

**PERSEUS HOUSE CHARTER SCHOOL  
OF EXCELLENCE**

**SINGLE AUDIT REPORT**

**JUNE 30, 2025**

# PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE

## Table of Contents

June 30, 2025

	<u>Page</u>
Independent Auditors' Report	3-6
Management's Discussion and Analysis	7-12
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet-Governmental Fund	15
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	19
Notes to Financial Statements	20-44
<b>Supplementary Information</b>	
Required Supplementary Information	45-51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual-General Fund	53
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54-55
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	56-58
Schedule of Expenditures of Federal Awards	60-61
Notes to the Schedule of Expenditures of Federal Awards	62
Schedule of Findings and Questioned Costs	63
Summary Schedule of Prior Audit Findings	64
Corrective Action Plan	65
List of Report Distribution	66



## **Independent Auditors' Report**

To The Members of the Board  
Perseus House Charter School of Excellence  
Erie, Pennsylvania

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Perseus House Charter School of Excellence as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Perseus House Charter School of Excellence, as of June 30, 2025, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Perseus House Charter School of Excellence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Perseus House Charter School of Excellence's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Independent Auditors' Report**  
**(continued)**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Perseus House Charter School of Excellence's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Perseus House Charter School of Excellence's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Independent Auditors' Report**  
**(continued)**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and employer pension plan and OPEB information on pages 7 through 12 and 46 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Perseus House Charter School of Excellence's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget and actual – General Fund and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balance – budget and actual – General Fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Independent Auditors' Report**  
**(continued)**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2025, on our consideration of the Perseus House Charter School of Excellence'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 solely 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 effectiveness of the Perseus House Charter School of Excellence's 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 Perseus House Charter School of Excellence's internal control over financial reporting and compliance.

*Heberlein and Falk, P.C.*

Heberlein & Falk, P.C.

September 14, 2025  
Erie, Pennsylvania

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

The management discussion and analysis of the Perseus House Charter School of Excellence (Charter School) provides an overall review of the Charter School's financial activities for the year ended 2024-2025 (2023-2024). The intent of the management discussion and analysis is to look at the Charter School's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Charter School's financial performance.

**Financial Highlights**

Financial highlights for 2024-2025 (2023-2024) are as follows:

- A. Liabilities of the Charter School exceed assets by \$(2,494,729) ((\$5,057,233)) (net position).
- B. The School's total net position increased by \$2,562,504 for 2024-2025 and increased by \$1,687,512 for 2023-2024.
- C. As of June 30, 2025 (June 30, 2024), the School's governmental funds reported a fund balance of \$5,651,698 (\$5,093,790) over the previous fiscal year.
- D. Total expenses for the years were \$9,268,452 (\$12,127,335). Program revenues were made up of charges for services of \$9,943,993 (\$9,795,655) and operating grants and contributions of \$1,620,942 (\$3,935,123).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The statement of net position presents information on all of the 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 Charter School is improving or deteriorating.

The statement of activities presents information showing how the government'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 the 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 (e.g. uncollected state subsidies and accrued wages).

Both of the government-wide financial statements distinguish functions of the Charter School that are principally supported by tuition and intergovernmental revenues (governmental activities). The governmental activities of the Charter School include education of students from the City of Erie and the Erie County area. The School does not have any business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of the report.

**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 Perseus House Charter School of Excellence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter School can be divided into two categories: governmental funds and fiduciary funds.

**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 financial statements focus on near-term inflows and outflow 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 a government'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 activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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.

The Charter School maintains one governmental fund and does not have any fiduciary funds at this time.

The Charter School adopts an annual budget for the governmental fund. A budgetary comparison statement has been provided to demonstrate comparisons with the budget.

The basic governmental fund financial statements can be found on pages 15 through 19.

**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. The notes to the financial statements can be found on pages 20 through 44 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, liabilities exceeded assets by (\$2,494,729) at June 30, 2025. The unrestricted deficit of net position of (\$4,167,883) is due to the Charter School's proportionate share of the net pension liability.

A portion of net position reflects the School's investment in capital assets (e.g. land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Charter School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Charter School's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities 2024-2025	Governmental Activities 2023-2024
Current and other assets	\$ 6,795,631	\$ 6,375,621
Capital assets	<u>2,159,968</u>	<u>2,603,628</u>
Deferred outflows related to pensions	<u>2,845,619</u>	<u>2,932,739</u>
Current and other liabilities	1,434,938	1,524,588
Long-term liabilities	<u>12,447,508</u>	<u>13,821,814</u>
Deferred inflows related to pensions	<u>413,501</u>	<u>1,622,819</u>
Net position		
Net investment in capital assets	1,673,154	1,845,138
Unrestricted	<u>(4,167,883)</u>	<u>(6,902,371)</u>
Total net position	<u>\$ (2,494,729)</u>	<u>\$ (5,057,233)</u>

Governmental activities: Governmental activities increased the Charter School's net position by \$2,562,504 (increased by \$1,687,512). Key elements of this increase are as follows:

	Governmental Activities 2024-2025	Governmental Activities 2023-2024
<u>Revenues</u>		
Program revenues:		
Operating grants and contributions	\$ 1,620,942	\$ 3,935,123
Charges for services	9,943,993	9,795,655
General revenues:		
Contributions	43,918	28,847
Investment income	125,966	19,912
Other income	96,137	35,310
Gain/(Loss) on disposal of Fixed Assets	-	-
Refund of Prior Year, net	-	-
Total revenues	<u>11,830,956</u>	<u>13,814,847</u>
<u>Expenses</u>		
Instruction	4,594,777	6,486,570
Pupil personnel	926,701	1,104,459
Instructional student support	253,657	386,367
Pupil health	228,157	252,770
Administrative and financial support	1,407,831	1,434,178
Operation of plant	1,134,565	1,440,548
Student Transportation	9,179	8,824
Other support services	278,288	695,573
Central services	426,373	304,890
Noninstructional	8,924	13,156
Interest on Long Term Debt	-	-
Total expenses	<u>9,268,452</u>	<u>12,127,335</u>
Increase (decrease) in net position	<u>\$2,562,504</u>	<u>\$1,687,512</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Charter 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 Charter School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current year, the Charter School's governmental fund reported a fund balance of \$5,651,698 (\$5,093,790). Of the \$5,651,698, \$2,419,084 is assigned for the renovations at all three school locations, student health & rec center, curriculum and technology purchases, and for future increases in salaries and pension expense. The remaining \$3,232,614 fund balance is unassigned, which is available for spending at the government's discretion.

The fund balance of the Charter School increased by \$557,908 (increased by \$1,387,214) during the current and previous fiscal years.

### **General Fund Budget Highlights**

The Charter Schools' budget is prepared using the modified accrual basis of accounting.

The revenue budget was \$11,745,063 (\$13,493,387). Actual revenues were \$11,830,956 (\$13,814,847).

The expenditure budget was \$11,190,927 (\$12,238,352), compared to actual expenses of \$11,273,048 (\$12,427,633).

### **Capital Assets and Debt Administration**

As of the end of fiscal year 2025 (2024), the Charter School had \$1,721,462 (\$1,897,868) invested in buildings and equipment (cost \$4,179,080 (\$4,156,028), less accumulated depreciation of \$2,457,618 (\$2,258,160). The Charter School had debt related to capital assets during the current fiscal year of \$0.

### **DEMOGRAPHIC DATA FOR THE 2023-2024 SCHOOL YEAR**

Unduplicated total student count: 666

Sending Districts: Erie City, Millcreek Township, Iroquois and Wattsburg Area.

Poverty Rate: 82%

Special Education Students: 183

Staff: 40 teachers, 3 long-term substitute teachers, 2 school counselors, 1 coach/school counseling support, 2 full-time health room aides, 1 lead school nurse, 3 program facilitators, 4 clerical staff, 1 director of pupil services, 3 principals, 2 education coordinator, 1 maintenance supervisor, 1 workforce administrator, 1 part-time food truck operator, 2 resource officer positions, 1 part-time bus driver, 1 workforce development facilitator, 1 PIMS administrator, 1 education technology coordinator, 1 data coordinator, 3 BEST liaisons, 1 coordinator of central enrollment, 1 chief administrative officer, 1 district administrator, 2 special education case managers, 1 chef, 1 part-time transition coordinator, 1 lab coordinator, 1 teacher's aide, 1 math specialist/coach.

2024-2025 Graduates: 104

## **For the Future**

The need to serve students who have had minimal academic success in regular public school continues to exist in the Erie area. During each month throughout the school year, there are numerous entries and withdrawals from the Charter School of Excellence (CSE). As a result, CSE has a plan that includes family engagement strategies with a focus on Socio-Emotional Learning and Growth Mindset. With this in mind, we have continued the operation of three CSE centers to provide state of the art and cutting-edge programming to meet the academic needs of our students. A few updates for the 2024-25 school year include: updated curriculum to include new PDE standards and alignment to SAS, additional electives such as Art History, Smart Boards for all classrooms, blended based instruction, soft skill work development through the Culinary Arts and Workforce Development Programs, continued focus on social-emotional learning, and the addition of PBIS, the implementation of positive behavior in school tied to expected school-appropriate behaviors and incentives. The target population for each center is as follows:

Skills Center - 290

Leadership Center - 150

Discovery Center - 150

## **Contacting the Perseus House Charter School of Excellence Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the Charter School of Excellence's finances and to show the School Board accountability for the money it receives. If you have any questions about the report or wish to request additional financial information, please contact Stephanie L. Milford, Chief Financial Officer, 1511 Peach Street, Erie, PA 16501; telephone 814-480-5931.

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Statement of Net Position**  
**June 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 3,051,294
Short term investments	1,042,976
Intergovernmental receivables	2,682,148
Other receivables	4,500
Prepaid expenses	14,713
Total current assets	6,795,631
Non-current assets	
Capital assets, net	1,721,462
Right to use asset - Building, net	436,624
Right to use asset - Copier, net	1,882
Total non-current assets	2,159,968
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	1,178,000
Deferred outflows-pension contributions	1,502,638
Deferred outflows related to OPEB	136,200
Deferred outflows-OPEB contributions	28,781
Total deferred outflows of resources	2,845,619
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	447,248
Accounts payable - Perseus House, Inc.	7,070
Accrued salaries and benefits	332,766
Accounts payable to PSERS-employer contributions	344,548
Short term lease liability	303,306
Total current liabilities	1,434,938
Non-current liabilities	
Long term lease liability	183,508
Net pension liability-PSERS	11,761,000
Net OPEB liability	503,000
Total long-term liabilities	12,447,508
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned grant revenue	12,301
Deferred inflows related to pensions	176,000
Deferred inflows related to OPEB	225,200
Total deferred inflows of resources	413,501
<b>NET POSITION</b>	
Net investment in capital assets	1,673,154
Unrestricted	(4,167,883)
Total net position	\$ (2,494,729)

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 4,594,777	\$ 9,943,993	\$ 1,465,932	\$ -	\$ 6,815,148
Pupil personnel	926,701	-	-	-	(926,701)
Instructional student support	253,657	-	-	-	(253,657)
Administrative and financial support	1,407,831	-	-	-	(1,407,831)
Pupil health	228,157	-	54,962	-	(173,195)
Operation and maintenance of plant services / facilities	1,134,565	-	100,048	-	(1,034,517)
Student transportation	9,179	-	-	-	(9,179)
Central services	426,373	-	-	-	(426,373)
Other support services	278,288	-	-	-	(278,288)
Noninstructional	8,924	-	-	-	(8,924)
<b>Total governmental activities</b>	<b>\$ 9,268,452</b>	<b>\$ 9,943,993</b>	<b>\$ 1,620,942</b>	<b>\$ -</b>	<b>2,296,483</b>
<b>General Revenues:</b>					
Contributions					43,918
Investment income					125,966
Other income					96,137
<b>Total general revenues</b>					<b>266,021</b>
Change in net position					2,562,504
Net Position, July 1, 2024					(5,057,233)
Net Position, June 30, 2025					<b>\$ (2,494,729)</b>

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Balance Sheet-Governmental Fund**  
**June 30, 2025**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,051,294
Short term investments	1,042,976
Intergovernmental receivables	2,682,148
Other receivables	4,500
Prepaid expenses	14,713
Total assets	\$ 6,795,631
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 447,248
Accounts payable - Perseus House, Inc.	7,070
Accrued salaries and benefits	677,314
Unearned grant revenue	12,301
Total liabilities	1,143,933
Fund balance	
Unassigned	3,232,614
Assigned:	
Facility construction and renovation	2,203,683
Future increases in salaries and pensions	215,401
Total fund balance	5,651,698
Total liabilities and fund balance	\$ 6,795,631

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**to the Statement of Net Position**  
**June 30, 2025**

Differences in amounts reported for governmental activities in the statement of net position:

Fund balances - governmental fund	\$ 5,651,698
Capital assets/Right to use assets used in governmental activities are not financial resources and are, therefore, not reported in the governmental funds	2,159,968
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources - related to pensions	1,178,000
Deferred outflows of resources - pension contributions	1,502,638
Deferred outflows of resources - related to OPEB	136,200
Deferred outflows of resources - OPEB contributions	28,781
Deferred inflows of resources related to pensions (from pension schedule)	(176,000)
Deferred inflows of resources related to OPEB (from OPEB schedule)	(225,200)
Long-term liabilities, not due and payable in the current period and, therefore, not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
Lease liability	(486,814)
Net pension liability-PSERS	(11,761,000)
OPEB liability	<u>(503,000)</u>
Net position of governmental activities	<u><u>\$ (2,494,729)</u></u>

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance-Governmental Fund**  
**For the Year Ended June 30, 2025**

	<u>General Fund</u>
Revenues	
Local sources	\$ 10,254,018
State sources	256,816
Federal sources	1,320,122
Total revenues	11,830,956
Expenditures	
Instruction	5,944,357
Support services	5,196,111
Noninstructional services	30,690
Facilities acquisition, construction and improvement	101,890
Total expenditures	11,273,048
Excess of revenues over expenditures	557,908
Net change in fund balance	557,908
Fund Balance, July 1, 2024	5,093,790
Fund Balance, June 30, 2025	\$ 5,651,698

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance of Governmental Fund to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Net change in fund balance - governmental fund	\$	557,908
Capital outlay, reported as expenditures in the governmental funds, are shown as capital assets/right to use assets in the statement of net position		101,890
Depreciation/Amortization expense on governmental capital/right to use assets is included in the governmental activities in the statement of activities		(531,193)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position		(14,357)
The issuance/repayment of long-term liabilities are reported as revenues/expenditures in governmental funds, respectively; however, they are reported as an addition or reduction of long-term liabilities in the statement of net position. In current year, the amount is:		
Repayment of lease liability	271,676	271,676
Governmental funds report district 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.		
District pension contributions	1,502,638	
OPEB contributions	28,781	
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)	(582,489)	
Cost of benefits earned net of employee contributions (OPEB expenses from OPEB schedule)	(66,350)	882,580
Amortization of deferred outflows/inflows is not reflected in the fund statements as they are related to future pension obligations		1,299,000
Amortization of deferred outflows/inflows is not reflected in the fund statements as they are related to future OPEB obligations		(5,000)
Change in net position of governmental activities	\$	2,562,504

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget and Actual-General Fund**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local sources	\$ 9,752,166	\$ 10,199,013	\$ 10,254,018	\$ 55,005
State sources	208,995	227,995	256,816	28,821
Federal sources	1,297,373	1,318,055	1,320,122	2,067
Total revenues	<u>11,258,534</u>	<u>11,745,063</u>	<u>11,830,956</u>	<u>85,893</u>
Expenditures				
Instruction	6,188,395	5,969,270	5,944,357	24,913
Support service	5,020,009	5,112,241	5,196,111	(83,870)
Noninstructional services	14,600	23,250	30,690	(7,440)
Facilities acquisition, construction and improvement	<u>2,135,339</u>	<u>86,166</u>	<u>101,890</u>	<u>(15,724)</u>
Total expenditures	<u>13,358,343</u>	<u>11,190,927</u>	<u>11,273,048</u>	<u>(82,121)</u>
Excess of revenues over/(under) expenditures	<u>(2,099,809)</u>	<u>554,136</u>	<u>557,908</u>	<u>3,772</u>
Net change in fund balance	(2,099,809)	554,136	557,908	3,772
Fund Balance, July 1, 2024	<u>5,093,790</u>	<u>5,093,790</u>	<u>5,093,790</u>	<u>-</u>
Fund Balance, June 30, 2025	<u>\$ 2,993,981</u>	<u>\$ 5,647,926</u>	<u>\$ 5,651,698</u>	<u>\$ 3,772</u>

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

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Notes to Financial Statements**  
**June 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Perseus House Charter School of Excellence have been prepared in conformity with generally accepted accounting principles (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 Charter School's accounting policies are described below.

**A. Reporting Entity**

The Perseus House Charter School of Excellence ("Charter School") is a not-for-profit corporation organized on January 30, 2003 under the Nonprofit Corporation Law of 1988 and is operated to provide a community charter school, as defined in and in accordance with the Act of March 10, 1949, known as the Public-School Code of 1949, as amended by the addition of Article XVII-A, known as the Charter School Law. The Charter School of Excellence provides non-traditional educational opportunities to foster academic excellence through partnerships with family, community, and school. The Charter School operates out of three different locations each with its own unique program. The Charter School is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

For financial reporting purposes, Perseus House Charter School of Excellence includes all funds that are controlled by or dependent on the Charter School. Control by or dependence on the Charter School was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the School, obligation of the School to finance any deficits that may occur, or receipt of significant subsidies from the School. As required by generally accepted accounting principles, the financial statement of the reporting entity includes those of the primary government.

**B. Government-Wide and Fund Financial Statements**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All revenues not classified as program revenues are reported instead as *general revenues*.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

The Charter School reports the following major governmental fund:

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

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **D. Cash and Cash Equivalents**

Cash and cash equivalents are cash on hand, as well as demand deposits, investments, and certificates of deposit included in pooled cash and non-pooled investments with original maturities of three months or less.

Under Section 440.1 of the Public School Code of 1949, as amended, and Pennsylvania Act No. 10 of 2016, the Charter School is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Repurchase agreements such as U.S. Treasury Bills or obligations or other instruments guaranteed by the United States.

Negotiable certificates of deposits with a maturity of three years or less issued by a nationally or state-chartered bank, a federal or state savings and loan association, or a state licensed branch of a foreign bank.

Bills of exchange or time drafts accepted by a commercial bank if the acceptances don't exceed 180 days maturity and the accepting bank is rated in the top short-term category.

Commercial paper issued by corporations or other business entities organized in accordance with federal or state law or shares of an investment company registered under the Investment Company Act of 1940.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository

### **E. Prepaid Items**

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Capital Assets/Right to Use Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. The Charter School does not have any infrastructure assets. The Charter School maintains a \$2,000 threshold for additions to capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right to use assets are recorded at the present value of the lease liability plus any additional costs paid to place the asset in service. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation/Amortization has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Life – Years</u>
Equipment	3–10
Autos, trucks, and vans	5
Improvements	27.5

Right to use assets are amortized over the smaller of the useful life of the asset or the lease term.

**G. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. They are related to pension and OPEB contributions subsequent to the measurement date and pension and OPEB related actuarial figures. (See Notes 9 and 10 for further information).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three types that qualify for reporting in this category. They are related to the unearned grant revenue, pension liability and OPEB liability. (See Notes 9 and 10 for further information on the pension and OPEB liabilities).

### I. Net Position/Fund Balance

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow consumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Charter School has by resolution authorized the Chief Financial Officer to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, an additional action is essential to either remove or revise a commitment.

#### **J. Compensated Absences**

The Charter School accrues vacation within the government-wide and fund statements. The balance at June 30, 2025 was \$108,761 and included in the accrued salaries and benefits balance sheet item.

The Charter School does not permit the carryover of unused sick days. Accordingly, the financial statements do not contain any provision for unused sick time.

#### **K. Donated Materials and Services**

Some of the Charter School's support is provided by contributions/in-kind services. Such donated materials are recorded as revenue at their fair market value and are recorded as an expense or capital addition as appropriate.

## **NOTE 2 – BUDGETARY INFORMATION**

An annual budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The Charter School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, a proposed operating budget is submitted to the School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the budget is adopted by the Board.
3. The Chief Financial Officer is authorized to transfer budgeted amounts within a specific budget object; any other transfers or revisions that alter the total expenditures of any fund must be approved by the Charter School Board.

The Charter School's expenditures exceeded the budget by \$82,121 mainly due to increased personnel benefits costs.

### NOTE 3 – NON-POOLED CASH AND INVESTMENTS

#### Deposits

At June 30, 2025, the Charter School’s deposits are as follows:

Governmental Activities	<u>Bank</u>	<u>Book</u>
Unrestricted Cash:	<u>\$ 3,053,183</u>	<u>\$ 3,051,294</u>

*Custodial Credit Risk* – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Charter School’s deposits may not be returned to it. The Charter School does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, \$250,000 of the Charter School’s \$3,053,183 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). Of the remaining bank balance, \$2,803,183 is collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution’s name, and the remaining balance is uncollateralized and uninsured. These deposits have carrying amounts of \$3,051,294 as of June 30, 2025.

The Charter School has short term investments in United States treasury notes whose maturity dates exceeded three months. The short term investments are measured at fair value as Level 1 investments. At the end of the fiscal year, the short term investments maturity dates were all less than one year.

### NOTE 4 – RECEIVABLES

Receivables as of June 30, 2025 for the government’s individual major fund including the applicable allowances for uncollectible accounts are as follows:

<u>Receivables</u>	<u>General</u>
Federal and state grants	\$ 291,065
Tuition	<u>2,391,083</u>
Intergovernmental receivables	2,682,148
Other	<u>4,500</u>
Gross receivables	2,686,648
Less: Allowance for uncollectibles	-
	<u><u>\$ 2,686,648</u></u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year is as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>June 30, 2025</u>
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 22,358	\$ -	\$ (14,358)	\$ 8,000
Capital assets depreciated				
Furniture and equipment	1,230,421	33,594	-	1,264,015
Leasehold improvement	2,746,334	68,296	(64,480)	2,750,150
Vehicles	156,915	-	-	156,915
	<u>4,156,028</u>	<u>101,890</u>	<u>(78,838)</u>	<u>4,179,080</u>
Less accumulated depreciation				
Furniture and equipment	(1,042,376)	(72,030)	64,481	(1,049,925)
Leasehold improvement	(1,135,487)	(164,678)	-	(1,300,165)
Vehicles	(80,297)	(27,231)	-	(107,528)
	<u>(2,258,160)</u>	<u>(263,939)</u>	<u>64,481</u>	<u>(2,457,618)</u>
Total capital assets being depreciated, net	<u>\$ 1,897,868</u>	<u>\$ (162,049)</u>	<u>\$ (14,357)</u>	<u>\$ 1,721,462</u>

Depreciation was charged to functions/program of the primary government as follows:

Operation and maintenance	<u>\$ 263,939</u>
---------------------------	-------------------

**NOTE 6 – SELF INSURANCE**

A. Health Insurance

The Charter School’s self-insurance program pays accident and health insurance coverage for Charter School employees on a cost-reimbursement basis. Under the program, the Charter School is obligated for claim payments.

A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$65,000, up to \$1,000,000 maximum.

During the year ended June 30, 2025, total claims expense and stop-loss insurance expense were \$1,387,563. Claims expense, recorded as a general fund expenditure, represents claims processed as of June 30, 2025 and includes estimated unprocessed claims payable.

## NOTE 6 – SELF INSURANCE (CONTINUED)

The claims liability of \$371,261 is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability is as follows:

Claims liability, June 30, 2023	\$ (211,500)
Current year premiums	1,203,360
Claim payment and administration	<u>(1,257,976)</u>
Claims liability, June 30, 2024	(266,116)
Current year premiums	1,282,418
Claim payment and administration	<u>(1,387,563)</u>
Claims liability, June 30, 2025	<u>\$ (371,261)</u>

Future liability that may arise as a result of self-insurance is not readily determinable and cannot be reasonably estimated. Thus, the financial statements do not reflect a contingent liability for any unasserted claims.

## NOTE 7 – LEASES

On July 1, 2021, the Charter School implemented GASB 87, “Leases”. The objective of this new Standard is to improve the accounting and reporting for leases by governments. This requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of each contract.

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

The Charter School is subject to the following leases as of June 30, 2025:

### Leadership Center:

This 5-year lease was entered into for use of the building owned by Perseus House Inc. [related party] to house the Leadership Center location of the Charter School. The Charter School will make monthly payments of \$9,200 with an unstated interest rate beginning in February 2024. For lease purposes, the incremental borrowing rate was used as of July 1, 2021 in calculating the present value of the lease liability.

## NOTE 7 – LEASES (CONTINUED)

### Skills Center:

The initial lease and addendums were entered into for use of building to house the Skills Center location of the Charter School including use of the annex, basement, additional storage space, and parking lot. The Charter School will make base payments for rent of the building and related areas as noted in the lease addendums that will also include costs for utilities and real estate taxes at an unstated interest rate and is subject to increases in accordance with the Consumer Price Index not to exceed 5% annually. The lease terms commenced July 1, 2021 and end June 30, 2026. For lease purposes, the incremental borrowing rate was used as of July 1, 2021 in calculating the present value of the lease liability.

### Discovery Center:

The lease entered into for use of building to house the Discovery Center location of the Perseus House Charter School for a 5-year period commencing July 1, 2021 and the option to renew for another 5-year term beginning July 1, 2026. The lease also includes use of the parking lot. Lease payments include a base fee subject to Consumer Price Index increases annually. For lease purposes, the incremental borrowing rate was used as of July 1, 2021 in calculating the present value of the lease liability.

### Copiers:

On April 18, 2022, the Charter School entered into a lease for use of copiers throughout the locations of the Charter School. The lease term is for 63 months at \$558 due per month. The lease document does not have a stated interest rate however for lease liability calculation purposes, the incremental borrowing rate was used as of July 1, 2021 in calculating the present value.

The following is a table of right to use assets for each corresponding lease and the related accumulated amortization of those assets:

	Right to Use Asset				
	Leadership Center	Skills Center	Discovery Center	Copiers	Total
Beginning Balance	\$ 199,245	\$ 956,349	\$ 342,510	\$ 9,418	\$ 1,507,522
Accumulated Amortization	(159,396)	(765,080)	(137,004)	(7,536)	(1,069,016)
Balance at June 30, 2025	<u>\$ 39,849</u>	<u>\$ 191,269</u>	<u>\$ 205,506</u>	<u>\$ 1,882</u>	<u>\$ 438,506</u>

## NOTE 7 – LEASES (CONTINUED)

The following is a table of lease liability activity for the right to use assets as of June 30, 2025 followed by a maturity schedule of those respected lease liabilities:

	Lease Liability				
	Leadership Center	Skills Center	Discovery Center	Copiers	Total
Beginning Balance	\$ 199,245	\$ 956,349	\$ 342,510	\$ 9,418	\$ 1,507,522
Lease Principal Paid	(153,619)	(737,354)	(122,593)	(7,142)	(1,020,708)
Balance at June 30, 2025	<u>\$ 45,626</u>	<u>\$ 218,995</u>	<u>\$ 219,917</u>	<u>\$ 2,276</u>	<u>\$ 486,814</u>

2026	\$ 303,306
2027	31,704
2028	38,559
2029	36,671
2030	37,738
2031	<u>38,836</u>
Subtotal	<u>\$ 486,814</u>

## NOTE 8 – RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Charter School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2025, no settlements exceeded insurance coverage.

## **NOTE 9 – RETIREMENT PLAN**

### **Summary of Significant Accounting Policies**

#### Pensions

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

#### ***General Information about the Pension Plan***

##### 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.pa.gov/PSERS](http://www.pa.gov/PSERS).

##### 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

**NOTE 9 – RETIREMENT PLAN (CONTINUED)**

Benefits are generally between 1% to 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

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21 - 7.5% After 7/1/21 - 8.0%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21 - 10.3% After 7/1/21 - 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21 - 8.25% After 7/1/21 - 9.0%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21 - 7.50% After 7/1/21 - 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- .50%	5.50%	9.50%
T-F	10.30%	+/- .50%	8.30%	12.30%
T-G	5.50%	+/- .75%	2.50%	8.50%
T-H	4.50%	+/- .75%	1.50%	7.50%

## NOTE 9 – RETIREMENT PLAN (CONTINUED)

### Employer Contributions

The Charter School’s contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% 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 Charter School were \$1,502,638 for the year ended June 30, 2025.

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

At June 30, 2025, the Charter School reported a liability of \$11,761,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. The Charter School’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the Charter School’s proportion was .0281%, which was a decrease of .0007% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Charter School recognized pension expense of (\$716,511). At June 30, 2025, the 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	\$ 1,000	\$ 58,000
Changes in assumptions	262,000	-
Net difference between projected and actual investment earnings	558,000	-
Changes in proportions	357,000	118,000
Contributions subsequent to the measurement date	<u>1,502,638</u>	<u>-</u>
	<u>\$ 2,680,638</u>	<u>\$ 176,000</u>

\$1,502,638 reported as deferred outflows of resources related to pensions resulting from 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## NOTE 9 – RETIREMENT PLAN (CONTINUED)

### Year ended June 30:

2026	\$ 944,000
2027	97,000
2028	<u>(39,000)</u>
	<u>\$ 1,002,000</u>

### Changes in Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023
- Actuarial cost method – Entry Age Normal – Level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

## NOTE 9 – RETIREMENT PLAN (CONTINUED)

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	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

**NOTE 9 – RETIREMENT PLAN (CONTINUED)**

Sensitivity of the 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1–percentage-point lower (6.00%) or 1–percentage-point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	_____	_____	_____
Charter School’s proportionate share of the net pension liability	<u>\$ 15,493,000</u>	<u>\$ 11,761,000</u>	<u>\$ 8,610,000</u>

Pension Plan Fiduciary Net Position

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at [www.pa.gov/PSERS](http://www.pa.gov/PSERS).

Payable to PSERS

The Charter School has an outstanding payable to PSERS for employer contributions as of June 30, 2025 in the amount of \$344,548. The payable is due to legally required pension contributions.

## **NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN**

### **Summary of Significant Accounting Policies**

#### 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, 2024, there were no assumed future benefit increases to participating eligible retirees.

#### Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ years or more eligibility points
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distribution

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN (CONTINUED)**

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

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.

Employer Contributions

The Charter School's contractually required contribution rate for the fiscal year ended June 30, 2025 was .64% 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 Charter School were \$28,781 for the year ended June 30, 2025.

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

At June 30, 2025, the Charter School reported a liability of \$503,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. The 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. At June 30, 2025, the Charter School's proportion was .0283%, which was a decrease of .0006% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Charter School recognized OPEB expense of \$71,350. At June 30, 2025, the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN (CONTINUED)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,600	\$ 9,000
Changes in assumptions	95,600	165,800
Net difference between projected and actual investment earnings	200	-
Changes in proportion	32,800	50,400
Contributions subsequent to the measurement date	28,781	-
	<u>\$ 164,981</u>	<u>\$ 225,200</u>

\$28,781 reported as deferred outflows of resources related to OPEB resulting from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2026	\$ (26,000)
2027	(55,500)
2028	(2,500)
2029	(5,000)
	<u>\$ (89,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2024 was determined by rolling forward the System's Total OPEB Liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN (CONTINUED)**

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% 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 a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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.

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN (CONTINUED)**

OPEB- Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.7%
	100.0%	

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, 2024.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. 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 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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, 2024, 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, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 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, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health 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	\$ 503,000	\$ 503,000	\$ 503,000

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PSERS PREMIUM ASSISTANCE PLAN (CONTINUED)**

Sensitivity of the Charter 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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	Dollar Amounts in Thousands		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$ 568,000</u>	<u>\$ 503,000</u>	<u>\$ 448,000</u>

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

**NOTE 11 – LINE OF CREDIT**

The Charter School has established three lines of credit with a local financial institution to be used for general operating expenses with a rate set at the prime rate. Amounts borrowed on the line are secured by the Charter School’s accounts receivable. At June 30, 2025, the Charter School had an outstanding balance of \$0.

**NOTE 12 – ACCOUNTS PAYABLE – PERSEUS HOUSE, INC.**

The Perseus House Charter School of Excellence is invoiced by Perseus House, Inc. for various expenses including health insurance of employees of both organizations, utilities, and other building related expenses. The balance owed to Perseus House, Inc. as of June 30, 2025 was \$7,070.

**NOTE 13 – DONOR DESIGNATED FUND**

The Charter School had a designated fund set up in their name that is owned by the Erie Community Foundation in the amount of \$48,257. The Charter School does not own the fund; however, is entitled to the investment revenue earned on the account which is paid annually to the Charter School in March. \$2,100 was paid out to the Charter School for the 2024/2025 fiscal year.

#### **NOTE 14 – RETIREMENT PLANS**

The Charter School also has a 403(b)-retirement savings plan made up of various funds covering all employees immediately at time of hire date if opting out of the PSERS plan. The Charter School matches 100% of an employee's deferral up to 5% of their annual compensation, 3.5% independent of whether the employee contributes or not. Expenses for this plan for the year ended June 30, 2025 was \$30,018.

#### **NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS**

The Charter School has evaluated subsequent events through September 14, 2025, the date which the financial statements were available to be issued.

## **Required Supplementary Information**

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
Schedules of Required Supplementary Information  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PSERS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Charter School's proportion of the net pension liability (asset)	0.0281%	0.0288%	0.0287%	0.0280%	0.0293%	0.0284%	0.0275%	0.0283%	0.0271%	0.0265%
Charter School's proportionate share of the net pension liability (asset)	\$ 11,761,000	\$ 12,812,000	\$ 12,760,000	\$ 11,496,000	\$ 14,427,000	\$ 13,286,000	\$ 13,201,000	\$ 13,977,000	\$ 13,430,000	\$ 11,479,000
Charter School's covered employee payroll	\$ 4,497,858	\$ 4,428,495	\$ 4,259,621	\$ 4,009,651	\$ 4,004,850	\$ 4,088,366	\$ 3,914,605	\$ 3,701,961	\$ 3,514,034	\$ 3,548,315
Charter School's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	261%	289%	300%	287%	360%	325%	337%	377%	382%	324%
Plan fiduciary net position as a percentage of the total pension liability	65%	62%	61%	64%	54%	56%	54%	52%	50%	54%

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**

Schedules of Required Supplementary Information  
**SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS**  
**PSERS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,502,638	\$ 1,519,489	\$ 1,549,383	\$ 1,457,215	\$ 1,349,234	\$ 1,384,138	\$ 1,253,398	\$ 1,161,599	\$ 1,116,330	\$ 894,886
Contributions in relation to the contractually required contribution	<u>1,502,638</u>	<u>1,519,489</u>	<u>1,549,383</u>	<u>1,457,215</u>	<u>1,349,234</u>	<u>1,384,138</u>	<u>1,253,398</u>	<u>1,161,599</u>	<u>1,116,330</u>	<u>894,886</u>
47 Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 4,497,858	\$ 4,428,495	\$ 4,259,621	\$ 4,009,651	\$ 4,004,850	\$ 4,088,366	\$ 3,914,605	\$ 3,701,961	\$ 3,514,034	\$ 3,548,315
Contributions as a percentage of covered employee payroll	33.41%	34.31%	36.37%	36.34%	32.44%	33.86%	32.01%	31.37%	29.64%	25.22%

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Notes to Required Supplementary Information**  
**June 30, 2025**

In 2025, there were no changes in actuarial assumptions from the previous year report that impact the Required Supplementary Information.

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
Schedules of Required Supplementary Information  
**SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE**  
**OF THE OPEB PREMIUM ASSISTANCE LIABILITY**  
**PSERS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Charter School's proportion of the OPEB Premium Assistance liability (asset)	.0283%	.0289%	.0290%	.0283%	.0296%	.0284%	.0275%	.0283%	.0271%
Charter School's proportionate share of the OPEB Premium Assistance liability (asset)	\$ 503,000	\$ 523,000	\$ 534,000	\$ 670,000	\$ 640,000	\$ 604,000	\$ 573,000	\$ 577,000	\$ 555,645
Charter School's covered employee payroll	\$ 4,497,858	\$ 4,428,495	\$ 4,259,621	\$ 4,009,651	\$ 4,159,335	\$ 4,088,366	\$ 3,914,605	\$ 3,701,961	\$ 3,514,034
Charter School's proportionate share of the OPEB Premium Assistance liability (asset) as a percentage of its covered employee payroll	11%	12%	13%	17%	15%	15%	15%	15%	16%
Plan fiduciary net position as a percentage of the total OPEB Premium Assistance liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
Schedules of Required Supplementary Information  
**SCHEDULE OF CHARTER SCHOOL OPEB CONTRIBUTIONS**  
**PSERS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 28,781	\$ 29,350	\$ 33,914	\$ 34,303	\$ 33,886	\$ 34,763	\$ 32,666	\$ 30,274	\$ 28,355
Contributions in relation to the contractually required contribution	<u>28,781</u>	<u>29,350</u>	<u>33,914</u>	<u>34,303</u>	<u>33,886</u>	<u>34,763</u>	<u>32,666</u>	<u>30,274</u>	<u>28,355</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School's covered employee payroll	\$ 4,497,858	\$ 4,428,495	\$ 4,259,621	\$ 4,009,651	\$ 4,159,335	\$ 4,088,366	\$ 3,914,605	\$ 3,701,961	\$ 3,514,034
Contributions as a percentage of covered employee payroll	0.64%	0.66%	0.80%	0.86%	0.81%	0.85%	0.83%	0.81%	0.81%

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Notes to Required Supplementary Information-OPEB**  
**June 30, 2025**

In 2025, there were no changes in actuarial assumptions from the previous year report that impact the Required Supplementary Information.

## **Other Supplementary Information**

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual - General Fund**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources	\$ 9,752,166	\$ 10,199,013	\$ 10,254,018	\$ 55,005
State sources	208,995	227,995	256,816	28,821
Federal sources	1,297,373	1,318,055	1,320,122	2,067
<b>Total revenues</b>	<u>11,258,534</u>	<u>11,745,063</u>	<u>11,830,956</u>	<u>85,893</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	4,856,275	4,678,895	4,679,366	(471)
Special education programs	1,323,920	1,282,175	1,252,180	29,995
Higher education programs	8,200	8,200	12,811	(4,611)
<b>Total instruction</b>	<u>6,188,395</u>	<u>5,969,270</u>	<u>5,944,357</u>	<u>24,913</u>
<b>Support services</b>				
Pupil personnel	1,108,769	1,049,994	1,079,061	(29,067)
Instructional staff	264,781	229,263	253,657	(24,394)
Administrative	1,402,932	1,551,247	1,567,631	(16,384)
Pupil health	283,137	283,137	271,689	11,448
Business	153,825	153,825	166,687	(12,862)
Operation and maintenance of plant services	1,151,873	1,156,202	1,143,646	12,556
Student transportation services	16,842	16,842	9,179	7,663
Central	356,778	399,851	426,273	(26,422)
Other support services	281,072	271,880	278,288	(6,408)
<b>Total support services</b>	<u>5,020,009</u>	<u>5,112,241</u>	<u>5,196,111</u>	<u>(83,870)</u>
<b>Operation of noninstructional services</b>				
Student activities	14,600	23,250	30,690	(7,440)
<b>Total noninstructional services</b>	<u>14,600</u>	<u>23,250</u>	<u>30,690</u>	<u>(7,440)</u>
Facilities acquisition and construction	2,135,339	86,166	101,890	(15,724)
<b>Total expenditures</b>	<u>13,358,343</u>	<u>11,190,927</u>	<u>11,273,048</u>	<u>(82,121)</u>
Excess of revenues over/(under) expenditures	<u>(2,099,809)</u>	<u>554,136</u>	<u>557,908</u>	<u>3,772</u>
Net change in fund balance	(2,099,809)	554,136	557,908	3,772
Fund Balance - July 1, 2024	<u>5,093,790</u>	<u>5,093,790</u>	<u>5,093,790</u>	<u>-</u>
Fund Balance - June 30, 2025	<u>\$ 2,993,981</u>	<u>\$ 5,647,926</u>	<u>\$ 5,651,698</u>	<u>\$ 3,772</u>



**Independent Auditors' 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 Members of the Board  
Perseus House Charter School of Excellence  
Erie, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Perseus House Charter School of Excellence as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Perseus House Charter School of Excellence's basic financial statements, and have issued our report, thereon, dated September 14, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Perseus House Charter School of Excellence's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Perseus House Charter School of Excellence's internal control. Accordingly, we do not express an opinion on the effectiveness of the Perseus House Charter School of Excellence'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.

**Independent Auditors' 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*  
(Continued)**

Our consideration of internal control over financial reporting 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.

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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 on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heberlein and Falk, P.C.*

Heberlein & Falk, P.C.

September 14, 2025  
Erie, Pennsylvania



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by  
the Uniform Guidance**

To the Members of the Board  
Perseus House Charter School of Excellence  
Erie, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Perseus House Charter School of Excellence's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Perseus House Charter School of Excellence's major federal programs for the year ended June 30, 2025. Perseus House Charter School of Excellence's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Perseus House Charter School of Excellence complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Perseus House Charter School of Excellence and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Perseus House Charter School of Excellence's compliance with the compliance requirements referred to above.

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by  
the Uniform Guidance  
(continued)**

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Perseus House Charter School of Excellence's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Perseus House Charter School of Excellence's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Perseus House Charter School of Excellence's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Perseus House Charter School of Excellence's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Perseus House Charter School of Excellence's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Perseus House Charter School of Excellence's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by  
the Uniform Guidance  
(continued)**

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Heberlein and Falk, P.C.*

Heberlein & Falk, P.C.

September 14, 2025  
Erie, Pennsylvania

This page intentionally left blank

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal Assistance Listing Number	Pass Through Grantor Number	Grant Period
<u>U.S. Department of Education</u>				
Passed through Pennsylvania Department of Education				
Title I Improving Basic Programs	I	84.010	013-240671	7/6/23 - 9/30/24
Title I Improving Basic Programs	I	84.010	013-250671	7/30/24 - 9/30/25
Title I Delinquent	I	84.010	107-250671	7/30/24 - 9/30/25
Program Improv - Set Aside	I	84.010	042-230671	7/12/23 - 9/30/24
Program Improv - Set Aside	I	84.010	042-240671	7/12/24 - 9/30/25
<b>Subtotal # 84.010</b>				
Title II Improving Teacher Quality	I	84.367	020-250671	7/30/24 - 9/30/25
<b>Subtotal # 84.367</b>				
Title III - English Language Acquisition Grants	I	84.365	010-250671	7/30/24 - 9/30/25
<b>Subtotal # 84.365</b>				
Title IV-Student Support and Academic Enrichment	I	84.424	144-240671	7/6/23 - 9/30/24
Title IV-Student Support and Academic Enrichment	I	84.424	144-250671	7/30/24 - 9/30/25
<b>Subtotal # 84.424</b>				
ARP ESSER - COVID 19	I	84.425U	223-210671	3/13/20 - 9/30/24
ARP ESSER 2.5% - COVID 19	I	84.425U	224-210671	3/13/20 - 9/30/24
<b>Subtotal # 84.425</b>				
Passed Through Northwest Tri-County IU				
IDEA Part B	I	84.027	062-24-0005	7/1/23 - 6/30/24
IDEA Part B	I	84.027	062-25-0005	7/1/24 - 6/30/25
State Systemic Improvement Plan - IDEA SSIP	I	84.027	062-24-0033	7/1/23 - 6/30/24
State Systemic Improvement Plan - IDEA SSIP	I	84.027	062-25-0033	7/1/24 - 6/30/25
<b>Subtotal # 84.027 Special Education Cluster</b>				
Total U.S. Department of Education				
<u>U.S. Department of Treasury</u>				
Passed through Pennsylvania Commission on Crime and Delinquency				
School Mental Health Grants - COVID-19	I	21.027	2023-CM-01 43217	2/1/24 - 6/30/25
Total U.S. Department of Treasury				
Total Expenditures of Federal Awards				

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

Accrued/ (Deferred) Revenue at July 1, 2024	Total Received for the Year	Revenue Recognized	Expenditures	Accrued/ (Deferred) Revenue at June 30, 2025	Passed Through to Subrecipients
\$ (20,601)	\$ -	\$ 20,601	\$ 20,601	\$ -	\$ -
-	521,171	515,008	515,008	(6,163)	17,408
-	260,880	260,880	260,880	-	260,800
(8,318)	-	8,318	8,318	-	-
-	201,171	201,171	201,171	-	-
<u>(28,919)</u>	<u>983,222</u>	<u>1,005,978</u>	<u>1,005,978</u>	<u>(6,163)</u>	<u>278,208</u>
-	38,916	41,047	41,047	2,131	-
-	38,916	41,047	41,047	2,131	-
-	13,811	13,811	13,811	-	-
-	13,811	13,811	13,811	-	-
18,853	18,853	-	-	-	-
-	38,425	32,288	32,288	(6,137)	-
18,853	57,278	32,288	32,288	(6,137)	-
248,140	248,140	-	-	-	-
122,976	122,976	-	-	-	-
371,116	371,116	-	-	-	-
104,266	104,266	-	-	-	-
-	123,304	218,096	218,096	94,792	-
50,000	50,000	-	-	-	-
-	-	25,000	25,000	25,000	-
154,266	277,570	243,096	243,096	119,792	-
515,316	1,741,913	1,336,220	1,336,220	109,623	278,208
39,777	70,000	30,223	30,223	-	-
39,777	70,000	30,223	30,223	-	-
<u>\$ 555,093</u>	<u>\$ 1,811,913</u>	<u>\$ 1,366,443</u>	<u>\$ 1,366,443</u>	<u>\$ 109,623</u>	<u>\$ 278,208</u>

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Perseus House Charter School of Excellence under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position, changes in net position or cash flows of Perseus House Charter School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Perseus House Charter School of Excellence has elected not to use the 10-percent de minimis indirect cost rates allowed under the Uniform Guidance.

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

1. Summary of auditors' results

- (i) Type of report issued on the financial statements:  
Unmodified opinion.
- (ii) Internal control over financial reporting:
  - Material weakness(es) identified – None
  - Significant deficiency(ies) identified – None reported
- (iii) The audit disclosed no noncompliance which is material to the financial statements.
- (iv) Internal control over major federal program:
  - Material weakness(es) identified – None
  - Significant deficiency(ies) identified – None reported
- (v) Type of report issued on compliance for major programs:  
Unmodified opinion.
- (vi) The audit disclosed no audit findings which are required to be reported.
- (vii) Major programs:
  - Title I FALN # 84.010
- (viii) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (ix) Perseus House Charter School of Excellence qualified as a low-risk auditee.

2. Findings required to be reported in accordance with generally accepted government auditing standards

None

3. Findings and questioned costs for Federal awards

None

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2025**

1. Prior significant deficiencies: None
2. Prior material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program: None
3. Known questioned costs greater than \$25,000: None

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**Corrective Action Plan**  
**For the Year Ended June 30, 2025**

Not applicable. There were no current year findings required to be reported.

**PERSEUS HOUSE CHARTER SCHOOL OF EXCELLENCE**  
**List of Report Distribution**  
**For the Year Ended June 30, 2025**

The following is a listing of all agencies to which the audit reports are distributed:

1. United States Bureau of the Census
2. Commonwealth of Pennsylvania Bureau of Audits
3. Northwest Tri-County Intermediate Unit
4. Pennsylvania Commission on Crime and Delinquency