

Vida Charter School
Financial Statements
And
Independent Auditor's Report
Year Ended June 30, 2019

**Vida Charter School
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Year Ended June 30, 2019**

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Independent Auditor's Report

To the Board of Trustees
Vida Charter School
Gettysburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of Vida Charter School (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of Vida Charter School as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

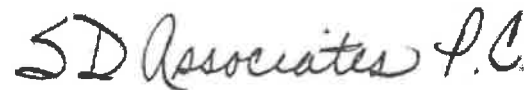
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019, on our consideration of Vida Charter 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 the 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 Vida Charter School's internal control over financial reporting and compliance.



Certified Public Accountants
Elkins Park, Pennsylvania

December 18, 2019

Vida Charter School

Management's Discussion and Analysis

June 30, 2019

The Board of Trustees of Vida 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, 2019. We encourage readers to consider the information presented here in conjunction with the School's financial statements.

Financial Highlights

- Total revenues increased by approximately \$263,000 due mainly to an increase in the student population and increased rates.
- At the close of the current fiscal year, the School reports an ending general fund balance of \$855,504. This balance was the result of a \$81,338 surplus for the year ended June 30, 2019.
- The School's unrestricted cash balance at June 30, 2019 was \$869,749, representing a decrease of \$98,015 from June 30, 2018.

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 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 of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) 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 function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

In the statement of net assets and the statement of activities, the School is divided into two kinds of activities:

Vida Charter School

Management's Discussion and Analysis

June 30, 2019

Overview of the Financial Statements (Continued)

Government-Wide Financial Statement (Continued)

Governmental activities - Most of the School's basic services are reported here.

Business-type activities - The School offers lunch to the students.

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 governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's two kinds of funds, governmental and proprietary, use different accounting approaches.

Most of 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.

When the School charges students for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the School's enterprise fund (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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.

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34 which requires a comparative analysis of current and prior periods.

Vida Charter School
Management's Discussion and Analysis
June 30, 2019

Government-Wide Financial Analysis (Continued)

	2019	2018
Assets		
Current assets	\$ 1,241,370	\$ 1,128,089
Noncurrent assets	88,494	121,013
	<u>1,329,864</u>	<u>1,249,102</u>
Deferred Outflows of Resources	<u>356,795</u>	<u>687,231</u>
Liabilities		
Current liabilities	423,203	391,260
Long-term liabilities	1,903,000	2,571,000
	<u>2,326,203</u>	<u>2,962,260</u>
Deferred Inflows of Resources	<u>1,466,069</u>	<u>1,395,408</u>
Net Position	<u>\$ (2,105,613)</u>	<u>\$ (2,421,335)</u>

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 and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,105,613 as of June 30, 2019.

The School's revenues are predominately local school district's funds based on the student enrollment. For the year ended June 30, 2019, the School's total revenues of \$3,597,465 exceeded expenditures of \$3,281,743 by \$315,722.

	2019	2018
Revenues		
Program revenues		
Local educational agency assistance	\$ 3,396,154	\$ 3,179,902
State sources	27,391	27,542
Federal sources	133,585	105,969
Food service	23,731	17,987
General revenues		
Other sources	16,604	3,058
Total revenues	<u>3,597,465</u>	<u>3,334,458</u>
Expenditures		
Instruction	1,839,826	1,921,306
Support services	1,343,505	1,212,452
Noninstructional services	57,107	57,294
Depreciation and amortization	41,305	55,788
Total expenditures	<u>3,281,743</u>	<u>3,246,840</u>

Vida Charter School
Management's Discussion and Analysis
June 30, 2019

Government-Wide Financial Analysis (Continued)

Change in net position	315,722	87,618
Net position, beginning	(2,421,335)	(2,357,443)
Restatement	<u>-</u>	<u>(151,510)</u>
Net position, ending	<u>\$ (2,105,613)</u>	<u>\$ (2,421,335)</u>

Governmental Fund

The focus of the School's *governmental fund* is to provide information on near-term inflows, outflows, and balances 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 for program purposes at the end of the fiscal year.

The School's governmental fund (the General Fund) reported an ending fund balance of \$855,504

Budget Variations

Actual revenues increased \$16,160 from the budget due to increases (decreases) as follows:

Local educational agency assistance	\$ (2,378)
Federal sources	29,674
State sources	(702)
Other sources	<u>(10,434)</u>
	<u>\$ 16,160</u>

Actual expenditures decreased \$50,320 from the budget due to increases (decreases) as follows:

Instructional services	\$ (21,018)
Support services	501,368
Noninstructional services	22,497
Capital outlay	<u>(553,167)</u>
	<u>\$ (50,320)</u>

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the School's investment in capital assets for its governmental activities totaled \$51,157 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, classroom and office furniture, and computer equipment.

Major capital assets purchases during the year included the following:

Vida Charter School
Management's Discussion and Analysis
June 30, 2019

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

- Capital expenditures of \$3,805 for equipment
- Capital expenditures of \$4,980 for furniture and fixtures

Long-Term Debt

The School does not have any long-term liabilities at this time.

Economic Factors and Next Year's Budgets and Rates

The School's primary source of revenue, the per student subsidy provided by local school districts, has risen 2% on average in recent years, and is expected to see a similar increase in 2019-2020. The School's enrollment is expected to remain at a similar level to 2018-2019. State and federal subsidies are also expected to increase between 1 and 3 percent in 2019-2020.

Future Events that will Financially Impact the School

Except as listed in the above economic factors, there are no known additional future events that will financially impact the school.

Contacting 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 CEO, Vida Charter School, 120 East Broadway, Gettysburg, PA 17325.

Vida Charter School
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 869,749
Federal subsidies receivable	16,269
State subsidies receivable	19,455
Local receivables	250,212
Prepaid expenses	85,685
Security deposit	37,337
Property and equipment, net	<u>51,157</u>
Total assets	<u>1,329,864</u>
Deferred Outflows of Resources	
Deferred outflows of resources	<u>356,795</u>
Liabilities	
Accounts payable	78,374
Accrued expenses	297,711
Due to other governments	47,118
Net OPEB liability	79,000
Net pension liability	<u>1,824,000</u>
Total liabilities	<u>2,326,203</u>
Deferred Inflows of Resources	
Deferred inflows of resources	<u>1,466,069</u>
Net Position	
Invested in capital assets	51,157
Unrestricted	<u>(2,156,770)</u>
Total net position	<u>\$ (2,105,613)</u>

See accompanying notes to financial statements.

Vida Charter School
Statement of Activities
Year Ended June 30, 2019

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
Instruction	\$ 1,839,826	\$ 2,039,161	\$ 141,521	\$ 340,856	\$ -	\$ 340,856
Support services	1,343,505	1,356,993	19,455	32,943	-	32,943
Noninstructional services	35,084	-	-	(35,084)	-	(35,084)
Depreciation and amortization	41,305	-	-	(41,305)	-	(41,305)
Total governmental activities	3,259,720	3,396,154	160,976	297,410	-	297,410
Business-Type Activities						
Food service	22,023	23,731	-	-	1,708	1,708
	\$ 3,281,743	\$ 3,419,885	\$ 160,976	297,410	1,708	299,118
General Revenues						
Contributions				16,604	-	16,604
Other revenues				-	-	-
Transfers				1,708	(1,708)	-
Change in net position				315,722	-	315,722
Net Position - Beginning of Year				(2,421,335)	-	(2,421,335)
Net Position - End of Year				\$ (2,105,613)	\$ -	\$ (2,105,613)

See accompanying notes to financial statements.

Vida Charter School
Balance Sheet-Governmental Funds
June 30, 2019

	General Fund
Assets	
Cash and cash equivalents	\$ 869,749
Federal subsidies receivable	16,269
State subsidies receivable	19,455
Local receivables	250,212
Prepaid expenses	85,685
Security deposits	37,337
	<u> </u>
Total assets	<u>\$ 1,278,707</u>
Liabilities	
Accounts payable	\$ 78,374
Accrued expenses	297,711
Due to other governments	47,118
	<u> </u>
Total liabilities	<u>423,203</u>
Fund Balances	
Nonspendable	123,022
Assigned	600,000
Unassigned	132,482
	<u> </u>
Total fund balances	<u>855,504</u>
	<u>\$ 1,278,707</u>

See accompanying notes to financial statements.

Vida Charter School
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

Total Fund Balance for Governmental Funds	\$	855,504
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Equipment	270,638	
Furniture and fixtures	58,224	
Improvements	6,045	
Accumulated depreciation and amortization	<u>(283,750)</u>	
		51,157

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year end consist of:

Net OPEB liability		(79,000)
Net pension liability		(1,824,000)

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

Deferred outflows of resources		356,795
Deferred inflows of resources		<u>(1,466,069)</u>

Total Net Position of Governmental Activities	\$	<u>(2,105,613)</u>
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Vida Charter School
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Funds
Year Ended June 30, 2019

	General Fund
Revenues	
Local education agency assistance	\$ 3,396,154
Federal sources	133,585
State sources	27,391
Other sources	16,604
Total revenues	<u>3,573,734</u>
Expenditures	
Instruction	2,071,633
Support services	1,378,602
Noninstructional services	35,084
Capital outlay	8,785
Total expenditures	<u>3,494,104</u>
Revenues in Excess of Expenditures	79,630
Other Financing Sources	
Interfund transfers in	<u>1,708</u>
Net Change in Fund Balance	81,338
Fund Balance - Beginning of Year	<u>774,166</u>
Fund Balance - End of Year	<u>\$ 855,504</u>

See accompanying notes to financial statements.

Vida Charter School

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	81,338
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Capital outlays and deferred charges 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 and amortization expense. This is the amount by which capital outlays and deferred charges exceeds depreciation in the current period.

Capital outlays	8,785	
Depreciation and amortization expense	(41,305)	
		(32,520)

Governmental funds report 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.

School pension contributions	143,032	
Cost of benefits earned net of employee contributions	123,872	
		266,904

Change in Net Position of Governmental Activities	\$	315,722
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Vida Charter School
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2019

	Enterprise Fund
	Food Service Fund
Operating Income	<u>\$ 23,731</u>
Operating Expenses	
Food	<u>22,023</u>
Loss before interfund transfers	1,708
Interfund transfers out	<u>(1,708)</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u>\$ -</u>

See accompanying notes to financial statements.

Vida Charter School
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019

	Enterprise Fund Food Service Fund
Cash Flows From Operating Activities	
Cash received from students	\$ 23,731
Payments to suppliers	<u>(22,023)</u>
Net cash used in operating activities	<u>1,708</u>
Cash Flows From Noncapital Financing Activities	
Transfer from other fund	<u>(1,708)</u>
Net cash provided by noncapital financing activities	<u>(1,708)</u>
Net decrease in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>

See accompanying notes to financial statements.

Vida Charter School

Notes to Financial Statements

June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies

Vida Charter School (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997. The School is operating under a charter school contract expiring on November 30, 2024.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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 of the School's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the School's general fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

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 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The funds utilized by the School and brief descriptions of their accounting purposes are as follows:

Governmental Fund - The fund listed below is the fund through which most governmental functions are furnished.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

General Fund – The General Fund is the operating fund of the School and accounts for all revenues and expenditures of the School.

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

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services, and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Amounts reported as program revenues include a per-student subsidy from local school districts as well as federal and state grants. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Method of Accounting

The School has adopted the provision of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments*." Statement 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These calculations are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Method of Accounting (Continued)

- Restricted – This component of net position consists of constraints placed on asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position typically includes unrestricted liquid assets.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed for the included program.

Fund Balances - Governmental Funds

The School elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Type Definition* during the year ended June 30, 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The School classified prepaid expenses and security deposit as being nonspendable as these items are not expected to be converted to cash.
- Restricted - included amounts restricted by external sources, such as creditors or grantors, or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.
- Assigned - includes amounts that the School intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The School assigned \$600,000 for future operating costs.
- Unassigned - includes all amounts that are not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is 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 has provided otherwise in its commitment or assignment actions.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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. Actual results could differ from those estimates.

Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Concentration of Credit Risk

Periodically, the School may maintain deposits in excess of the Federal Deposit Insurance Corporation's limit of \$250,000 with financial institutions. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School's accounts are covered by this Act.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the School's cash and cash equivalents is considered to be cash on hand and demand deposits.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School established a threshold of \$2,500 for capitalization of depreciable assets. Similar items purchased in the same timeframe and items related to the same project or purchase can be pooled together for capitalization and depreciation. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets; furniture and fixtures (7 years) and equipment (5 years).

Deferred Outflows/Inflows of Resources

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of net position and related disclosures. In compliance with Statement No. 63, the statement of net position includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The School adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the School's tax positions and concluded that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The School files a Return of Organizations Exempt from Income Tax annually. The School's returns for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

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 of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

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

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

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

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 School's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% 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 \$139,481 for the year ended June 30, 2019.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 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

- Have 24.5 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 of the HOP or employer-sponsored health insurance program.

Pension Plan Description

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

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 1 Background and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (Continued)

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, 2018 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, 2019 was 0.83% 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 \$3,551 for the year ended June 30, 2019.

Note 2 Cash

The School's cash and cash equivalents balance at June 30, 2019, was \$869,749. The actual amount of cash on deposit in the School's bank accounts at June 30, 2019 was \$896,926. As of June 30, 2019, the School's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's	<u>\$ 646,926</u>
Insured amount	<u>\$ 250,000</u>

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a policy for custodial credit risk.

Note 3 Receivables

Receivables as of June 30, 2019 consist primarily of subsidies from federal and state authorities. All receivables are considered collectible due to the stable condition of these programs.

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 4 Capital Assets (Continued)

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19
Furniture and fixtures	\$ 54,419	\$ 3,805	\$ -	\$ 58,224
Improvements	6,045	-	-	6,045
Equipment	265,658	4,980	-	270,638
	326,122	8,785	-	334,907
Less: accumulated depreciation and amortization	242,445	41,305	-	283,750
	\$ 83,677	\$ (32,520)	\$ -	\$ 51,157

Depreciation and amortization expense was \$41,305 for the year ended June 30, 2019.

Note 5 Interfund Transfers

Operating transfers in/out to other funds consists of the following:

	Transfer In	Transfer Out
General fund	\$ 1,708	\$ -
Food service fund	-	1,708
	\$ 1,708	\$ 1,708

Note 6 Funding

The School receives funding from local public school districts on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Note 7 Commitments

Operating Leases

The School leases its facilities in Gettysburg, Pennsylvania under operating leases expiring on June 30, 2021. In addition to the basic rent, the School is required to pay all taxes, occupancy, insurance, and maintenance. Rent expense was \$478,507 for the year ended June 30, 2019.

Future minimum lease payments as of June 30, 2019 are as follows:

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 7 Commitments (Continued)

Operating Leases (Continued)

Year ended June 30,	Total
2020	\$ 477,852
2021	477,852
	\$ 955,704

Note 8 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the School reported a liability of \$1,824,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2019, the School's proportion was .0038% percent, which was a decrease of .0012% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized pension income of \$116,679. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 9,000	\$ -
Differences between expected and actual experience	15,000	28,000
Changes in proportion	161,000	1,378,000
Changes of assumptions	34,000	-
Difference between employer contributions and proportionate share of total contributions	6,237	-
Contributions subsequent to the measurement date	139,481	-
	\$ 364,718	\$ 1,406,000

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 8 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$139,481 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ (314,435)
2021	(493,252)
2022	(367,867)
2023	(5,302)
2024	93

Note 9 Actuarial Assumptions

The total pension liability at June 30, 2018 was determined by rolling forward the System's total pension liability at June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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

The pension plan's policy in regard to 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.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 9 Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
100%		

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, 2018.

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 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	\$ 2,261,000	\$ 1,824,000	\$ 1,455,000

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 9 Actuarial Assumptions (Continued)

Pension Plan Fiduciary Net Position

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

Note 10 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the School reported a liability of \$79,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2019, the School's proportion was .0038 percent, which was a decrease of .0012 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized OPEB income of \$7,193. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 57,000
Changes of assumptions	1,000	3,000
Difference between employer contributions and proportionate share of total contributions	-	69
Contributions subsequent to the measurement date	3,551	-
	\$ 4,551	\$ 60,069

The \$3,551 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 10 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Year Ended June 30:		
	2020	\$	(11,043)
	2021		(11,403)
	2022		(11,043)
	2023		(10,940)
	2024		(11,000)
	Thereafter		(4,000)

Note 11 Actuarial Assumptions

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- 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.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 11 Actuarial Assumptions (Continued)

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

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

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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	1.3%	0.4%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of June 30, 2018.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 11 Actuarial Assumptions (Continued)

Sensitivity of the System 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, 2018, 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, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 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 System net OPEB liability for June 30, 2018, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health care cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	Dollar Amounts in Thousands		
	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 79,000	\$ 79,000	\$ 79,000

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 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage point higher (3.98%) than the current rate:

	1% Decrease	Current	1%
	1.98%	Discount 2.98%	Increase 3.98%
School's proportionate share of the net OPEB liability	\$ 90,000	\$ 79,000	\$ 70,000

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.

Vida Charter School
Notes to Financial Statements
June 30, 2019

Note 12 Retirement Plan

The School also provides pension benefits for all of its employees through the Vida Charter School 403(b) Plan. All employees are eligible to participate from the date of employment, with a mandatory minimum contribution of 5%. The School will match the employees' contributions dollar for dollar up to 5% of their compensation. School contributions to the plan for the year ended June 30, 2019 totaled \$61,415.

Note 13 Grants

The School participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 14 Risk Management

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage of the School's policies.

Note 15 Litigation

The School is, from time to time, involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, at this time, the ultimate resolution of these matters will not have an adverse effect of the financial position of the School.

Required Supplementary Information

Vida Charter School
Governmental Fund Budgetary Comparison Schedule
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Revenues/ Expenditures</u>	<u>Budget</u>
Revenues				
Local educational agency assistance	\$ 3,398,532	\$ 3,398,532	\$ 3,396,154	\$ (2,378)
Federal sources	103,911	103,911	133,585	29,674
State sources	28,093	28,093	27,391	(702)
Other sources	<u>27,038</u>	<u>27,038</u>	<u>16,604</u>	<u>(10,434)</u>
Total revenues	<u>3,557,574</u>	<u>3,557,574</u>	<u>3,573,734</u>	<u>16,160</u>
Expenditures				
Instruction	2,092,651	2,092,651	2,071,633	21,018
Support service	877,234	877,234	1,378,602	(501,368)
Noninstructional services	12,587	12,587	35,084	(22,497)
Capital outlay	<u>561,952</u>	<u>561,952</u>	<u>8,785</u>	<u>553,167</u>
Total expenditures	<u>3,544,424</u>	<u>3,544,424</u>	<u>3,494,104</u>	<u>50,320</u>
Revenues in Excess of Expenditures	13,150	13,150	79,630	66,480
Other Financing Sources				
Interfund transfers	<u>22,101</u>	<u>22,101</u>	<u>1,708</u>	<u>(20,393)</u>
Net Change in Fund Balance	35,251	35,251	81,338	46,087
Fund Balance, Beginning	<u>774,166</u>	<u>774,166</u>	<u>774,166</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 809,417</u>	<u>\$ 809,417</u>	<u>\$ 855,504</u>	<u>\$ 46,087</u>

See accompanying notes to financial statements.

Vida Charter School

Schedule of the School's Proportionate Share of the Net Pension Liability and Contributions

Last 10 Fiscal Years*

Schedule of the School's Proportionate Share of the Net Pension Liability

Fiscal Year	PSERS Net Pension Liability		School's Covered Employee Payroll	School's Proportionate Share of NPL as a % of Covered-Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	School's Proportion	School's Proportionate Share			
6/30/2013	0.6700%	\$ 2,743,000	\$ 857,893	319.74%	54.49%
6/30/2014	0.7400%	\$ 2,929,000	\$ 948,510	308.80%	57.24%
6/30/2015	0.9200%	\$ 3,985,000	\$ 918,427	433.89%	54.36%
6/30/2016	0.7300%	\$ 3,618,000	\$ 939,451	385.12%	50.14%
6/30/2017	0.5000%	\$ 2,469,000	\$ 661,433	373.28%	51.84%
6/30/2018	0.3800%	\$ 1,824,000	\$ 517,543	352.43%	54.00%

Schedule of School Contributions

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Total Covered-Employee Payroll
6/30/2016	\$ 229,607	\$ 229,607	\$ -	\$ 939,451	24.44%
6/30/2017	\$ 183,947	\$ 183,947	\$ -	\$ 661,433	27.81%
6/30/2018	\$ 158,551	\$ 158,551	\$ -	\$ 517,543	30.64%
6/30/2019	\$ 139,481	\$ 139,481	\$ -	\$ 427,855	32.60%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Vida Charter School

Schedule of the School's Proportionate Share of the Net OPEB Liability and Contributions

Last 10 Fiscal Years*

Schedule of the School's Proportionate Share of the Net OPEB Liability

Fiscal Year	PSERS Net OPEB Liability		School's Covered Employee Payroll	School's Proportionate Share of OPEB as a % of Covered-Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	School's Proportion	School's Proportionate Share			
6/30/2016	0.7300%	\$ 157,000	\$ 939,451	16.71%	5.47%
6/30/2017	0.5000%	\$ 102,000	\$ 661,433	15.42%	5.73%
6/30/2018	0.3800%	\$ 79,000	\$ 517,543	15.26%	5.56%

Schedule of School Contributions

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Total Covered-Employee Payroll
6/30/2018	\$ 4,146	\$ 4,146	\$ -	\$ 517,543	0.80%
6/30/2019	\$ 3,551	\$ 3,551	\$ -	\$ 427,855	0.83%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Vida Charter School
Notes to Required Supplementary Information
Year Ended June 30, 2019

Note 1 Changes in Benefit Terms

None.

Note 2 Changes in Assumptions

None.

Other Reports Required By Government Auditing Standards

**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***

To the Board of Trustees
Vida Charter School
Gettysburg, Pennsylvania

We have audited, in accordance with the 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, the business-type activities, and the major fund of Vida Charter School (the School) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon, dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The 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 of 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.

A handwritten signature in dark ink that reads "SD Associates P.C." in a cursive, flowing script.

Certified Public Accountants
Elkins Park, Pennsylvania

December 18, 2019