

	A	B	C	D	E	F
1	SusQ-Cyber Charter School					
	Final Budget 2019-2020					
	May 2019 Board Meeting					
2						2019-2020
3						Budget
4	Function	Object		<u>Revenues</u>		
5						
6				Beg n n g Unreserved Undes gnated Fund Ba ance		173,130
7						
8				Loca Revenue		
9						
10				Summer Schoo		1,500
11				Federa IDEA fund ng rece ved from IU		18,300
12	6510			B ended tu t on rate and spec a educat on		1,013,530
13						
14						
15	6990			State Revenue		
16				Schoo Hea th Serv ces Re mbursement		1,285
17						
18				Federa Revenue		
19						
20						
21						1,034,615
22				TOTAL REVENUES		
23						
24						
25				<u>Expend tures</u>		
26						
27	1100	100		Instruct ona Sa ary		238,649.97
28	1100	230		Ret rement		55,817.70
29	1100	220		SS		18,256.72
30	1100	260		Workers Comp		2,185.88
31	1100	211		Hea th		50,935.20
32	1100	212		Denta		2,482.20
33	1100	215		V s on		344.40
34	1100	213		L fe		360.00
35	1100	214		STD		344.40
36						
37						
38	1100	348		Adobe Connect		3,800
39	1100	390		Ach eve 3000		SIP Grant
40	1100	390		Co ege Courses Vendors		4,000
41	1100	390		Canvas		1,100
42	1100	390		Study Is and/Edmentum		SIP Grant
43	1100	390		Study.com		SIP Grant
44	1100	390		V rtua Job Shadow		SIP Grant
45	1100	390		Nearpod		SIP Grant
46						
47	1100	538		Internet Connect ons, student Re mbursements		2,500
48	1100	538		Internet Connect ons, student Ver zon Wre ess		24,000
49	1100	538		Internet Connect ons, student AT&T & T Mob e		3,800

	A	B	C	D	E	F
1	SusQ-Cyber Charter School					
	Final Budget 2019-2020					
2	May 2019 Board Meeting					2019-2020 Budget
50	1100	538			Internet Connections, student MIFI	800
51						
52						
53	1100	610			ESL Curriculum and Instruction	3,500
54	1100	618			Technology Supplies	500
55	1100	618			Technology Supplies ESL	250
56	1100	640			Instructional Textbooks	
57	1100	640			Instructional ESL	
58	1100	640			Instruction Supplies	
59	1100	640			Instruction Supplies Social Studies	35
60	1100	640			Instructional Supplies Tech Course	600
61	1100	640			Instructional Supplies English	1,300
62	1100	640			Instruction Supplies Math	400
63						
64	1100	648			Instructional Video's/DVD's	
65						
66	1100	810			Dues & Fees & Professional Development	5,000
67						
68					FUNCTION 1100 REGULAR PROGRAMS	420,961
69						
70	1200	100			Special Education Salary	105,291
71	1200	100			Extended School Year (ESY)	500
72	1200	230			Retirement	24,766
73	1200	260			Workers Comp	8,055
74	1200	220			SS	964
75	1200	211			Health	25,935
76	1200	212			Dental	1,241
77	1200	215			Vision	172
78	1200	213			Life	15
79	1200	214			STD	861
80						
81	1200	320			Related Testing & SW Services	7,000
82	1200	390			TINET & AIMS Web	1,600
83						
84	1200	540			Advertising	
85	1200	580			Travel	2,500
86	1200	580			Travel	1,200
87						
88	1200	610			Supplies	500
89	1200	618			Tech Supplies	500
90						
91					FUNCTION 1200 SPECIAL PROGRAMS	
92						
93	1400	310			Purchased Services Driver Education	1,400
94						
95					FUNCTION 1400 OTHER PROGRAMS	
96						

	A	B	C	D	E	F
1	SusQ-Cyber Charter School					
	Final Budget 2019-2020					
2	May 2019 Board Meeting					2019-2020 Budget
97	2100	100			Guidance 1/2 time Pup Serv ces Coord nator	22,279
98	2100	230			Ret rement	7,639
99	2100	260			Workers Comp	1,704
100	2100	220			SS	204
101	2100	211			Hea th	9,815
102	2100	212			Denta	248
103	2100	215			V s on	34
104	2100	213			L fe	36
105	2100	214			STD	173
106						
107						
108						
109	2100	580			Trave	1,300
110						
111	2100	610			Supp es	1,200
112	2100	618			Techno ogy Supp es	500
113						
114	2100	810			PowerSchoo	3,300
115	2100	810			Conference fees, etc.	500
116						
117					FUNCTION 2100 GUIDANCE SERVICES	
118						
119	2200	590			Staff tra n ng In serv ce Act 48	2,300
120						
121					FUNCTION 2200 INSTRUCTIONAL STAFF SUPPORT	
122						
123	2300	100			Adm n strat ve Sa ary	189,701
124	2300	230			Ret rement	57,682
125	2300	260			Workers Comp	12,869
126	2300	220			SS	1,580
127	2300	211			Hea th	35,750
128	2300	212			Denta	993
129	2300	215			V s on	138
130	2300	213			L fe	72
131	2300	214			STD	688
132						
133						
134	2300	330			Lega Fees/Serv ces	3,500
135						
136	2300	430			Equ pment Repa rs	500
137	2300	440			Off ce Equ pment Renta s/Fees	1,000
138						
139	2300	390			Profess ona Serv ces	500
140						
141	2300	520			L ab ty Insurances	16,000
142	2300	530			Postage	5,500
143	2300	530			Sh pp ng Costs	13,000

	A	B	C	D	E	F
1	SusQ-Cyber Charter School					
	Final Budget 2019-2020					
2	May 2019 Board Meeting					2019-2020 Budget
144	2300	540			Advertising Legal Notices, Vacancies	4,000
145	2300	580			Travel	2,400
146	2300	590			Meeting Expenses	200
147						
148	2300	610			Administrative	1,100
149	2300	650			Technology Supplies	500
150						
151	2300	750			Office equipment	500
152						
153	2300	810			Direct Deposit Fees	1,800
154	2300	810			Conference fees, etc.	250
155	2300	810			Misc. Fees and Service Charges	150
156	2300	810			Charter School Coalition	1,750
157						
158					FUNCTION 2300 ADMINISTRATION	
159						
160	2400	330			Nursing Services	1,650
161						
162	2400	330			School Physician	875
163						
164	2400	430			Repairs/replacements	100
165						
166	2400	590			In service training for CPR, AED, First Aid	0
167						
168	2400	750			Medical Equipment	2,000
169						
170	2400	610			Health Care Supplies	150
171						
172					FUNCTION 2400 PUPIL HEALTH	
173						
174	2500	330			Audit	10,000
175						
176					FUNCTION 2500 BUSINESS	
177						
178	2600	430			Repairs	1,300
179	2600	440			Rent of Boonsburg Tech. Center Facilities	40,170
180						
181	2600	530			Local Phone Services (Z to)	3,200
182						
183					FUNCTION 2600 PLANT	
184						
185	2800	100			Systems Administrator	44,558
186	2800	230			Retirement	2,228
187	2800	260			SS	3,409
188	2800	220			Workers Comp	371
189	2800	211			Health	5,874
190	2800	212			Dental	496

	A	B	C	D	E	F
1	SusQ-Cyber Charter School					
	Primary Budget 2019-2020					
2	May 2019 Board Meeting					2019-2020 Budget
191	2800	215			Vision	69
192	2800	213			Life	72
193	2800	214			STD	344
194						
195						
196	2800	430			Repairs/parts	7,500
197	2800	442			Equipment Renta	32,400
198	2800	442			Equipment Renta	3,025
199						
200	2800	538			Data & Internet Services	3,120
201	2800	538			Verizon MIFI	790
202	2800	538			Verizon Cell Phone	625
203						
204	2800	580			Travel	800
205						
206	2800	610			Supplies	1,650
207	2800	618			Technology Supplies	1,000
208	2800	618			Web Filter Renewal (Boss)	3,840
209	2800	618			Microsoft Licensing EES (Office 365)	2,320
210	2800	618			Microsoft Licensing Premier Support	3,300
211	2800	618			Web Helpdesk (Solar Winds)	285
212	2800	618			Website Hosting School Pointe	3,400
213	2800	618			JAMF	4,356
214	2800	756			Technology Computers/Hardware	3,000
215		758			Equipment	13,550
216	2800	810			Dues & Fees	500
217						
218					FUNCTION 2800 TECHNOLOGY SERVICES	
219						
220	5900	840			Contingency	
221					Retirement Contingency Fund	
222						
223					TOTAL EXPENDITURES	
224						
225						
226						

SUSQ-CYBER CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

SUSQ-CYBER CHARTER SCHOOL

Index

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 9
<i>Basic Financial Statements:</i>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	12
Reconciliation of Government Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund	16
Notes to Financial Statements	17 - 38
Schedule of Proportionate Share of the Net Pension Liability and School Contributions	39
Schedule of Proportionate Share of the Net OPEB Liability and School Contributions- PSERS Plan	40

Members of American and Pennsylvania Institute of Certified Public Accountants

• • •

41 South Fifth Street, Sunbury, Pennsylvania 17801
700 Bloom Road, Suite 101, Danville, Pennsylvania 17821
Phone: 570.286.5895 • Fax: 570.286.5976

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
SusQ-Cyber Charter School
240 Market Street, Suite #15
Bloomsburg, PA 17815

We have audited the accompanying financial statements of the governmental activities of SusQ-Cyber Charter School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Cyber Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the SusQ-Cyber Charter School, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018 the SusQ-Cyber Charter School District adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, budgetary comparison information on page 16, the Schedule of Proportionate Share of the Net Pension Liability and School Contributions on page 39, and the Schedule of Proportionate Share of the Net OPEB Liability and School Contributions on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hennig, Roll + Solomon

November 18, 2019

SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the SusQ-Cyber Charter School (the "Cyber Charter School") for the year ended June 30, 2018. The Cyber Charter School's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Cyber Charter School's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the Cyber Charter School's financial performance.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement Number 34.

FINANCIAL HIGHLIGHTS

Total net position of the Cyber Charter School increased \$109,422 in 2017-18, compared to a decrease of \$9,937 in 2016-2017.

Revenues totaled \$1,076,511. Program specific revenues in the form of charges for services accounted for \$1,053,323 or 97.8% of total revenues, grants and contributions accounted for \$18,270 or 1.7%, of total revenues, with general revenues in the amount of \$4,918 or 0.5%, accounting for the balance of the revenues.

The Cyber Charter School had \$967,089 in expenses relating to governmental activities. These expenses were covered by charges for services, operating grants and contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Cyber Charter School's basic financial statements. The Cyber Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Cyber Charter School's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position presents information on all of the Cyber Charter School's assets and liabilities, with the difference between the two 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 Cyber Charter School is improving or deteriorating.

The statement of activities presents information showing how the Cyber Charter 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental-wide financial statements distinguish functions of the Cyber Charter School that are principally supported by charges for services. The governmental activities include all of the Cyber Charter School's basic services which are primarily education services to grades nine through twelve via the internet and/or other emerging technologies. Tuition received from local education agencies (as required by Pennsylvania Act 88 of 2002) finances the majority of these activities.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cyber Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The Cyber Charter School records all of its financial activity in the general fund which is a governmental fund type.

SUSQ-CYBER CHARTER SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Cyber Charter School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand whether there are more or less financial resources available to finance services provided by the Cyber Charter School. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Cyber Charter School prepares a budget each year for its General Fund according to Pennsylvania law. The budget includes the accounting for all transactions of the Cyber Charter School. A budgetary comparison of the General Fund is provided in the annual financial report to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Cyber Charter School adopted the financial reporting model required by GASB Statement No. 34 in 2004. Comparative information showing the current year's operations to the prior year are shown on pages 6 and 7 of this report.

Net position at June 30, 2017 included in the condensed statements on page 6 and 7 is prior to the restatement of net position. Net Position at June 30, 2017 was restated to reflect the adoption of the provisions of GASB Statement No. 75, "*Accounting and Financial*

SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting of Postemployment Benefits Other Than Pensions" in which the Cyber Charter School changed its manner of accounting for postemployment benefits.

The Cyber Charter School's total net position at June 30, 2018 was \$(2,104,113). This negative balance is due primarily to the adoption of GASB Statement No. 68 during the fiscal year ended June 30, 2015. The Cyber Charter School's net pension liability at June 30, 2018 was \$1,679,000, representing its proportionate share of PSERS' net position liability.

**STATEMENT OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	GOVERN- MENTAL ACTIVITIES <u>2018</u>	GOVERN- MENTAL ACTIVITIES <u>2017</u>
<u>ASSETS:</u>		
CURRENT ASSETS	\$ 361,642	\$ 475,344
NONCURRENT ASSETS, NET	<u>122,641</u>	<u>60,305</u>
TOTAL ASSETS	<u>\$ 484,283</u>	<u>\$ 535,649</u>
DEFERRED OUTFLOWS	291,592	373,051
<u>LIABILITIES:</u>		
CURRENT LIABILITIES	\$ 206,021	\$ 151,202
NONCURRENT LIABILITIES	<u>1,845,959</u>	<u>2,103,409</u>
TOTAL LIABILITIES	<u>2,051,980</u>	<u>2,254,611</u>
DEFERRED INFLOWS	828,008	773,000
<u>NET ASSETS:</u>		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	17,545	60,305
RESTRICTED	-0-	-0-
UNRESTRICTED	<u>(2,121,658)</u>	<u>(2,179,216)</u>
TOTAL NET POSITION	<u>(2,104,113)</u>	<u>(2,118,911)</u>

SUSQ-CYBER CHARTER SCHOOL
 MANAGEMENT'S DISCUSSION AND ANALYSIS

Total assets at June 30, 2018 decreased \$51,366 from the amount at June 30, 2017. This decrease consisted of a \$113,702 decrease in Current Assets (\$98,504 decrease in cash, \$14,290 decrease in Receivables and a \$908 decrease in Prepaid Expenses), and an increase of \$62,336 in Non-Current Assets (\$62,336 increase in Furniture and Equipment). Total current liabilities at June 30, 2018, increased \$54,819 from the amount at June 30, 2017. This change consisted of an increase of \$19,434 in accrued salaries and benefits, a decrease of \$6,736 in payroll deductions and withholdings, an increase of \$7,079 in accounts payable, and an increase in the current portion of obligations under lease of \$35,042. Noncurrent liabilities for 2018 include the net pension liability of \$1,679,000, compensated absences of \$17,037, other post-employment benefits of \$79,868, and obligations under lease of \$70,054. Net Position at June 30, 2018 increased \$109,422 from the June 30, 2017 amount. This change in net position for the '17-'18 year agrees to the amount as reported on the Statement of Activities.

The following table shows the activities that affected the change in net position for the fiscal year ended June 30, 2018.

**STATEMENT OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	GOVERN- MENTAL ACTIVITIES <u>2018</u>	GOVERN- MENTAL ACTIVITIES <u>2017</u>
REVENUES:		
PROGRAM REVENUES:		
CHARGES FOR SERVICES	\$1,053,323	\$1,082,139
OPERATING GRANTS AND CONTRIBUTIONS	18,270	20,691
GENERAL REVENUES:		
OTHER	<u>4,918</u>	<u>3,143</u>
TOTAL REVENUES	<u>1,076,511</u>	<u>1,105,973</u>
PROGRAM EXPENSES:		
INSTRUCTION	518,940	631,311
INSTRUCTIONAL STUDENT SUPPORT	21,949	22,362
ADMINISTRATION AND FINANCIAL SUPPORT SERVICES	382,696	404,825
OPERATION AND MAINTENANCE OF PLANT SERVICES	<u>43,504</u>	<u>57,412</u>
TOTAL EXPENSES	<u>967,089</u>	<u>1,115,910</u>

SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

Change in net position	109,422	(9,937)
Net position, beginning	<u>(2,213,535)</u>	<u>(2,108,974)</u>
Net position, ending	<u><u>\$(2,104,113)</u></u>	<u><u>\$(2,118,911)</u></u>

Total revenue decreased \$29,462 for the year ended June 30, 2018. Charges for services decreased \$28,816 (2.7% decrease over the prior year.) Operating grants and contributions decreased approximately \$2,421. Federal IDEA funding decreased \$2,421 from the prior year. Other revenue increased \$1,775. Total expenses decreased \$148,821 for the year ended June 30, 2018.

CAPITAL ASSETS

The Cyber Charter School's investment in capital assets for its governmental and business-type activities as of June 30, 2018 and June 30, 2017 is summarized below.

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2018</u>	<u>2017</u>
FURNITURE AND EQUIPMENT	<u>620,744</u>	<u>800,356</u>
LESS ACCUMULATED DEPRECIATION	<u>(498,103)</u>	<u>(740,051)</u>
NET	<u><u>\$ 122,641</u></u>	<u><u>\$ 60,305</u></u>

SUSQ-CYBER CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

STRATEGIC PLAN

The SusQ-Cyber Charter School continues to execute the elements of its mission statement, which is to use the internet or other emerging technologies to deliver a personalized educational program to learners who express the desire and/or demonstrate the need for a non-traditional, flexible delivery of curriculum – a “school without walls.”

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Executive Officer, SusQ-Cyber Charter School, 240 Market Street, Suite 15, Box 1A Bloomsburg, PA 17815.

SusQ-Cyber Charter School
Statement of Net Position
June 30, 2018

	<u>Governmental</u>
<i>Assets:</i>	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 274,417
Due from governments (Note 3)	81,148
Prepaid expenses (Note 4)	2,094
Other current assets	3,983
Total current assets	361,642
Noncurrent assets:	
Furniture and equipment - net (Note 5)	122,641
Total noncurrent assets	122,641
Deferred outflows of resources - OPEB (Note 10)	1,306
Deferred outflows of resources - Pensions (Note 9)	290,286
Total Assets and Deferred Outflows of Resources	\$ 775,875
<i>Liabilities:</i>	
Current liabilities:	
Accounts payable	\$ 13,432
Accrued salaries and benefits (Note 7)	155,335
Payroll deductions and withholdings	2,212
Current portion of obligations under lease (Note 8)	35,042
Total current liabilities	206,021
Noncurrent liabilities:	
Net Pension Liability (Note 9)	1,679,000
Long-term portion of compensated absences (Note 6)	17,037
Other Post Employment Benefits (Note 10)	79,868
Obligations under lease	70,054
Total noncurrent liabilities	1,845,959
Deferred inflows of resources - OPEB (Note 10)	23,008
Deferred inflows of resources - Pensions (Note 9)	805,000
Total Liabilities and Deferred Inflows of Resources	2,879,988
<i>Net Position:</i>	
Net Investment in Capital Assets	17,545
Unrestricted	(2,121,658)
Total Net Position	(2,104,113)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 775,875

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

SusQ-Cyber Charter School
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<i>Governmental Activities:</i>								
Instruction	\$ 518,940	\$ -	\$ 536,673	\$ 18,270	\$ -	\$ 36,003	\$ -	\$ 36,003
Instructional Student Support	21,949	-	39,443	-	-	17,494	-	17,494
Admin. & Financial Support Serv.	382,696	-	443,188	-	-	60,492	-	60,492
Operation & Maint. of Facilities	43,504	-	34,019	-	-	(9,485)	-	(9,485)
Total Governmental Activities	967,089	-	1,053,323	18,270	-	104,504	-	104,504
<i>Business-type Activities:</i>								
	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 967,089</u>	<u>\$ -</u>	<u>\$ 1,053,323</u>	<u>\$ 18,270</u>	<u>\$ -</u>	<u>\$ 104,504</u>	<u>\$ -</u>	<u>\$ 104,504</u>
<i>General Revenues:</i>								
Refund of prior years expenditures						-	-	-
Miscellaneous income						4,918		4,918
Total General Revenues						4,918	-	4,918
Change in Net Position						109,422	-	109,422
Net Position - beginning, restated (Note 12)						(2,213,535)	-	(2,213,535)
Net Position - ending						<u>\$ (2,104,113)</u>	<u>\$ -</u>	<u>\$ (2,104,113)</u>

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

SusQ-Cyber Charter School
Balance Sheet - Governmental Funds
June 30, 2018

	<u>General Fund</u>
<i>ASSETS</i>	
Cash and cash equivalents	\$ 274,417
Due from governments	81,148
Prepaid expenses	2,094
Other current assets	<u>3,983</u>
 Total Assets	 <u><u>\$ 361,642</u></u>
 <i>LIABILITIES AND FUND BALANCES</i>	
<i>LIABILITIES</i>	
Accounts payable	\$ 13,432
Accrued salaries and benefits	155,335
Payroll deductions and withholdings	<u>2,212</u>
 Total Liabilities	 170,979
 <i>FUND BALANCES</i>	
Restricted fund balance	-
Committed fund balance	300,000
Unassigned fund balance	<u>(109,337)</u>
 Total Fund Balance	 <u>190,663</u>
 Total Liabilities & Fund Balance	 <u><u>\$ 361,642</u></u>

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

SusQ-Cyber Charter School
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2018

Total Fund Balances - Governmental Funds	\$	190,663
--	----	---------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$620,744, and the accumulated depreciation is \$498,103.		122,641
--	--	---------

Long-term liabilities, including obligations under lease, are not due and payable in the current period and, therefore, are not reported in the funds.

Obligation under capital lease		(105,096)
Compensated absences		(17,037)
Net OPEB Liability		(79,868)
Net Pension Liability		(1,679,000)

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

Deferred outflows of resources related to OPEB		1,306
Deferred outflows of resources related to pensions		290,286
Deferred inflows of resources related to OPEB		(23,008)
Deferred inflows of resources related to pensions		(805,000)
		(805,000)

Total Net Position- Governmental Activities	\$	(2,104,113)
---	----	-------------

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

SusQ-Cyber Charter School
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>
<i>REVENUES</i>	
Local Sources	\$ 1,076,511
Total Revenues	1,076,511
 <i>EXPENDITURES</i>	
Instruction	640,083
Support Services	569,907
Total Expenditures	1,209,990
Excess of Expenditures Over Revenues	(133,479)
Net Change in Fund Balances	(133,479)
Fund Balance - July 1, 2017	324,142
Fund Balance - June 30, 2018	\$ 190,663

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

SusQ-Cyber Charter School
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 to the Statement of Activities
 For the Year Ended June 30, 2018

Total net change in fund balances - governmental funds	\$	(133,479)
--	----	-----------

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense		(77,802)
Capital outlays		140,137
Obligations under lease		(105,096)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences		(2,863)
Decrease in Other Post Employment Benefits expense		1,290

Governmental funds report cyber charter school pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions- governmental funds		135,235
Proportionate share of pension expense less net amortization of deferred amounts from changes in proportion		152,000

Change in net position of governmental activities	\$	<u>109,422</u>
---	----	----------------

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

SusQ-Cyber Charter School
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual- General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Local sources	\$ 1,065,690	\$ 1,065,690	\$ 1,076,511	\$ 10,821
State sources	1,530	1,530	-	(1,530)
Total Revenues	1,067,220	1,067,220	1,076,511	9,291
<i>EXPENDITURES</i>				
Regular education programs	470,199	470,199	532,936	(62,737)
Special education programs	186,017	186,017	107,147	78,870
Other Instructional Programs	-	-	-	-
Pupil personnel support services	45,930	45,930	52,388	(6,458)
Instructional staff support serv.	2,300	2,300	-	2,300
Administrative & Business services	409,868	409,868	385,208	24,660
Operation & maint. of facilities	41,597	41,597	43,504	(1,907)
Central & other support services	132,040	132,040	88,807	43,233
Total Expenditures	1,287,951	1,287,951	1,209,990	77,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,731)	(220,731)	(133,479)	87,252
<i>OTHER FINANCING SOURCES (USES)</i>				
Budgetary reserve	-	-	-	-
Net Change in Fund Balances	(220,731)	(220,731)	(133,479)	87,252
Fund Balance - July 1, 2017	324,142	324,142	324,142	-
Fund Balance - June 30, 2018	\$ 103,411	\$ 103,411	\$ 190,663	\$ 87,252

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

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

**1. NATURE OF OPERATIONS AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

The major accounting principles and practices followed by the SusQ-Cyber Charter School (the Cyber Charter School) are summarized below:

NATURE OF OPERATIONS

The SusQ-Cyber Charter School is chartered under Pennsylvania Act 88 of 2002 by the Pennsylvania Department of Education to provide education to students from grades nine through twelve via the internet and/or other emerging technologies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cyber Charter School conform to generally accepted accounting principles for local government units. The more significant accounting policies are summarized below:

REPORTING MODEL CHANGE

In June 1999, the Governmental Accounting Standards Board ("GASB") issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34"). GASB 34 requires significant changes including the preparation of full accrual financial statements on a government-wide basis, the addition of a management discussion and analysis section providing an overall analysis of the Cyber Charter School's financial position and results of operations, and a change in focus of the fund financial statements to major funds.

In June 2001, GASB issued Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, which amended GASB 34 by clarifying or modifying certain of its provisions and Statement No. 38, *Certain Financial Statement Note Disclosures*, which modified, established or rescinded certain financial statement disclosure requirements.

The Cyber Charter School was required to adopt GASB 34, 37 and 38 in its 2004 fiscal year. Accordingly, the accompanying financial statements and notes thereto reflect the changes required by these statements.

The Cyber Charter School adopted Statement of Governmental Accounting Standards (GASB Statement) No. 68, *"Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27"* in the fiscal year ended June 30, 2015. The Cyber Charter School also adopted the provisions of GASB Statement No. 71, *"Pension Transition for Contributions made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68"*.

The Cyber Charter School adopted the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* for the fiscal year ended June 30, 2018. The adoption of this statement resulted in a restatement of net position (see Note 12).

REPORTING ENTITY

The reporting entity has been defined in accordance with the criteria established in Statement 14 issued by the Governmental Accounting Standards Board ("GASB"). The specific criteria used in determining whether other organizations should be included in the Cyber Charter School's financial reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

As defined above, there are no other related organizations that should be included in the Cyber Charter School's financial statements, nor is the Cyber Charter School considered a component unit of another government.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the Cyber Charter School as a whole on a full accrual, economic resource basis. The Cyber Charter School's activities are reported in the general fund and are classified as governmental activities. The Cyber Charter School does not have business-type activities.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. Program revenues include (1) charges for services to users of the Cyber Charter School's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the Cyber Charter School are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

The only fund that the Cyber Charter School uses is the general fund, which is a governmental fund type. All governmental functions of the Cyber Charter School are financed through this fund. The acquisition, use, and balances of the Cyber Charter School's expendable financial resources and the related liabilities are accounted for through this fund.

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Cyber Charter School are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the Cyber Charter School's net total position.

FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

ACCRUAL BASIS

Government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Grant revenue is recognized when grantor eligibility requirements are met.

MODIFIED ACCRUAL BASIS

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues. Expenditures, other than principal and interest on long-term debt, compensated absences and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on long-term debt, compensated absences and claims and judgments are recorded as fund liabilities when due and unpaid.

The Cyber Charter School applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Cyber Charter School does not apply FASB pronouncements issued after November 30, 1989.

ALLOCATION OF INDIRECT EXPENSES

The Cyber Charter School does not allocate any indirect costs including depreciation.

BUDGETS AND BUDGETARY ACCOUNTING

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

ENCUMBRANCES

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. At June 30, 2018, the Cyber Charter School had no outstanding encumbrances.

CASH AND INVESTMENTS

Cash and investments consist of cash and deposits held in liquid asset funds. All are carried at cost, which approximate fair value.

CAPITAL ASSETS

General capital assets are those assets (primarily computers) resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are stated at cost, net of accumulated depreciation. The Cyber Charter School capitalizes all asset purchases. All capital assets are depreciated. Depreciation is computed using the straight-line method over an estimated useful life of five years.

The Cyber Charter School does not have any infrastructure capital assets.

COMMITTED FUND BALANCE

In the fund financial statements, committed fund balances represent tentative management plans that are subject to change. These amounts are committed by the Board of Trustees.

COMPENSATED ABSENCES

Accumulated compensated absences consist of vacation days payable and unused sick days attributable to all full-time employees.

VACATION

Full-time Cyber Charter School employees are credited with vacation at rates that vary with length of service and/or job classification. Vacation may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee's then current rate of pay.

SICK LEAVE AND PERSONAL LEAVE

Effective with the 2011-12 school year, the board of trustees approved the following sick leave policy:

All professional staff will be credited with ten days sick days per year.

All 12-month employees will be credited with twelve sick days per year.

Any unused days will be carried over to the next fiscal year.

Any employee retiring will be paid for accumulated sick days at the rate of \$50.00 per day to a maximum of \$1,000. Remaining accumulated days may be donated to the sick leave bank.

CASH FLOWS

The Cyber Charter School considers highly liquid short-term instruments purchased with a maturity of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

NET POSITION

Net position represents the difference between assets and liabilities in the entity-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 18, 2019, the date on which the financial statements were available to be issued.

2. CASH AND INVESTMENTS

CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Cyber Charter School's deposits may not be returned. The deposit policy of the Cyber Charter School adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at a financial institution. The market values of deposits are equal to the cost of the deposits.

At June 30, 2018, the carrying amount of the Cyber Charter School's deposits was \$274,417 and the bank balance was \$303,680. The total bank balance that was insured by federal depository insurance was \$250,000 ("category 1 risk" pursuant to GASB No. 3). The remaining balance was covered by securities pledged by the financial institution for such funds, but not held in the Cyber Charter School's name ("category 3 risk" pursuant to GASB No. 3).

INVESTMENTS

The Cyber Charter School had no investments at June 30, 2018.

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the Cyber Charter School. At June 30, 2018, the total amount due from other local governments is \$81,148.

4. PREPAID EXPENSES

Prepaid expenses at June 30, 2018 consist of:

Instructional Expenses	\$ 1,594
Prepaid Postage	<u>500</u>
	<u>\$ 2,094</u>

5. FURNITURE & EQUIPMENT

Fixed asset activity for the fiscal year ending June 30, 2018 is as follows:

Cost, July 1, 2017	\$800,356
Purchases	140,138
Disposals	<u>(319,750)</u>
Cost, June 30, 2018	\$620,744
Less accumulated depreciation	<u>\$(498,103)</u>
Furniture & Equipment, net	<u>\$122,641</u>

Depreciation Expense for the fiscal year ending June 30, 2018 is \$77,802.

6. COMPENSATED ABSENCES

The Cyber Charter School's compensated absences for the fiscal year ending June 30, 2018 are \$17,037.

The Cyber Charter School pays its compensated absences from the general fund.

7. ACCRUED SALARIES AND BENEFITS

Accrued salaries and benefits totaling \$155,335 represent employees' wages and applicable employer paid benefits for services during the 2017-18 fiscal year that were paid after June 30, 2018.

8. OBLIGATIONS UNDER LEASE

During the fiscal year ended June 30, 2018, the Cyber Charter School signed the following technology equipment lease agreements:

	<u>Current</u>	<u>Long-Term</u>
Wells Fargo Financial Leasing, Monthly payments of \$2,668.28 for 48 months. The value of the leased equipment is \$128,523. There is an option to purchase the technology equipment at the end of the lease for \$1.	\$32,020	\$64,483
Leaf Capital Funding, Monthly payments of \$251.81 for 48 months. The value of the leased equipment is \$11,615. There is an option to purchase the technology equipment at the end of the lease for \$1.	<u>3,022</u>	<u>5,571</u>
	<u>\$35,042</u>	<u>\$70,054</u>

The Cyber Charter School is committed to the following yearly lease payments:

Year ended June 30:

2019	\$ 35,042
2020	35,042
2021	35,012
Thereafter	-0-

Lease amortization expense is included in depreciation expense.

9. PENSION PLAN

PENSIONS

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

GENERAL INFORMATION ABOUT THE PENSION PLAN

PLAN DESCRIPTION

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

BENEFITS PROVIDED

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

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to

the benefit that would have been effective if the member had retired on the day before death.

CONTRIBUTIONS

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Employer Contributions:

The Cyber Charter School's contractually required contribution rate for fiscal year ended June 30, 2018 was 31.74% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school were \$135,235 for the year ended June 30, 2018.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the Cyber Charter School reported a liability of \$1,679,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The Cyber Charter 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 Cyber Charter School's proportion was 0.0034 percent, which was a decrease of 0.0008 from its proportion measured as of June 30, 2016.

At June 30, 2018, the Cyber Charter 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>
Difference between expected and actual experience	\$ 18,000	\$ 10,000
Changes in assumptions	46,000	-0-
Net difference between projected and actual investment earnings	39,000	-0-
Changes in proportions	-0-	795,000
Difference between employer contributions and proportionate share of total contributions	52,051	-0-
Contributions subsequent to the measurement date	<u>135,235</u>	<u>-0-</u>
	<u>\$ 290,286</u>	<u>\$ 805,000</u>

\$135,235 reported as deferred outflows and inflows of resources related to pensions resulting from Cyber Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (279,478)
2020	(194,985)
2021	(103,992)
2022	(71,494)
2023	-0-
Thereafter	-0-

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Actuarial assumptions:

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.3%
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)	<u>(20.0%)</u>	1.1%
	<u>100%</u>	

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

Discount rate

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

Sensitivity of the Cyber Charter School's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
Cyber Charter School's proportionate share of the net pension liability	\$2,067,000	\$1,679,000	\$1,352,000

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.

10. OTHER POST-EMPLOYMENT BENEFITS

School Specific Plan

Plan Description:

The Cyber Charter School provides a defined benefit post employment healthcare benefit, which provides medical benefits to eligible retirees and their spouses. Coverage is provided until the retiree is eligible for Medicare or until the retiree's death, whichever is earlier.

All employees are eligible upon retirement with 30 years of PSERS service or upon superannuation retirement (age 60 with 30 years of service, age 62 with 1 year of

service, or 35 years of service, regardless of age). Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

Plan Membership:

As of June 30, 2018, the Plan's membership consisted of the following:

Active Participants	10
Vested Former Participants	0
Retired Participants	<u>0</u>
Total	10

Contributions:

The contribution requirements of the plan members of the Cyber Charter School are established and may be amended by the Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amount vary depending on classification and years of service with the Cyber Charter School.

Actuarial Methods and Assumptions:

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method- Entry Age Normal- Under the Entry Age Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earning of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of the Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Salary – an assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Interest Rate- 3.13%, Based on S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2017.

Healthcare Cost Trend Rate- 6.0% in 2017, and 5.5% in 2018 through 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Mortality rates- separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Changes in the Cyber Charter School's total OPEB liability for the plan for the fiscal year ended June 30, 2018 using the actuarial valuation as of July 1, 2017 were as follows:

	<u>Total OPEB Liability</u>
Balance at 7/1/2016	\$ 12,858
Service Cost	1,583
Interest	360
Differences between expected and actual experience	(5,321)
Changes in Assumptions	1,388
Benefit Payments	<u>(-0-)</u>
Net Changes	<u>(1,990)</u>
Balance at 7/1/2017	<u>\$ 10,868</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the Cyber Charter School, as well as what the Cyber Charter School's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School's Total OPEB Liability	\$ 9,062	\$ 10,868	\$ 13,128

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the Cyber Charter School as well as what the Cyber Charter School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage higher (4.13%) than the current discount rate:

	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
School's Total OPEB Liability	\$ 12,043	\$ 10,868	\$ 9,787

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the Cyber Charter School recognized OPEB expense of \$1,712. At June 30, 2018, the Cyber Charter School reported deferred outflows and inflows related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes in assumptions	\$ 1,306	\$ -0-
Differences between expected and actual experience	<u>-0-</u>	<u>5,008</u>
	<u>\$ 1,306</u>	<u>\$ 5,008</u>

Amounts, other than benefits payments subsequent to the measurement date, reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (231)
2020	(231)
2021	(231)
2022	(231)
2023	(231)
Thereafter	(2,547)

PSERS Healthcare Insurance Premium Assistance Plan

Plan Description:

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer other postretirement benefit plan (OPEB) that provides premium assistance to eligible public-school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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 Option Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees. The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in

the 15-member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Premium Assistance Eligibility Criteria:

Retirees of the System can participate in the PSERS Plan if they satisfy the following criteria:

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

Benefits Provided:

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor 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 cyber charters school's contractually required contribution rate for fiscal year ended June 30, 2017 was 0.83% of covered payroll, an actuarially determined 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.

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

At June 30, 2018, the Cyber Charter School reported a liability of \$69,000 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 Cyber Charter 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 of all School Districts in the PSERS Plan. At June 30, 2018, the Cyber Charter School's proportion was 0.0034 percent, which was a decrease of 0.0008 from its proportion measured as of June 30, 2017.

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the year ended June 30, 2018, the Cyber Charter School recognized OPEB expense of \$(2,000). At June 30, 2018, the Cyber Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -0-	\$ -0-
Changes in assumptions	-0-	3,000
Changes in proportions	<u>-0-</u>	<u>15,000</u>
	<u>\$ -0-</u>	<u>\$ 18,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (3,000)
2020	(3,000)
2021	(3,000)
2022	(3,000)
2023	(3,000)
Thereafter	(3,000)

Actuarial Assumptions:

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 3.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits).

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

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.

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 were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	<u>100%</u>	

Discount rate:

The discount rate used to measure the total OPEB liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13% 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 Cyber Charter School's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates:

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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 maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the Cyber Charter School's Proportionate Share of the net OPEB liability as well as what the Cyber Charter School's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Cyber Charter School's proportionate share of net OPEB liability	\$ 69,000	\$ 69,000	\$ 69,000

Sensitivity of the Cyber Charter School's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the Cyber Charter School's proportionate share of the net OPEB liability, as well as what the Cyber Charter School's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or higher (4.13 percent) than the current discount rate:

	<u>1% Decrease 2.13%</u>	<u>Current Discount Rate 3.13%</u>	<u>1% Increase 4.13%</u>
Cyber Charter School's proportionate share of net OPEB liability	\$ 79,000	\$ 69,000	\$ 61,000

SUSQ-CYBER CHARTER SCHOOL
A.U.N. 1-16-49-313-0
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

The following is a summary of the OPEB liability and deferred inflows and deferred outflows resulting from OPEB:

	Other Post Employment Benefits (OPEB) Liability	Deferred Inflows- OPEB	Deferred Outflows- OPEB
District Specific Plan	\$ 10,868	\$ 5,008	\$ 1,306
PSERS Healthcare Insurance Premium Assistance Plan	69,000	18,000	-
Total	<u>\$ 79,868</u>	<u>\$ 23,008</u>	<u>\$ 1,306</u>

11. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

The Cyber Charter School grants credit to various local education associations during the ordinary course of its operations. The ability of each of the Cyber Charter School's debtors to honor their obligations to the Cyber Charter School is dependent upon economic and other factors affecting these entities. Should sending districts fail to remit tuition payments to the Cyber Charter School, payment is made to the Cyber Charter School directly from the Pennsylvania Department of Education.

12. RESTATEMENT OF NET POSITION

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in which the Cyber Charter School changed its manner of accounting for other postemployment benefits.

	Governmental Activities
Net Position, beginning of year as previously stated	\$ (2,118,911)
Understatement of OPEB liability due to GASB 75	(94,624)
Net Position, beginning of year as restated	<u>\$ (2,213,535)</u>

SusQ-Cyber Charter School
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Position
 Liability and School Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Cyber Charter School's Proportion of the Net Pension Liability	0.0034%	0.0042%	0.0050%	0.0062%
Cyber Charter School's Proportionate Share of Net Pension Liability	1,679,000	2,081,000	2,166,000	2,454,000
Cyber Charter School's Covered-Employee Payroll	459,257	550,074	642,393	796,122
Cyber Charter School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	365.59%	310.00%	336.90%	308.20%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CYBER CHARTER SCHOOL'S CONTRIBUTIONS				
Statutorily Required Contribution	135,235	153,264	148,572	136,252
Contributions in Relation to the Statutorily Required Contribution	<u>-135,235</u>	<u>-153,264</u>	<u>-148,572</u>	<u>-136,252</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cyber Charter School's Covered-Employee Payroll	459,257	550,074	642,393	796,122
Contributions as a Percentage of Covered-Employee Payroll	29.45%	27.86%	23.13%	17.11%

The Cyber Charter School adopted GASB 68 on a prospective basis in 2015; therefore information is presented for only those years for which information is available.

The Public School Employees' Retirement System Trust Fund's net pension liability and associated amounts are measured annually at June 30, based on an actuarial valuation as of the previous June 30. The Cyber Charter School's contributions and related ratios represent cash contributions and any related accruals that coincide with the School's fiscal year ending June 30.

SusQ-Cyber Charter School
 Required Supplementary Information
 Schedule of Proportionate Share of the Net OPEB
 Liability and School Contributions- PSERS Plan

	<u>2018</u>	<u>2017</u>
PROPORTIONATE SHARE OF THE NET PSERS OPEB LIABILITY		
District's Proportion of the Net PSERS OPEB Liability	0.0034%	0.0042%
District's Proportionate Share of Net PSERS OPEB Liability	\$ 69,000	\$ 90,000
District's Covered-Employee Payroll	\$ 459,257	\$ 550,074
District's Proportionate Share of the Net PSERS OPEB Liability as a Percentage of Covered-Employee Payroll	15%	16%

	<u>2018</u>	<u>2017</u>
CYBER CHARTER SCHOOL CONTRIBUTIONS		
Statutorily Required Contribution	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	_____ -	_____ -
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 459,257	\$ 550,074
Contributions as a Percentage of Covered-Employee Payroll	0%	0%

The Cyber Charter School adopted GASB 75 on a prospective basis; therefore, information is presented for only those years for which information is available.



Executive Summary BSE Compliance Monitoring Review of the Susq-Cyber CS

PART I SUMMARY OF FINDINGS

A. Review Process

Prior to the Bureau's monitoring the week of February 10, 2020, the Susq-Cyber CS was formally notified of the dates the onsite review would be conducted. Notice and invitation to comment was also provided to the Local Task Force on Right-to-Education. The charter school was informed of its responsibility to compile various reports, written policies, and procedures to document compliance with requirements.

While onsite, the monitoring team employed a variety of techniques to gain an in depth understanding of the charter school's program operations. This included:

- Interviews of charter school administrative and instructional personnel
- Review of policies, notices, plans, outcome and performance data, special education forms and formats, and data reports used and compiled by the charter school (Facilitated Self-Assessment)
- Comprehensive case studies (including classroom observations, student file reviews, and interviews of parents and general and special education teachers).

B. General Findings

In reaching compliance determinations, the Bureau of Special Education (BSE) monitoring teams apply criteria contained in federal and state special education regulations. Specifically, these are:

- Individuals with Disabilities Education Improvement Act of 2004
- 22 Pa. Code Chapter 711
- 34 CFR Part 300

This report focuses on compliance with regulatory requirements and also contains descriptive information (such as interview and survey results) intended to provide feedback to assist in program planning.

C. Overall Findings

1. FACILITATED SELF ASSESSMENT (FSA)

The team reviewed the FSA submitted by the charter school and conducted onsite verification activities of the information submitted in the FSA. The onsite verification activities included review of policies, notices, procedures, and file reviews.

FSA	In Compliance	Out of Compliance
Assistive Technology and Services; Hearing Aids	2	0
Positive Behavior Support Policy	1	0
Child Find (Annual Public Notice and General Dissemination Materials)	1	0
Confidentiality	0	1
Dispute Resolution (Due process hearing decision implementation)	1	0
Exclusions: Suspensions and Expulsions (Procedural Requirements)	0	0
Independent Education Evaluation	1	0
Least Restrictive Environment (LRE)	1	0
Provision of Extended School Year Services	1	0
Provision of Related Service Including Psychological Counseling	1	0
Parent Training	1	0
Public School Enrollment	1	0
Surrogate Parents (Students Requiring)	0	1
Personnel Training	1	0
Intensive Interagency Approach	0	0
Summary of Academic Achievement and Functional Performance/Procedural Safeguard Requirements for Graduation	0	1
SPP/APR Indicator 13 (Transition)	0	1
Disproportionate Representation that is the Result of Inappropriate Identification	1	0

IMPROVEMENT PLAN REQUIRED*	Yes	No
Effective Use of Dispute Resolution	0	0
Graduation Rates (SPP)	0	1
Dropout Rates (SPP)	1	0
Suspensions (Rates)	0	0
Least Restrictive Environment (LRE) (SPP)	0	1
Participation in PSSA and PASA (SPP)	0	1
Participation in Charter-Wide Assessment	0	0
Public School Enrollment	0	1
Disproportionate Representation that is the Result of Inappropriate Identification	0	1

*This determination is based on the data used for the monitoring. More recent data provided by the LEA may demonstrate that the LEA does not require an improvement plan for this topic. Please refer to the Corrective Action Verification/Compliance and Improvement Plan for final guidance.

2. **FILE REVIEW** (Student case studies)

The education records of randomly selected students participating in special education programs were studied to determine whether the charter school complied with essential requirements.

The status of compliance of the Susq-Cyber CS is as follows:

Sections of the FILE REVIEW	In Compliance	Out of Compliance	NA
Essential Student Documents Are Present and Were Prepared Within Timelines	78	5	77
Evaluation/Reevaluation: Process and Content	230	4	546
Individualized Education Program: Process and Content	508	12	280
Procedural Safeguards: Process and Content	101	7	12
TOTALS	917	28	915

3. TEACHER AND PARENT INTERVIEWS

Interviews were conducted with parents and teachers of students selected by the BSE for the sample group. The goal is to determine if the charter school involves parents and professionals in required processes (e.g., evaluation, IEP development), whether programs and services are being provided, and whether the charter school provides training to enhance knowledge. Parent and teacher satisfaction with the special education program is also generally assessed.

	# Yes Responses	# No Responses	# of Other Responses
Program Implementation: General Ed Teacher Interviews	283	3	38
Program Implementation: Special Ed Teacher Interviews	326	2	124
Program Implementation: Parent Interviews	44	3	37
TOTALS	653	8	199

4. CLASSROOM OBSERVATIONS

Observations are conducted in classrooms of students selected by the BSE for the sample group.

	# Yes Responses	# No Responses	# of Other Responses
Classroom Observations	0	0	0

5. EDUCATIONAL BENEFIT REVIEW

	In Compliance	Out of Compliance
Educational Benefit Review		X

PART II CORRECTIVE ACTION PROCESS

PART I of this report presented an overall summary of findings. In the Appendix to the report, we have provided the detailed findings for each of the criteria of the compliance monitoring document, i.e. FSA, File Reviews, Interviews and Classroom Observations. The detailed report of findings includes:

- Criteria Number
- Statements of all requirements

- Whether each requirement was met, not met, not applicable or other
- Statements of corrective action required for those criteria not met. ***Criteria not met that require corrective action by the charter school are gray-shaded.***

Charter schools are advised that in accordance with requirements of the Individuals with Disabilities Education Act, all noncompliance must be corrected as soon as possible but in no case later than one year from the date of the monitoring report. The BSE is required to verify timely correction of noncompliance, and must report annually to the federal government and the public on this requirement.

Upon receipt of this report, the charter school should review the corrective action and improvement planning required. The report is formatted so that findings from all components of the monitoring are consolidated by topical area. The report lists the finding, and whether corrective action is required. For certain types of findings, corrective action will be prescribed, and will not vary from charter school to charter school. For example, if the finding is that the charter school lacks a specific required policy, it is reasonable to have the BSE prescribe a standardized remedy and timeline for correcting this deficiency. However, the majority of corrective action activities will be individually designed by the charter school based on their own unique circumstances and goals. Consistent with IDEA's general supervision requirements for states, BSE must approve all proposed corrective action.

With respect to the File Review, because students were selected at random, findings are generalized to the entire population of students with disabilities. During the corrective action review, the BSE Advisor will select students at random and will review updated data, i.e. records that were developed subsequent to the monitoring. Consequently, the charter school should approach corrective action on a systemic basis. As indicated above, the charter school is also required to correct student specific noncompliance identified during monitoring under the ICAP process. If there has been a finding of noncompliance in the Educational Benefit Review component, the individual students are identified to the charter school and, because of the significance of the provision of a free appropriate public education (FAPE) to these students; the charter school must take immediate corrective action.

The BSE Adviser will schedule an onsite visit with the charter school within 60 days following issuance of the monitoring report. The BSE Adviser, charter school, and PaTTAN staff will develop a Charter School Corrective Action Verification/Compliance and Improvement Plan. PaTTAN and IU staff are available to assist the charter school.

Upon conclusion of the corrective action process, the charter school will be notified of its successful completion of the monitoring process.