future rental payments under non-cancelable operating leasing arrangements having remaining terms in excess of one year as of June 30, 2018:

For the Year Ending June 30,

2019	\$	322,578
2020		325,535
2021		332,535
2022		339,966
2023		58,830
		<u>58,830</u>
	\$	<u>1,379,444</u>

NOTE 7 PENSION PLAN

Plan Description

The School contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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 comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

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

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (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 percent (Membership Class T-C), or at 7.50 percent (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 percent (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 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Employer Contributions

The School's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, the rate of the employer contribution was 32.57 percent of covered payroll, allocated 31.74 percent to pensions and 0.83 percent to health insurance assistance. The School's pension contribution to PSERS for the year ended June 30, 2018 was \$360,701.

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

At June 30, 2018, the School reported no liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2016 to June 30, 2017. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the Schools proportion was 0.00 percent. Contributions to the plan began subsequent to the June 30, 2017 measurement date.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

For the year ended June 30, 2018, the School recognized no pension expense. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 360,701	\$ -
	<u>\$ 360,701</u>	<u>\$ -</u>

An amount of \$360,701 is reported as deferred outflows of resources resulting from the School's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Actuarial Assumptions

The total pension liability as of June 30, 2017 was determined by rolling forward the system's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal, level percentage of pay.
- Investment return – 7.25 percent, including inflation of 2.75 percent.
- Salary increases – effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, and 2.25 percent for real wage growth and merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public entity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	(20.0%)	1.1%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

Discount Rate

The discount used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates which are actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

	1% Decrease 6.25%	Current Rate Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pension Plan Fiduciary Net Position

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The School contributes to the Health Insurance Premium Assistance Program, which is a governmental cost sharing, multiple-employer other postemployment benefits plan ("OPEB") for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. 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, 2017 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2017 was 0.83 percent 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 \$9,432 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported no liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. 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, 2018, the School's proportion was 0.00 percent.

Contributions

For the year ended June 30, 2018, the School recognized no OPEB expense. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 9,432	\$ -
	<u>\$ 9,432</u>	<u>\$ -</u>

An amount of \$9,432 is reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Actuarial Assumptions

The total OPEB liability as of June 30, 2017 was determined by rolling forward the system's total OPEB liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 3.13 percent - S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5.00 percent comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement capped at \$1,200 per year
- Assumed healthcare cost trends applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates based on 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 percent
 - Eligible retirees will elect to participate pre-age 65 at 70 percent

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- 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: 64 percent of eligible retirees are assumed to elect premium assistance.

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back seven years for males and three years for females for disabled annuitants. (A unisex table based on RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25 percent males and 75 percent 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public entity	76.4%	0.6%
Fixed income	23.6%	1.5%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13 percent. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contributions 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,

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13 percent, which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2017, 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, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 members were receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2017, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

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

The following presents the net OPEB liability, calculated using the discount rate of 3.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13 percent) or one percentage point higher (4.13 percent) than the current rate:

	1% Decrease 2.13%	Current Rate Discount Rate 3.13%	1% Increase 4.13%
School's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

INSIGHT PA CYBER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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 9 COMMITMENTS AND CONTINGENCIES

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

Grants

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

NOTE 10 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2018:

Capital outlays	\$	98,252
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The excess of expenditures over appropriations was financed by other expenditure category appropriations which did not exceed their budgeted amounts.

NOTE 11 SUBSEQUENT EVENTS

The School has evaluated all subsequent events through November 14, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	June 30, 2018
Contractually required contribution	\$ 360,701
Contributions in relation to the contractually required contribution	360,701
Contribution deficiency (excess)	\$ -
School's covered-employee payroll	\$ 1,136,424
Contributions as a percentage of covered-employee payroll	31.74%

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

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

	June 30, 2018
Contractually required contribution	\$ 9,432
Contributions in relation to the contractually required contribution	9,432
Contribution deficiency (excess)	\$ -
School's covered-employee payroll	\$ 1,136,424
Contributions as a percentage of covered-employee payroll	0.83%

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

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

November 14, 2018

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Insight PA Cyber Charter School ("the School"), Exton, Pennsylvania, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 14, 2018.

Internal Control over Financial Reporting

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

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

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

To the Board of Trustees
Insight PA Cyber Charter School

Compliance and Other Matters

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

Purpose of This Report

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

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



INSIGHT PA
CYBER CHARTER SCHOOL

Insight PA Cyber Charter School
Financial Policies & Procedures Manual
August 2019

Approved by the Insight PA Board of Trustees, May 20, 2019

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Introduction

Insight PA Cyber Charter School is a tuition-free, independent public, school serving grades K-12., Insight PA's charter was initially granted on July 1, 2017 by the Pennsylvania Department of Education and is subject to initial renewal on June 30, 2020.

The Board of Trustees is accountable for establishing and maintaining a system of internal controls that when executed will ensure the practice of sound fiscal management practices and prevent the embezzlement, corruption, and mismanagement of funds. These controls will comply with Generally Accepted Accounting Principles (GAAP) for non-profit corporations and the regulations governing Pennsylvania public charter schools. Insight PA will ensure employees' and K12 staff duties are so arranged and recorded and procedures are so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures.

Whereas the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) will have primary responsibility for managing the financial operations of the school and ensuring that all internal controls are clearly communicated, established and upheld, the Board of Trustees will have financial oversight. Every Trustee has the right to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the school, provided that such inspection is conducted at a reasonable time after reasonable notice and provided that such right of inspection and copying is subject to the obligation, if applicable, to maintain the confidentiality of the reviewed information, in addition to any obligations imposed by any applicable federal, state or local law. All records and documents are to be retained in accordance with applicable federal, state, and local law.

The financial policy and procedural guidelines contained in this manual are designed to:

1. Protect the assets of Insight PA and ensure access to assets is limited in accordance with management's authorization;
2. Safeguard restricted funds;
3. Ensure transactions are properly authorized;
4. Ensure the maintenance of timely and accurate records of Insight PA's financial activities;
5. Ensure the appropriate segregation of duties; and
6. Ensure compliance with federal, state, and local legal and reporting requirements.

Exceptions, changes, or amendments to the financial policies and procedural guidelines may be approved by the Board of Trustees at any time. A complete review of the Financial Policy Manual shall be conducted annually.

Division of Responsibilities

Board of Trustees

1. Complies with Board of Trustee's Bylaw and Pennsylvania School Code as they related to financial matters.
2. Reviews, approves, and amends as needed the annual budget
3. Reviews and approves financial policies and procedures
4. Reviews and approves annual and periodic financial statements and information
5. Reviews and approves School and Trustees' Liability Insurance and Workers Compensation coverage for the school,
6. Reviews and approves all contracts at the amount required by the Pennsylvania Department of Labor & Industry for municipal bidding, currently higher than \$20,600
7. Reviews and approves monthly disbursements retroactively, with the exception of payments to K12 and those disbursements outside of the approved budget

Chief Executive Officer/Chief Financial Officer (Insight PA Employees)

1. Reviews and approves all financial reports including bank statements, bank reconciliations and cash flow projections
2. Oversees and contributes to the annual budget process and ensures that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Is designated to review and approve all contracts below the amount required by the Pennsylvania Department of Labor & Industry for municipal bidding, currently \$20,600 or less, with Board ratification at a public meeting
5. Is on-site signatory for all bank accounts
6. Oversees the adherence to all internal controls
7. Reviews and approves all non-budgeted expenditures
8. Reviews and approves all Insight PA payrolls with Executive Director
9. Reviews and approves all Federal and State grant submissions
10. Reviews and approves ISPA-specific expenditures (not processed by K12)
11. Ensures Records Retention policy is followed

Senior Financial Manager (K12 Employee)

1. Processes all ISPA hired staff payrolls
2. Prepares checks for signatures
3. In conjunction with CFO, reviews and manages cash flow
4. With input from CEO/CFO and appropriate K12 staff, develops annual and program budgets
5. Reviews and approves all incoming invoices for proper expense coding submitted by Operations Manager to K12 for processing
6. Prepares bank deposits for funds received directly
7. In conjunction with CFO, monitors and manages all expenses to ensure most effective use of assets
8. Monitors grant reporting and appropriate release of temporarily restricted funds
9. Reviews, revises, and maintains internal accounting controls and procedures
10. Reviews all monthly and year-end financial reports and prepares management reporting for Executive Director approval, CEO/CFO review and Board review and acceptance.

11. Reviews monthly bank statements and completed monthly bank reconciliation
12. Reviews enrollment data submitted to Charter Choices by Child Accounting
13. Reviews invoicing prepared by Charter Choices
14. Reviews Charter Choices Deposit summaries, A/R Summary, and K12 A/R reconciliation between Charter Choices and G/L.
15. Processes all inter-account bank transfers
16. Maintains financial records and documentation in compliance with school policy

Child Accounting Coordinator (K12 Employee)

1. Performs all change of address requests and billing processing as it relates to the students.
2. Provides student enrollment information to Charter Choices for monthly invoicing
3. Responds to districts' requests related to student invoicing

Region Finance Director (K12 Employee)

1. Provides oversight of ISPA school financial staff
2. Assists Senior Finance Manager with the development of annual and program budget and monthly forecasts
3. Reviews monthly P&L/Balance Sheet/Forecast detail and analysis versus Budget

K12 Accounting Staff in Virginia (K12 Employee)

1. Reconciles bank accounts
2. Completes all journal entries
3. Prepares Processes Accounts Payable for check writing by Senior Finance Manager
4. Prepares monthly financial reports for review by Senior Finance Manager, Region Finance Director, and CFO

Charter Choices, Inc (Contracted by K12)

1. Maintains school enrollment data in Charter Choices system VSIMS
2. Prepares and processes all outgoing student-home school district funding invoices in accordance with Pennsylvania Department of Education (PDE) published requirements.
3. Receives and posts student-home school district funding payments from districts to VSIMS.
4. Prepares bank deposits of student-home school district funding
5. Submits monthly and year-end reconciliation invoices to PDE for redirection of funds

K12 Executive Director (K12 Employee)

1. Reviews and Approves K12 and ISPA Payroll with CEO/CFO
2. Reviews and Approves K12 Financial Package
3. Records and monitors Paid Time Off requests or delegates to appropriate supervisor(s)
4. Review and approve general ledger payables prior to check processing
5. Approves staff continuing education requests for reimbursement or delegates to appropriate supervisor(s)

Accounts Receivable

Deposits of student funding and grants should be routed to automatically deposit into the school bank account. Whenever possible, *any* funding should be routed to automatically deposit. (See *Cash Receipts* policy.)

A copy of all backup documentation for direct deposits must be sent to the Senior Finance Manager with duplicate to K12 Accounting Staff by Charter Choices.

Use of a bank lockbox for payment (Charter Choices' lockbox) is highly encouraged. Cash should not be sent directly to the school. In the limited cases where checks are received by the school the following process must be followed:

1. Administrative Assistant (K12) opens mail and indicates date received on remittance information.
2. The check and accompanying documentation is provided to the Senior Finance Manager (K12).
3. Senior Finance Manager (K12) processes the check, indicates how to code the check, and deposits into the school bank account within two business days of receipt.
4. The Senior Finance Manager (K12) provides a copy of all deposit backup documentation to the K12 accounting staff.

Accounts Receivable and Funding

ISPA follows PDE Charter School funding guidelines and requirements. As such, ISPA, via K12, has contracted with Charter Choices Inc. to invoice individual PA school districts, and track payment receipts by school district. ISPA designated staff have read-only access to review and verify data in Charter Choices' VSIMS system.

The Child Accountant works with the Senior Finance Manager to export enrollment data from Omnibus to Excel to be submitted to Charter Choices to upload to VSIMS. Invoices are calculated and samples are reviewed by ISPA finance Staff before invoices are mailed to all school districts. A list of all districts that choose to pay through PDE is emailed to PDE for payment.

ISPA's funding is based on actual days enrolled by School District, however, monthly invoices sent to school districts are calculated based on students enrolled for that month. At the end of the year, a reconciliation invoice is sent based on actual total days enrolled for the year. As such, ISPA accrues monthly revenue to forecast, until the end of the year. Once the reconciliation invoices are calculated, the Senior Finance Manager completes a Revenue Analysis worksheet to verify VSIMS is using the PDE published school district rates and all calculations are correct. The school year revenue is adjusted to the total amount invoiced to all PA School Districts.

K12's internal review department reviews monthly enrollment data sent to Charter Choices for accuracy.

Accruals

Insight PA uses the accrual basis of accounting. Fund accounting is used to account for the financial activities. The preparation of all monthly and year-end financial statements is in accordance with

Generally Accepted Accounting Principles for 501(c)(3) entities and any other state-specific reporting requirements.

To ensure a timely close of the General Ledger, Insight PA books accrual entries. Some accruals will be made as recurring entries. Accrual entries are made by K12 Accounting Staff.

Annual Audit

Annually, charter schools are responsible for hiring an independent certified public accounting (CPA) firm to review all financial transactions. Insight PA's CFO, as authorized by the Board of Trustees, will ensure there is a third-party audit conducted on an annual basis. Insight CEO and CFO have the responsibility of providing the auditors with the Insight PA management letter for inclusion in the audit report.

The results of the examination will be reported to the Charter Authorizer and to the Board. The report shall include:

- 1) An independent auditor's report on the fair presentation of all financial statements;
- 2) An independent auditor's report on compliance and on internal controls;
- 3) All financial statements with accompanying notes;
- 4) Reportable findings and recommendations; and
- 5) Auditee's comments and corrective action plan(s).

Annual Budget

Insight PA's fiscal year runs from July 1 through June 30. The CFO, along with CEO, K12 School Educational Administrators, K12 Senior Finance Manager, and K12 Regional Finance Manager, will have responsibility for planning a detailed annual budget. The budget will be reviewed by the CEO and presented to the Board of Trustees. The Board of Trustees will review and approve the budget prior at a public meeting to submission to the Pennsylvania Department of Education.

Insight PA will maintain a budget calendar that will consist of the budget developed by management during January, February, and March each year. The budget will be presented to the Board of Trustees for initial review in April. The budget will "sit publicly" for 30 days in accordance with PDE regulations and will be posted on the Insight PA website and for available for viewing in the main office. The Board of Trustees will approve the final draft of the budget in May or June, but no later than June 30th. Insight PA will file the budget with Pennsylvania Department of Education (PDE) within 15 days of the final budget approval by the Board.

The budget, as adopted by the Board, becomes the financial plan of the charter school for the ensuing budget period. The CEO/CFO is authorized to make expenditures and commitments in accordance with the approved budget.

Bank Accounts

Authorization and Approval

- Board of Trustees must authorize the opening/closing of a bank account.
- CEO, CFO, Executive Director and Board President are the signatory / agents for all Insight PA bank accounts. Two signatures are required for expenditures greater than \$5,000.

- Cash balances shall not be reduced below zero.
- Public fund balances over \$250,000 must be insured (collateralized).
- Checks outstanding and unpaid for a period of 90 days shall be declared void, included as receipts and removed from the outstanding check listing.
- Any adjustments to cash, such as the write-off of old outstanding checks, must be approved by the CFO.
- Upon termination or change in job responsibility of a check signer the bank authorized signatures must be updated immediately.
- The CFO will review the bank authorized signatories annually and confirm review to the CEO. CFO will also review access to PayPal or similar accounts.
- Debit cards issued on school bank accounts are not authorized.
- For credit card or purchasing card (P-Card) acquisitions, see the Credit Card Policy.
- Pay Pal Accounts or similar accounts may be established through the CFO to manage incidental student activities (field trips, events etc.) where absolutely necessary. The accounts must be tracked through the General Ledger and follow the standard monthly account reconciliation and review process.

Custodial and Security Arrangements

- The Senior Finance Manager (K12) maintains and secures the check stock.
- Access to check stock is separated from those with the ability to sign checks.
- Check stock is stored in a secure/locked area.
- Check sequencing is printed on each check as disbursed.
- Checks voided for any reason are maintained by the Senior Finance Manager (K12). "Void" is indicated on the check and the reason the check was voided is also noted on the check.
- Petty cash funds are not permitted.
- Checks written to "Cash" are not permitted. All checks must be written to a specific individual using their full name or to an organization/vendor using their entity's complete name.

Bank Account Reconciliations

1. All bank statements are downloaded from Bank website by the K12 Accounting Staff.
2. K12 Accounting Staff does a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. K12 Senior Finance Manager will verify that voided checks, if returned, are appropriately defaced and filed.
4. K12 Senior Finance Manager will investigate any checks that are outstanding over three months.
5. K12 Senior Finance Manager will attach the completed bank reconciliation to the applicable bank statement, along with all deposit and check copy documentation to a monthly reconciliation folder.
6. The reconciliation folder will be reviewed and signed by the CFO.

Capital Assets

A capital asset is a piece of property that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of the school system's activities.
3. The asset has a useful life of longer than the current fiscal year.
4. The asset individual unit price is \$2,000 or more.

Capital assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include all costs of construction.

Land

- Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.
- Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.
- When land is acquired with buildings erected thereon, total cost is allocated between the two in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources of the information may be used such as an expert appraisal or the real estate tax assessment records.
- Land is not depreciable.

Land Improvements

- This category will include parking lots, outdoor lighting, covered walkways, fences, tennis courts, running tracks, and grandstands, etc.
- The cost of landscaping will not be capitalized.
- Land Improvements will be depreciated over their estimated useful lives.

Buildings

- Buildings will be recorded at either their acquisition cost or construction cost. If a building is acquired by purchase, the capitalized cost should include the purchase price and other incidental expenses at the time of acquisition.
- If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project. For the first year, all the component units of the building, such as HVAC, plumbing system, sprinkler systems, elevators, etc. will be included in the capitalized cost of the building.

Building Additions

- Building additions will be recorded at their construction cost.
- Building additions will be capitalized separately and depreciated over their useful life.

Building Improvements

- Component Units (HVAC, plumbing systems, sprinkler systems, elevators, etc.)

- When building component units are replaced, the new component unit will be capitalized separately, and the old component (subsequent to original construction) will be removed from the property report. However, if the original component unit was included in the original construction, it will not be removed since it was not a separately valued component. The new component unit will be depreciated over the remaining useful life of the building.
- Major Renovations or Alterations
- Any major renovations or alterations within an existing building will be added to the cost of the original building. These renovations/alterations will be depreciated over the remaining life of the building/structure.

Repairs & Maintenance

- The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend lives of the assets are not capitalized.

Construction in Progress

- This includes all projects for buildings or land improvements construction that are not completed at the end of the fiscal year.

Furniture & Equipment

- Expenditures for furniture and equipment costing \$2,000 or more per item and have an estimated life of more than one year will be capitalized.

Depreciation Method

The “straight line” method of depreciation should be utilized to depreciate capital assets, except for land, over the estimated useful lives of the related assets principally as follows. Estimated life for fixed assets shall follow IRS guidelines.

Permanent Buildings:	40 years
Building Additions:	Remaining Useful Life up to 40 years
Building Improvements:	Remaining Useful Life up to 40 years
Computer Hardware	3 years
Software	3-5 years (amortized)
Equipment	7 years
Furniture	7 years
Land Improvements:	20 to 80 years (dependent upon the improvement)

Disposition of Assets

When capital assets are sold or otherwise disposed of, the inventory of capital assets should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed at the time of sale. The appropriate depreciation will be taken for the year of disposal. The CEO or CFO approves the disposition of assets.

Detailed Property Records

Insight PA will maintain an accurate account of all owned capital assets. The account will contain sufficient data to allow:

- Preparation of fiscal year-end financial statements in accordance with Generally Accepted Accounting Principles (GAAP),

- Adequate insurance coverage, and
- Control, accountability, security.

The Operations Manager (K12) is responsible for maintaining this record. Each asset acquired will have a detailed property record including the following detail:

- A description of the asset, a reference number, asset classification, and location of the asset,
- Acquisition cost, vendor, and date of purchase,
- Assigned life and method of depreciation,
- Indication if asset was purchased with restricted funds (ex. Federal title monies) and noting any limitations on use, and
- Description taken on an annual basis with accumulation thereof.

Each asset will be tagged with a visible reference number. To safeguard against the loss or unauthorized use of property, on an annual basis a physical count of property will be conducted by the Operations Manager (see Inventory: Fixed Assets and Physical).

Cash Receipts

Cash receipts are any funds received by Insight PA, including but not limited to cash, checks, money orders, ACH payments, credit card payments, wire transfers, etc.

Cash receipts generally arise from:

1. School Districts
2. Federal Programs and State Programs
3. Miscellaneous donations, payments, credits, etc.

The principal steps in the cash receipts process are:

- Cash receipts from students' home school districts funding are typically received by Charter Choices, processed, entered in the VSIMS system, and prepared for deposit. Once received, the cash receipts are kept in a secure location during processing and until the deposit is complete. Charter Choices provides image documents of the checks and deposit slips to the K12 Senior Finance Manager and K12 Accounting Staff. Charter Choices enters payments into the VSIMS system for recording.
- Cash receipts received directly by Insight PA are processed and prepared for deposit by the Senior Finance Manager. Once received, the cash receipts are kept in a secure location during processing and until the deposit is complete. Cash receipts from students' home school districts funding received by Insight PA are processed and image documents of the checks and deposit slips to Charter Choices for entry in the VSIMS system for recording.
- A copy of the deposit slip is verified to the deposit record and filed.
- The cash receipts are posted and reconciled with the bank statement monthly by K12 Accounting Staff using the appropriate code.

Cash Disbursements & Expense Allocations

Cash disbursements are payments made by Insight PA for expenses. The payments are made in, but are not limited to cash, checks, money orders, credit card payments, ACH payments, wire

transfers, etc.

Invoices received are processed by K12 Accounting Staff and entered in the *Intacct* system. Invoices are paid weekly, dependent on due date, by Senior Finance Manager. Checks are processed weekly by the Senior Finance Manager after receiving a check run report from K12 Accounting Staff. Checks are matched to original invoices. Checks are given to CFO for review and signature. Amounts over \$5,000 require dual signature (CFO and CEO). Once signed they are provided to the K12 Office Administrator for mailing, check and remittance order copying, and the copies returned to the K12 Senior Finance Manager for filing.

Checks can be prepared manually within one day, but this is limited to emergency situations. Requests for cash disbursements are submitted in three ways:

1. Original invoice,
2. Employee reimbursement request, or
3. Credit card statement.

The Senior Finance Manager codes all requests for disbursement to the accurate and appropriate account. A W-9 Form must be received from a vendor before payment can be issued. School districts are not required to provide a W-9 form.

A list of disbursements is provided monthly to the Board of Trustees for their review and approval. Every employee reimbursement must be documented on the approved form and include a receipt from the vendor detailing all goods or services purchased and the specific business purpose.

Chart of Accounts and General Ledger

Insight PA has designated a Chart of Accounts in accordance with the PDE. The Chart of Accounts will assist with managing operations, preparing financial statements, and facilitating the preparation of the end of year Financial Report.

Insight PA currently uses *Intacct* as its accounting system and will periodically review the system to determine its ability to meet the school's accounting needs. *Intacct* maintains the General Ledger for all funds of the school. An adequate segregation of duties is maintained to ensure that approval of transactions, the entry of the transactions into the general ledger, and reconciliation of the chart of accounts is complete by separate individuals. Access to the *Intacct* file will be restricted to those individuals with a need to access accounting data. *Intacct* data files are backed-up and maintained to allow for recovery of the *Intacct* data file in the case of a disaster.

Credit Card Use

Insight PA has bank-issued credit cards. The credit card is used for vendor payments when it is more convenient than processing a regular check payment or required by the vendor. Except for emergency purchases, all purchases using the credit card are approved in advance by the CEO or CFO.

Managing & Possession of Cards

- The CEO and CFO are authorized to consider and approve the issuance of a credit card for employees.
- Upon the CEO/CFO's approval, a card request form is then fully completed and signed. This form is submitted to the bank for processing, review, and approval.
- The CFO reviews this policy and the Employee Usage Agreement with the employee prior to receipt of the card.
- Once the card is received, the employee must sign the Employee Usage Agreement and activate and sign the card.
- The safe maintenance of the card at all times is the responsibility of the employee to whom it is issued.
- Employees are to use the card for Insight PA purchases and business-travel only. These purchases must be within the Insight PA purchasing guidelines. Employees may not use the card for non-Insight PA-related purchases or for cash advances.
- If an employee who was issued a card leaves Insight PA, the bank is notified and the card surrendered to the CFO and destroyed. Upon termination or separation of employment, the card holder must surrender the card and itemized receipts for any expenses incurred to date, not previously submitted, to the CFO. This must occur on or prior to the last day of employment.
- The CFO performs an annual review of all active cards usage frequency and credit limits. If applicable, new requests and change requests are submitted.

Lost Cards & Misuse of Cards

- If the card is lost or stolen, the employee shall immediately notify the bank by phone via the number listed on the back of the card. The employee must also notify the CFO. Employees should note this phone number in a secure location in the event of lost card.
- By accepting the card, the employee agrees not to make personal purchases or any unapproved purchases for Insight PA.
- Failure to follow this procedure can result in disciplinary action up to and including termination in accordance with the Insight PA Employee Manual.

Purchasing

- All purchases must be made in accordance with Insight PA purchasing procedures, including obtaining appropriate approvals in advance of the purchase.
- Documentation of all purchases (original invoice/itemized receipts/packing slips) must be retained by the employee cardholder and submitted to the K12 Senior Finance Manager.
- The employee cardholder will be financially responsible for any purchase for which an itemized receipt is not submitted per the terms of this policy.
- The employee cardholder is responsible to know and adhere to the purchase limits and restrictions of the card, to ensure the card is used for legitimate business purposes, and is held responsible for all charges to the card.
- An employee cardholder who intentionally makes unauthorized purchases or carelessly uses the card is liable for the total dollar amount of such unauthorized or personal purchases. They are also subject to disciplinary action in accordance with the Insight PA Employee Manual.

- Unauthorized use of the card may result in withdrawal of the card, disciplinary action, and/or criminal action.

Account Management

- The regular credit limit is \$50,000 for all cards on the account.
- The CEO and CFO are authorized to make temporary adjustments to the credit limit when school circumstances necessitate. (Example, state standardized testing period.)
- The CEO and CFO are authorized for temporary adjustments up to \$100,000.
- Permanent adjustments to the credit limit or temporary adjustments beyond \$100,000 require Board of Trustees' approval at a public Board meeting.

Expenditures

Authorization and Approval

- The CEO, CFO, Executive Director, and Operations Manager are authorized to approve and make expenditures on behalf of the school for operational purchases in accordance with the Board-approved budget.
- Purchase requests under \$5,000 must be approved by the CEO, CFO, Executive Director, or Operations Manager. Purchase requests greater than \$5,000 require approval by both the Executive Director and the CEO or CFO.
- For purchases made by the School, not purchases made by K12, the School must adhere to the quotation and bidding thresholds published annually by the PA Department of Labor and Industry when required to comply as stated in the PA School Code (School Code – 24 P.S. Sec. 751, 807.1).
- The Regional IT Administrator (K12) must be consulted on technology purchases and implementation decisions. The Regional IT Administrator (K12) will assist in the securing of competitive pricing for computers, monitors, printers, software and school technology infrastructure components.
 - Equipment must be supportable by the K12 technology infrastructure and meet necessary requirements to ensure the security and privacy of sensitive school data.
- All service contracts must be supported by a current written contract. The contract must be reviewed and approved by the Executive Director and the CEO or CFO. All contracts in excess of \$100 must additionally be approved by the Board.
 - The CEO and CFO are designated to review and approve and enter into all contracts below the amount required by the Pennsylvania Department of Labor & Industry for municipal bidding, currently \$20,600 or less, with Board ratification at a public meeting.
 - Contracts valued above the level for municipal bidding, currently \$20,600 or less, must be approved by the Board prior to the CEO or CFO entering into the contract.
- Loans to employees and Board members are prohibited under all circumstances.
- Compensation and any other payments for goods and services may not be paid in advance with the exception of: insurance, rent, facility/room rentals, and software licenses and a contract for each service must be tied to the service.

- All invoices must be paid in a timely manner within 30 days. The turnaround time for payment processing by K12 accounting staff is 5-10 business days.
- Expenditures for federal program funds must follow all Federal Program Uniform Grant Guidance provisions outlined in the *Insight PA Cyber Charter School Uniform Grant Guidelines (U.G.G.) Manual*.

For Payments to be Processed the Following Must Occur (depending on type)

Purchase Order Processing for Vendors Requesting a PO

- Complete purchase requisition form.
- The submitter secures the approval signature of the supervisor and executive director.
- If the items and cost are approved, the Senior Finance Manager is provided with the PR form. If the items and cost are not approved, the PR goes back to the submitter.
- The Senior Finance Manager applies the appropriate GL account code to the PR. The Senior Finance Manager holds the PR for receipt of the corresponding invoice.
- Once the invoice is received, it is matched against the PR for accuracy and the Senior Finance Manager provides both the invoice and the PR to K12 Accounting Staff for processing and payment.

Non-Purchase Order Invoice Processing

- Invoice is received by Office Administrator and entered into AP Control Sheet.
- On weekly basis, the Control Sheet and invoices are provided to the Senior Finance Manager for review and coding.
- Senior Finance Manager submits coded invoices and summary sheet to K12 Accounting Staff for processing and payment.
- All invoices require the approval of the Operations Manager, the Senior Finance Manager, and the Executive Director prior to payment. Senior Finance Manager prints checks after K12 Accounting staff process is complete.
- CFO reviews checks and accompanying support documents and signs checks. Checks over \$5,000 require dual signatures.

Gift Card Purchasing

- Preapproval by the CEO, CFO, or Executive Director is required prior to purchase. Documentation must include the purpose of the gift cards, intended recipients, and timing of distribution.
- Gift card must be stored in a locked and secure location with restricted access.
- Monthly reconciliation of remaining gift cards and card distribution must be provided to the Senior Finance Manager and included in the monthly financial review.
- All gift cards distributed to employees must be reported to payroll and is considered imputed income. Taxes are paid by the receiving employee on the value of the gift card.

K12 Invoices for Payment

- All K12 invoices must be reviewed by the CFO and approved by the Board prior to payment in accordance with the Educational Services Agreement (ESA).

- Management and Technology fees: Management and technology fee invoices are reviewed by the Executive Director and Operations Manager to confirm compliance with the Services Agreement.
- Student computer, On-line School (OLS) invoices and materials: Invoices are reviewed against student records and approved by the Ops Manager to confirm compliance with the Services Agreement. Other K12 Billing:
- Invoices include Supplemental Software, Payroll and other costs that are paid on behalf of K12 and charged back to the school according to the Services Agreement. These are reviewed by the Senior Finance Manager.

Student Internet Service Provider (ISP) payments (as per school policy)

- The Operations Manager processes lists of families eligible for payments twice a year in accordance with the Internet Reimbursement Policy (Student/Family Handbook)
- The Executive Director reviews and approves the payment report prior to sending to Senior Finance Manager for review of amounts. Once completed, the report is approved by the CFO and sent to K12 Accounting Staff who then outsources to a third service provider for check processing, signing, and mailing to the families designated on the approved listing.

Expense Reimbursement

- See expense policy in the ISPA Employee Handbook for detail of reimbursable expenses.
- The Regional Vice President approves the Executive Director's expense reports. The CFO, preferably, or Executive Director approves the CEO's expense reports.

Manual Expense Reports

- Manual expense report along with supporting receipts are sent to Supervisor for approval.
- The Supervisor reviews for expense policy compliance, reviews and forwards approval Senior Finance Manager for review and approval. Expense reports not in compliance are returned to the employee for correction.
- The Senior Finance Manager confirms inclusion of supporting documentation, applies general ledger coding, and sends information to K12 Accounting Staff for processing and payment.
- During processing all invoices require the approval of the Operations Manager, the Executive Director, and the Senior Finance Manager prior to payment.
- See Payment Process below.

Intacct Expense Processing

- K12 accounting staff initiates the payment process in the Accounting System once all approvals have been received.
- K12 accounting staff will select invoices ready for payment and communicates with the school that checks are in the queue ready to be printed.

Payment Process

- Senior Finance Manager prints checks using blank check stock and a MICR printer cartridge stored in a secure location. Should support be required to be sent with the check, the

vendor invoice is contained electronically in the system and can be viewed and printed if necessary.

- CFO reviews checks and accompanying support documents and signs checks. Checks over \$5,000 require dual signatures, typically CFO and CEO.
- The Senior Finance Manager / Office Admin photocopies the signed checks and files them with their respective expense report.
- Once printed, confirmed, and signed, checks are mailed to vendors from the school location.

Financial Reports and Monthly Close

K12 Accounting Staff prepares the detailed monthly financial reports. These reports and substantiating details are reviewed and used in preparation of monthly budget to actual analysis. are reviewed and approved by the K12 Senior Finance Manager and K12 Region Director. Once approved, the detailed reports are provided to the CFO for review and approval. From the detailed financial reports, the monthly and Board Finance Report is prepared and presented to the Board for their approval.

The Board Finance Report includes the following summary-level reports: enrollment, balance sheet, statement of income and expenses, disbursements, K12 invoice aging, cash flow projections, top 10 A/R balance, and personnel. The Board of Trustees is also provided with detail-level financial reports in spreadsheet form.

Monthly Close

Accruals - On a monthly basis, the Senior Finance Manager and K12 Accounting Staff prepare journal entries to accrue for revenue, expense line items including teacher bonuses, Special Ed Related Services, ISP, Management & Technology/Oversight fees, etc. These expenses are reversed on a monthly basis and trued up each month end. The accruals are included in the Monthly Financial Packet that is provided to K12 corporate and to the CFO, CEO, and Board of Trustees.

Balance Sheet Reconciliations – K12 Accounting Staff performs a reconciliation for each balance sheet account on a monthly basis. Unusual items and differences are investigated and resolved on a timely basis. The monthly reconciliations are reviewed by the Shared Services Accounting Manager. All accounts are reviewed on a monthly basis with the Senior Finance Manager and Region Director.

Monthly Financial Package – All journal entries are created by the K12 Accounting Staff. The journal entries, along with supporting documents, are reviewed and posted by the Shared Services Accounting Manager or the Director Shared Services.

During month-end, the general ledger transaction level details (list of all general ledger activity/journal entries from the month) are included in the monthly financial package for review by the Region Director/Senior Finance Manager, CFO, and Executive Director. The Executive Director replies via email confirming their review of the general ledger transaction level details. Regular finance meetings are held with the Finance Director, Senior Finance Manger, the Executive Director, CFO, and CEO. Additionally, the School Finance team, CFO and Executive Director are in

continuous communication. During these meetings, items such as financial results, accuracy of the forecast, upcoming events/initiatives, revenue projections, risks, and enrollment projections are discussed.

The Senior Finance Manager completes the month variance and trend analysis as part of the monthly closing process and is included in the Monthly Financial Board Package. This is reviewed with the Executive Director, CFO, and CEO. The Senior Finance Manager prepares the latest forecast based on current actuals and discussions with the Executive Director, CEO, and CFO. Variances to prior forecasts and original approved budget are reviewed and commentary is included for any significant line items. This is also reviewed in detail with the Executive Director and the Region Finance Director and K12 Accounting Staff. Any questions/concerns are followed up in a timely manner. The most recent budget to actual YTD results are presented to the Board of Trustees at the subsequent board meeting for their approval.

Financial System Access

Insight PA utilizes K12's Intacct cloud-based accounting system with secured access, process workflow and back-up recovery services. Access is limited to designated individuals with various data access rights as specified by job requirements. All users are approved by the Senior Finance Director. All other financial schedules are maintained on the ISPA's shared drive or hard copy in secured file cabinets. ISPA's shared drive is backed up daily. The Finance Shared Drive has restricted access in which only Finance personnel have access and only ISPA's IT Coordinator can grant access upon approval by the on-site Sr. Finance Manager.

Fiscal Year-End Close

The K12 Senior Finance Manager and Region Finance Director review and approve all monthly and year-end financial reports as described in "Financial Reports" (page 14). They are filed for audit purposes.

The final fiscal year-end financial statements are run and reviewed by the K12 Accounting Staff. They are then reviewed and approved by the K12 Senior Finance Manager, K12 Region Finance Director, and school CFO. From the detailed financial statements, the year-end Board Finance Report is prepared and presented to the Board for their approval. The Board of Trustees is also provided with detail-level year-end financial statements in spreadsheet form.

At the end of the fiscal year, an outside Audit Firm will prepare an Annual Audit (see "Annual Audit" (page 7) and the annual *Return for Organization Exempt from Income Tax* (IRS Form 990). The return and audit will be presented to the CEO/CFO for review. The CEO/CFO will present to the Board for their approval. Insight PA will then file the approved return with the Internal Revenue Service by the annual deadline of November 15th and comply with PA Department of Education requirements for audit confirmation.

All other appropriate government filings including those required by the PDE and attorney general's office will be completed and filed with the appropriate agency.

Inventory: Fixed Assets and Physical

Annually, a physical inventory must be performed for all capitalized items, as well as all computers and all technology equipment that do not meet the capitalization threshold, by the Operations Manager and IT Administrator. The inventory is performed to determine that all assets are present, in usable condition, located in the assigned area, and accurately recorded on the fixed asset and/or inventory records. Upon completion, the Operations Manager, IT Administrator, and Senior Finance Manager must review and approve the results. Review includes a comparison of physical inventory to accounting records and the fixed asset schedule. Any discrepancies must be communicated to the CFO for a review.

A fixed asset inventory is to be performed on an annual basis at the completion of the physical inventory.

Investments

It is the policy of the Board of Trustees to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments. All investments shall be made in accordance with applicable laws of Pennsylvania including Section 440.1 of the PA School Code. Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated.

Investments shall be made with the objective of attaining a maximum rate of return available in the market at the time of investment and taking into account the investment risk constraints and liquidity needs. All investments require approval of the Board of Trustees prior to the date of investment. The CEO and CFO shall manage the school's investment program, in accordance with written, Board-approved procedures for operation of the investment program.

An annual review of the investment program shall be prepared by the designated individual and presented to the Board of Trustees for review. A monthly report will be prepared by the designated individual responsible for investments and presented to the board and shall include the amount of funds invested, any amounts earned in the investment fund, types of investments and the names of the institution where investments are held.

All investments shall be purchased in the name of the school. All investment advisors shall verify in writing that they have received a copy of the school's investment policy and submit annually audited financial statements, proof of National Association of Securities Dealers (NASD) certification, and proof of state registration.

Designated officers and employees involved in the school's investment process shall disclose any personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.

Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by bond counsel and the Board of Trustees. Investment transactions arising from bond proceeds shall be reported monthly to the board in accordance with this policy.

Net Assets

The Net Assets Policy is adopted to ensure that Insight PA maintains adequate net asset balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

Net Asset Definitions

The following definitions will be used in reporting activity of the school in accordance with FASB ASC 958-205, Financial Statements for Not-for-Profit Organizations and PA Department of Education Guidelines. Insight PA may or may not report all net asset types in any given reporting period, based on actual circumstances and activity.

Unrestricted/Unassigned: unrestricted and unassigned portion of expendable funds that are available for support of operations and investments. Must have a positive fund balance.

Temporarily Restricted: donations with various donor restrictions. Funds may only be expended for the donor-specified purpose.

Assigned: reflects the school's intent to use the money for a specific purpose but is not considered restricted or committed. Unlike committed fund balances, assigned fund balances can be changed without formal action and do not need to be designated by the Board. The assignment of funds for a specified purpose cannot result in a negative unrestricted/unassigned fund balance.

Committed: a portion of fund balance that can only be used for specific purposes as a result of formal action by Board of Trustees. Once the amount is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money (action of the Board of Trustees). The action of the board to commit the funds should take place before the end of the reporting period; however, the amount can be determined in the subsequent period.

Restricted: a portion of the 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. used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support Insight PA's purposes.

Minimum Unrestricted/Unassigned Net Assets

While the ideal minimum unrestricted/unassigned net asset balance to maintain is 10% of the year's budgeted expenditures and outgoing transfers, Insight PA shall maintain at least a minimum unrestricted/unassigned net asset balance of 1% percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum unrestricted net asset balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing Deficiencies

When unrestricted/unassigned net assets fall below the minimum 1% range, Insight PA will replenish shortages/deficiencies using the budget strategies and timeframes described below.

1. Reduce recurring expenditures to eliminate any structural deficit or,

2. Increase revenues or pursue other funding sources, or,
3. Some combination of the two options above.

When a minimum unrestricted/unassigned net asset deficiency is identified, a replenishment plan shall be identified and presented to the Board of Trustees for approval.

Payroll Processing

Salaried employees are not required to check in on a daily basis. Individual supervisors share a PTO-day exception report with the K12 Senior Finance Manager which indicates when PTO time is not available and a paycheck should be adjusted accordingly.

There are currently no hourly employees employed by Insight PA. Future hourly employees will clock in and out via a computerized time clock. At the end of the pay period, hourly timesheets will be reviewed and approved by the employee's supervisor for payroll processing.

The Senior Finance Manager processes payroll, ensuring accurate completion with sufficient time for payroll vendor processing.

The Executive Director and CFO review and approve payroll reports prior to processing.

K12 Accounting Staff posts the payroll journal entry to the General Ledger on a semi-monthly basis. Employees are paid over 24 semi-monthly pays.

Employees must choose direct deposit to a designated bank account. Paychecks are deposited directly into the designated direct deposit accounts on the payroll date. Employees can access their payroll information via the web-based payroll system.

All tax-related and mandated payroll-related reports are prepared by the payroll vendor and filed as necessary.

W-2 statements are processed by the payroll vendor and issued to employees by January 31st of the following year for the prior year.

Any changes to the standing information of the payroll from the prior period including addition of new employees, separation of employees, or changes in base pay rate is provided to the Senior Finance Manager by the K12 HR staff or the CFO.

For days off known in advance, all employees are required to request time off on a Paid Time Off (PTO) form in advance of the absence.

K12 HR staff will reconcile the daily PTO list to PTO requests for accuracy and proper payroll processing.

Petty Cash

Petty cash funds are not maintained by Insight PA and are not permitted.

Records Retention (Financial)

The purpose of this Policy is to ensure that necessary records and documents are adequately protected and maintained and to ensure that records that are no longer needed by the school or are of no value are discarded at the proper time. This Policy is also for the purpose of aiding employees of Insight PA in understanding their obligations in retaining electronic financial documents.

The Record Retention Schedule follows the text of the policy. The CEO/CFO is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The Administrator is also authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it complies with local, state and federal laws and includes the appropriate document and record categories; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

In the event Insight PA is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning Insight PA or the commencement of any litigation against or concerning Insight PA, such employee shall inform the CEO/CFO and any further disposal of documents shall be suspended until such time as the CEO/CFO, with the advice of counsel, determines otherwise. The CEO/CFO shall take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

This Policy applies to all physical records generated in the course of Insight PA's operation, including both original documents and reproductions. It also applies to the electronic documents.

Record Retention Schedule

A. ACCOUNTING AND FINANCE

Record Type	Retention Period
Accounts Payable ledgers and schedules	7 years
Accounts Receivable ledgers and schedules	7 years
Annual Audit Reports and Financial Statements	Permanent
Annual Audit Records, including work papers and other documents that relate to the audit	7 years after completion of audit
Annual Plans and Budgets	2 years
Bank Statements and Canceled Checks	7 years
Employee Expense Reports	7 years
General Ledgers	Permanent

Record Type	Retention Period
Interim Financial Statements	7 years
Notes Receivable ledgers and schedules	7 years
Investment Records	7 years after sale of investment
Credit card records (documents showing customer credit card number)	2 years
B. CONTRACTS	
Record Type	Retention Period
Contracts and Related Correspondence (including any proposal that resulted in the contract and all other supportive documentation)	7 years after expiration or termination
C. CORPORATE RECORDS	
Record Type	Retention Period
Corporate Records (minute books, signed minutes of the Board and all committees, corporate seals, articles of incorporation, bylaws, annual corporate reports)	Permanent
Licenses and Permits	Permanent
D. GRANT RECORDS	
Record Type	Retention Period
Original grant proposal	7 years after completion of grant period
Grant agreement and subsequent modifications, if applicable	7 years after completion of grant period
All requested IRS/grantee correspondence including determination letters and “no change” in exempt status letters	7 years after completion of grant period
Final grantee reports, both financial and narrative	7 years after completion of grant period
All evidence of returned grant funds	7 years after completion of grant period

Record Type	Retention Period
All pertinent formal correspondence including opinion letters of counsel	7 years after completion of grant period
Report assessment forms	7 years after completion of grant period
Documentation relating to grantee evidence of invoices and matching or challenge grants that would support grantee compliance with the grant agreement	7 years after completion of grant period
Pre-grant inquiry forms and other documentation for expenditure responsibility grants	7 years after completion of grant period
Grantee work product produced with the grant funds	7 years after completion of grant period

E. INSURANCE RECORDS

Record Type	Retention Period
Annual Loss Summaries	10 years
Audits and Adjustments	3 years after final adjustment
Certificates Issued to Insight PA	Permanent
Claims Files (including correspondence, medical records, injury documentation, etc.)	Permanent
Group Insurance Plans	Until Plan is amended or terminated
Inspections	3 years
Insurance Policies (including expired policies)	Permanent
Journal Entry Support Data	7 years
Loss Runs	10 years
Releases and Settlements	25 years

F. LEGAL FILES AND PAPERS

Record Type	Retention Period
Legal Memoranda and Opinions (including all subject matter files)	7 years after close of matter
Litigation Files	1 year after expiration of appeals or time for filing appeals
Court Orders	Permanent
Requests for Departure from Records Retention Plan	10 years

G. MISCELLANEOUS

Record Type	Retention Period
Consultant's Reports	2 years
Material of Historical Value (including pictures, publications)	Permanent
Policy and Procedures Manuals – Original	Current version with revision history
Policy and Procedures Manuals - Copies	Retain current version only
Annual Reports	Permanent

H. PAYROLL DOCUMENTS

Record Type	Retention Period
Employee Deduction Authorizations	4 years after termination
Payroll Deductions	Termination + 7 years
W-2 and W-4 Forms	Termination + 7 years
Garnishments, Assignments, Attachments	Termination + 7 years
Labor Distribution Cost Records	7 years
Payroll Registers (gross and net)	7 years
Time Cards/Sheets	2 years
Unclaimed Wage Records	6 years

I. PENSION and 403b DOCUMENTS AND SUPPORTING EMPLOYEE DATA

Record Type	Retention Period
Retirement and Pension/403b Records	Permanent

J. PROPERTY RECORDS

Record Type	Retention Period
Correspondence, Property Deeds, Assessments, Licenses, Rights of Way	Permanent
Original Purchase/Sale/Lease Agreement	Permanent
Property Insurance Policies	Permanent

K. TAX RECORDS

Record Type	Retention Period
Tax-Exemption Documents and Related Correspondence	Permanent
IRS Rulings	Permanent
Excise Tax Records	7 years
Payroll Tax Records	7 years
Tax Bills, Receipts, Statements	7 years
Tax Returns - Income, Franchise, Property	Permanent
Tax Workpaper Packages - Originals	7 years
Sales/Use Tax Records	7 years
Annual Information Returns - Federal and State	Permanent
IRS or other Government Audit Records	Permanent

L. CONTRIBUTION RECORDS

Record Type	Retention Period
Records of Contributions	Permanent
Insight PA's or other documents evidencing terms of gifts	Permanent

Tax and Exempt Status

The CFO confirms annually that school's Federal and State not for profit status continues to be valid and made available as requested.

The IRS Form 990 is to be filed annually by the 15th day of the 5th month following the close of the tax year. (A return for the June 30 year end would be due by November 15.)



INSIGHT PA
CYBER CHARTER SCHOOL

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Insight PA has not been monitored or had a Consolidated Review due to receiving approval for the Title 1 application in February 2018.



INSIGHT PA
CYBER CHARTER SCHOOL

Insight PA Cyber Charter School
Department of Federal Program
Uniform Grant Guidance (UGG) Manual
August 2019

Approved by the Insight PA Board of Trustees, May 20, 2019

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Introduction

The Board of Trustees is accountable for establishing and maintaining a system of internal controls that when executed will ensure the practice of sound fiscal management practices and prevent the embezzlement, corruption, and mismanagement of funds. The controls will comply with Generally Accepted Accounting Principles (GAAP) for non-profit corporations. Insight PA will ensure employees' duties are so arranged and recorded and procedures are so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues and expenditures.

Whereas the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) will have primary responsibility for managing the financial operations of the school and ensuring that all internal controls are clearly communicated, established and upheld, the Board of Trustees will have financial oversight. Every Trustee has the right to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation, provided that such inspection is conducted at a reasonable time after reasonable notice and provided that such right of inspection and copying is subject to the obligation to maintain the confidentiality of the reviewed information, in addition to any obligations imposed by any applicable federal, state or local law. All records and documents are to be retained in accordance with applicable federal, state and local law.

The financial policy and procedural guidelines contained in this manual are designed to comply with Federal Program Uniform Grant Guidance provisions. The division of responsibility/chain of command for grant reporting is included in the Insight PA Cyber Charter School Financial Policies and Procedures Manual.

Allowability of Costs— Federal Programs

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

When determining how Insight PA will spend its grant funds, the Senior Finance Manager (K12) will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in EDGAR, 2 C.F.R. Part 3474 and 2 C.F.R. Part 200, Subpart E, which are provided in the bulleted list below. The Senior Finance Manager (K12) must consider these factors when making an allowability determination. Additional helpful questions to ask when making allowability determinations are located within this policy.

- **Be Necessary and Reasonable for the performance of the federal award.** Insight PA staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices.

When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of Insight PA or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to Insight PA, its employees, its students, the public at large, and the federal government.
- Whether Insight PA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost. 2 C.F.R. §200.404

While 2 C.F.R. §200.404 does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether Insight PA can demonstrate that the cost addresses an existing need, and can prove it. For example, Insight PA may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant program.

- Whether the cost is identified in the approved budget or application.
 - Whether there is an educational benefit associated with the cost.
 - Whether the cost aligns with identified needs based on results and findings from a needs assessment.
 - Whether the cost addresses program goals and objectives and is based on program data.
- **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. 2 C.F.R. §200.405. For example, if 50% of a teacher’s salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
 - **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of Insight PA.**
 - **Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the federal award.**
 - **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
 - **Adequately documented.** All expenditures must be properly documented.
 - **Be determined in accordance with general accepted accounting principles (GAAP), unless provided otherwise in Part 200.**
 - **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.
 - **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. 2 C.F.R. §200.406.

Part 200's cost guidelines must be considered when federal grant funds are expended. As provided above, federal rules require state-level and Insight PA-level requirements and policies regarding expenditures to be followed as well. For example, state and/or Insight PA policies relating to travel or equipment may be narrower than the federal rules, and the stricter State and/or Insight PA policies must be followed. Further, certain types of incentives are allowable under federal law, but are not allowable under State law.

Selected Items of Cost

Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost) at 2 C.F.R. §§ 200.420-200.475. These cost items are listed in the chart below along with the citation where it is discussed whether the item is allowable. Please do not assume that an item is allowable because it is specifically listed in the regulation as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including: the express language of the regulation states the item is unallowable; the terms and conditions of the grant deem the item unallowable; or State/local restrictions dictate that the item is unallowable. The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

Insight PA personnel responsible for spending federal grant funds and for determining allowability must be familiar with the Part 200 selected items of cost section. Insight PA must follow these rules when charging these specific expenditures to a federal grant. When applicable, Insight PA staff must check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, Insight PA and program-specific rules may deem a cost as unallowable and Insight PA personnel must follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434

Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472

Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or Insight PA to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost to be allowable. Accordingly, employees must consult federal, State and Insight PA requirements when spending federal funds. For example, often the State’s travel rules are more restrictive than federal rules, which means the State’s policies must be followed.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute (e.g., Title I of the Elementary and Secondary Education Act (ESEA), or the Carl D. Perkins Career and Technical Education Act (Perkins)), along with accompanying program regulations, non-regulatory guidance and grant award notifications.

The state and/or Insight PA rules related to some specific cost items are discussed below. Insight PA employees must be aware of these State and Insight PA rules and ensure they are complying with these requirements.

Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described above, the Senior Finance Manager (K12) can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

- Is the proposed cost allowable under the relevant program?
- Is the proposed cost consistent with an approved program plan and budget?
- Is the proposed cost consistent with program specific fiscal rules?
 - For example, Insight PA may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
- Is the proposed cost consistent with EDGAR?
- Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Federal Programs Coordinator should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated. This means that, for instance, funds allocated under Title III of the Elementary and Secondary Education Act (ESEA) governing language instruction programs for limited English proficient (LEP) students must only be spent on LEP students and cannot be used to benefit non-LEP students.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Federal Programs Coordinator should review data when making purchases to ensure that federal funds to meet these areas of concern.

Cash Management – Federal Programs

Insight PA will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by Insight PA, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, Insight PA receives payment from the PDE on a reimbursement basis. 2 C.F.R. § 200.305. However, if Insight PA receives an advance in federal grant funds, Insight PA will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

Payment Methods

Reimbursements: Insight PA will initially charge federal grant expenditures to nonfederal funds.

Insight PA's Senior Finance Manager (K12) will request reimbursement for actual expenditures incurred under the federal grants. Reimbursement will be submitted on the appropriate form to the PDE portal. All reimbursements are based on actual disbursements, not on obligations. PDE will process reimbursement requests within the timeframes required for disbursement. Consistent with state and federal requirements, Insight PA will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for PDE to review upon request. Reimbursements of actual expenditures do not involve interest calculations. Consistent with state and federal requirements, Insight PA will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for PDE review upon request.

Reimbursements of actual expenditures do not require interest calculations.

Advances: To the extent Insight PA receives advance payments of federal grant funds, Insight PA will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, Insight PA attempts to expend all drawn downs of federal funds within 72 hours of receipt.

When applicable, the Insight PA shall use existing resources available within a program before requesting additional advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds. (2 CFR Sec. 305(b)(5)) Insight PA shall hold federal advance payments in insured, interest-bearing accounts. Insight PA is permitted to retain for administrative expense up to \$500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding \$500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR Sec. 200.305(b)(9))

Pursuant to federal guidelines, interest earnings shall be calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the Insight PA. Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.

Conflict of Interest – Federal Programs

Standards of Conduct

In accordance with 2 C.F.R. §200.18(c)(1), Insight PA maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of Insight PA may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

Definitions

Confidential information shall mean information not obtainable from reviewing a public document or from making inquiry to a publicly available source of information.

Conflict or Conflict of interest shall mean use by a Board member or Insight PA employee of the authority of his/her office or employment, or any confidential information received through his/her holding public office or employment, for the private pecuniary benefit of him/herself, a member of his/her immediate family or a business with which s/he or a member of his/her immediate family is associated. The term does not include an action having a de minimis economic impact, or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the Board member or employee, a member of his/her immediate family or a business with which s/he or a member of his/her immediate family is associated.

De minimis economic impact shall mean an economic consequence which has an insignificant effect.

Financial interest shall mean any financial interest in a legal entity engaged in business for profit which comprises more than five percent (5%) of the equity of the business or more than five percent (5%) of the assets of the economic interest in indebtedness.

Honorarium shall mean payment made in recognition of published works, appearances, speeches and presentations, and which is not intended as consideration for the value of such services which are nonpublic occupational or professional in nature. The term does not include tokens presented or provided which are of de minimis economic impact.

Immediate family shall mean a parent, parent-in-law, spouse, child, spouse of a child, brother, brother-in-law, sister, sister-in-law, or the domestic partner of a parent, child, brother or sister.

Business partner shall mean a person who, along with another person, plays a significant role in owning, managing, or creating a company in which both individuals have a financial interest in the company.

Disclosure of Financial Interests

No Board member shall be allowed to take the oath of office or enter or continue upon his/her duties, nor shall s/he receive compensation from public funds, unless s/he has filed a statement of financial

interests as required law. The Insight PA board members, solicitor, and designated Insight PA employees shall file a statement of financial interests as required by law and regulations.

Standards of Conduct

Insight PA maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees and Board members engaged in the selection, award and administration of contracts. No employee or Board member may participate in the selection, award or administration of a contract supported by a federal award if s/he has a real or apparent conflict of interest as defined above, as well as any other circumstance in which the employee, Board member, any member of his/her immediate family, his/her business partner, or an organization which employs or is about to employ any of them, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

Insight PA shall not enter into any contract with a Board member or employee, or his/her spouse or child, or any business in which the person or his/her spouse or child is associated valued at \$500 or more, nor in which the person or spouse or child or business with which associated is a subcontractor.

Any Board member or employee who in the discharge of his/her official duties would be required to vote on a matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his/her interest as a public record.

No public official or public employee shall accept an honorarium.

Board members and employees may neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. Gifts of a nominal value may be accepted in accordance with Board policy.

Improper Influence

No person shall offer or give to a Board member, employee or nominee or candidate for the Board, or a member of his/her immediate family or a business with which s/he is associated, anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment based on the offeror's or donor's understanding that the vote, official action or judgment of the Board member, employee or nominee or candidate for the Board would be influenced thereby.

No Board member, employee or nominee or candidate for the Board shall solicit or accept anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment, based on any understanding of that Board member, employee or nominee or candidate that the vote, official action or judgment of the Board member, employee or nominee or candidate for the Board would be influenced thereby.

Organizational Conflicts

Organizational conflicts of interest may exist when due to Insight PA's relationship with a subsidiary, affiliated or parent organization that is a candidate for award of a contract in connection with federally funded activities, Insight PA may be unable or appear to be unable to be impartial in conducting a procurement action involving a related organization.

In the event of a potential organizational conflict, the potential conflict shall be reviewed by the CEO or designee to determine whether it is likely that Insight PA would be unable or appear to be unable to be impartial in making the award.

If such a likelihood exists, this shall not disqualify the related organization; however, the following measures shall be applied:

1. The organizational relationship shall be disclosed as part of any notices to potential contractors;
2. Any employees or officials directly involved in the activities of the related organization are excluded from the selection and award process;
3. A competitive bid, quote or other basis of valuation is considered; and
4. The Board has determined that contracting with the related organization is in the best interests of the program involved.

Reporting

Any perceived conflict of interest that is detected or suspected by any employee or third party shall be reported to the CEO. If the CEO is the subject of the perceived conflict of interest, the employee or third party shall report the incident to the Board President. Any perceived conflict of interest of a Board member that is detected or suspected by any employee or third party shall be reported to the Board President. If the Board President is the subject of the perceived conflict of interest, the employee or third party shall report the incident to the CEO, who shall report the incident to the solicitor. No reprisals or retaliation shall occur as a result of good faith reports of conflicts of interest.

Investigation

Investigations based on reports of perceived violations of this policy shall comply with state and federal laws and regulations. No person sharing in the potential conflict of interest being investigated shall be involved in conducting the investigation or reviewing its results. In the event an investigation determines that a violation of this policy has occurred, the violation shall be reported to the federal awarding agency in accordance with that agency's policies.

Disciplinary Actions

If an investigation results in a finding that the complaint is factual and constitutes a violation of this policy, Insight PA shall take prompt, corrective action to ensure that such conduct ceases and will not recur. Insight PA staff shall document the corrective action taken and, when not prohibited by law, inform the complainant. Violations of this policy may result in disciplinary action up to and including discharge, fines and possible imprisonment. Disciplinary actions shall be consistent with Board policies, procedures, applicable collective bargaining agreements and state and federal laws.

Equipment and Inventory Management

Inventory

For each equipment and computing device purchased with federal funds, the following information is maintained:

- Serial number or other identification number;
- Source of funding for the property; Who holds the title;
- Acquisition date and cost of the property;
- Percentage of federal participation in the project costs for the federal award under which the property was acquired;
- Location, use, and condition of the property; and
- Any ultimate disposition data including the date of disposal and sale price of the property.

All equipment/capital outlay, regardless of cost, must be tracked and inventoried in order to provide adequate controls to safeguard all equipment purchased with federal funds. This directive includes “computing devices” such as laptop computers, calculators, digital cameras, scanners, and other items that are easily stolen.

Procedures for managing equipment must meet the following requirements:

1. Inventory must be current and available for review and audit. The following information must be included:
 - Description of the property, including manufacturer’s model number, if any;
 - Manufacturer’s serial number or other identification number;
 - Identification of the funding source under which the property was acquired;
 - Acquisition date and unit cost;
 - Source of property (company name);
 - Percentage of federal funds used in the purchase of the property;
 - Present location, use, condition of the property, and date the information was reported; and
 - All pertinent information on the ultimate transfer, replacement, or disposition of the equipment.
2. Physical inventory must be conducted at least every two years.
3. There must be a control system in place to prevent loss, damage, or theft.
4. Adequate maintenance procedures must be implemented.
5. If authorized or required to sell property, proper sales procedures must be maintained to ensure highest possible return.
6. Items acquired using federal monies shall be physically marked by source of funding and acquisition date.

Disposition of Equipment

Equipment must be disposed of in accordance with applicable laws and procedures and may be disposed of with no obligation to the federal government, if all the following criteria are met:

- Equipment is no longer needed in the current program;

- Equipment is not needed in other programs currently or previously funded by a federal agency; and
- Equipment is an item that has a current per-unit fair market value of less than \$5,000.

An LEA may purchase or lease equipment with federal funds if: 1) it is reasonable and necessary to operate its federal program effectively; 2) existing equipment will not be sufficient; and 3) the costs are reasonable.

Real property and equipment purchased with federal funds may be made available to other educational programs or projects, providing this use does not interfere with its use for the federal program or significantly shorten the equipment's useful life.

Records of transferred equipment must be retained for three years from date of transfer. The written notification to purge or transfer must include:

- Item,
- Date of acquisition,
- Original cost,
- Reason for purge or transfer, and
- Anticipated Use.

Generally, disposition of equipment is dependent on its fair market value (FMV) at the time of disposition. If the item has a current FMV of \$5,000 or less, it may be retained, sold, or otherwise disposed of with no further obligation to the federal awarding agency. If the item has a current FMV of more than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds. Insight PA must request disposition instructions for capital outlay with an acquisition cost of \$5,000 or more per unit from the Division of Federal Programs.

Procurement Policy – Federal Programs

Insight PA Charter School is committed to securing goods and services using grant funds from reputable and responsible suppliers in an equitable and competitive manner and in accordance with applicable federal and state laws, regulations and guidance.

Reason for Policy

2 CFR Part 200.317 requires that grantees and subgrantees will use their own procurement procedures which reflect applicable state (PA School Code Section 807.1) and local laws and regulations, provided that procurements conform to applicable federal law and other standards. In using federal funds for procurements, Insight PA is bound to adhere to all of the procurement standards identified in 2 CFR Part 200.317 et. seq. If the Schools's procurement policies and procedures are more restrictive than state or federal laws and regulations, school policies must be followed. 2 CFR Part 200.318 includes but is not limited to the following requirements:

- Insight PA will use its own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal law and regulations
- Insight PA will have written selection procedures for procurement transactions
- Any lists of prequalified persons, firms or products to be used by the School will be updated regularly and will ensure open and free competition
- Only responsible contractors that have the ability to successfully complete contract terms will be used
- If available and applicable, excess federal property and equipment will be used before purchasing new equipment
- Insight PA will ensure no real or apparent conflicts of interest arise during procurement activities
- All transactions will be conducted in a manner providing full and open competition (See 34 CFR 80.36(c) for examples of restrictive procurement situations)
- Unnecessary or duplicative purchases will be avoided
- Insight PA will perform a cost or price analysis in connection with every procurement action including contract modifications
- Detailed records to substantiate procurement decisions, rationale and history will be maintained
- Insight PA will handle and resolve any contract or procurement disputes
- Insight PA will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible
- Insight PA must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase
- Any applicable bonding requirements will be followed
- Insight PA contracts must contain provisions of paragraph 2 CFR 200.326.
- Contracting with faith-based organizations is allowed provided there is no discrimination for or against the organization and provided that the faith-based organization offers any religious worship, instruction or proselytization at a time and in a location separate from any programs or services provided to the School and any participation in such services by beneficiaries of grant programs is voluntary.

Procurement Thresholds (effective January 1, 2019):

Micro Purchases – below \$10,000 – no quotes required

Small Purchases – purchase of goods \$10,000 - \$20,599 and purchase of services \$10,000 - \$249,999 – Three (3) quotes required

Non-Competitive - \$10,000 and above – sole source justification required

Competitive/Sealed Bid Proposal – advertising RFP – purchase of goods \$20,600 and over; purchase of services \$250,000 and over – RFP and advertising required

Policy Requirements

Purchasing procedures using federal and non-federal grant funds will conform to applicable state, local and federal law and any regulations identified in 2 CFR. Procurements may be awarded through noncompetitive means under certain circumstances such as if the goods/services are only available from a single source, public exigency or emergency necessitates noncompetitive procurement, the awarding agency authorizes it, or if competition is deemed inadequate. See 2 CFR Part 200.320 for additional guidance on when noncompetitive procurement may be used.

Documentation of procurement processes should be maintained.

Technology & Record Retention Policy

Record Retention

Insight PA maintains all records that fully show (1) the amount of funds under the grant or subgrant; (2) how the school uses those funds; (3) the total cost of each project; (4) the share of the total cost of each project provided from other sources; (5) other records to facilitate an effective audit; and (6) other records to show compliance with federal program requirements. Insight PA also maintains records of significant project experiences and results. These records and accounts must be retained and made available for programmatic or financial audit.

The U.S. Department of Education is authorized to recover any federal funds misspent within 5 years before the receipt of a program determination letter. Consequently, Insight PA retains records for a minimum of five (5) years from the date on which the final Financial Status Report is submitted, unless otherwise notified in writing to extend the retention period by the awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs. However, if any litigation, claim, or audit is started before the expiration of the record retention period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

If a retention period for the same type of record listed in this UGG Manual conflicts with a retention period listed in the Insight PA *Records Retention Policy (Financial)* in the *Financial Policies and Procedures Manual*, the records will be retained for the longer of the two periods.

Reference *Records Retention Policy (Financial)* in the *Financial Policies and Procedures Manual*.

Collection and Transmission of Records

The majority of records are stored electronically on Insight PA's servers unless required by applicable law to be kept in paper format. Physical records are stored in the Business Office in a program file during the program year and then are moved to storage located on-site. Electronic records are transmitted electronically to the grantee agency. Original hard copy reports will be mailed to the grantee agency if required in grant guidelines. Records are provided electronically for audits and monitoring when possible and will be provided physically when requested.

Access to Records

Insight PA provides the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity (The Chester County Intermediate Unit), or any of their authorized representatives the right of access to any documents, papers, or other records of the Intermediate Unit which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to Insight PA's personnel for the purpose of interview and discussion related to such documents.

Privacy

Insight PA has procedures in place to ensure that the personal information of both students and employees is protected.

Time and Effort Documentation Procedure

Time and Effort Standards

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with state or local funds and is used to meet a required "match" in a federal program. These documents, known as time and effort records, are maintained to charge the costs of personnel compensation to federal grants.

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted, and all other activities compensated by Insight PA on an integrated basis;
- Comply with the established accounting policies and practices of the Insight PA, and
- Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Time and Effort Procedures

In order to meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel time & effort sheet (TER), as required below. The type of form depends on the number of programs or cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are described and from which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.28.

All employees who work on a single program or cost objective must complete a semi-annual certification.

The semi-annual certification must be:

- Completed at least every six (6) months;
- Be signed by the employee or the supervisor with direct knowledge of the work being performed;
- Reflect an after-the-fact distribution of the actual activity; and
- Account for the total activity for which each employee is compensated.

All employees who work on multiple programs or cost objectives must complete a Personnel Activity Report (PAR) that support the distribution of their salaries /wages that meet the following standards:

- Reflect an after-the-fact distribution of the actual activity;
- Account for the total activity for which each employee is compensated;
- Are prepared semi-annually; and

- Are signed by the employee.

Reconciliation and Closeout Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates determined before the services are performed do not qualify as support for charges to federal awards. These estimates may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

The certifications are submitted to the Program supervisor. Certifications are collected from staff semi-annually by the program, reviewed by the supervisor. If an employee exits the program mid-year, the supervisor is responsible for collecting outstanding certifications.

Travel Policy – Federal Programs

Travel: Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. 2 C.F.R §200.474(a).

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by Insight PA in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, documentation must be maintained that justifies that (1) participation of the individual is necessary to the federal award; and (2) the costs are reasonable and consistent with Insight PA's established policies. 2 C.F.R §200.474(b).