

Central PA Digital Lrng Foundation CS

**Charter Annual Report**

07/01/2013 - 06/30/2014

# School Profile

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## Demographics

721 N. Juniata St. Suite 3  
Hollidaysburg, PA 16648  
(814)682-5258

Phase:

Phase 2

CEO Name:

George Toth

CEO E-mail address:

btoth@cpdlf.org

# Governance and Staff

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## *Leadership Changes*

Leadership changes during the past year on the Board of Trustees and in the school administration:

The CPDLF Board of Trustees had the following changes for 2013-2014.

Dr. G. Brian Toth remained as the Chief Executive Officer. Mr. Zachary Wynkoop, Elementary/High School Principal resigned effective August 16, 2013 and was replaced by Mr. Kenneth Kerchenske.

In August 15, 2013 there was a CPDLF Board reorganizational meeting. New members to the board included Kim VanGorder from Bellwood-Antis School District, Mrs. Mary Beth Whited from Penn Cambria School District, Dr. Vincent DiLeo from Central Cambria School District, and Scott Magnetti, a local businessman. Mrs. Cathy Harlow from Tyrone Area School District replaced Dr. William Miller who retired and Dr. Robert Gildea from Hollidaysburg School District replaced Mr. Paul Gallagher who retired. Also Dr. James Cekada from Greater Johnstown School District replaced Dr. Gerald Zahorcheck who was unable to attend CPDLF meetings. Mrs. Diane Clapper, parent representative, replaced Mrs. Colleen Harlow who was unable to attend the meetings.

Mr. Brad Hatch, Mrs. Paula Foreman, and Mrs. Kris Hallinan, from Altoona Area School District are no longer on the CPDLF board due to the Altoona Area School District's Board of Directors not accepting the contract between Altoona and CPDLF.

At the CPDLF board re-organizational meeting the following officers were selected. Mr. Bernazzoli remained as CPDLF Board President and Mr. Mike Strasser remained as CPDLF Vice-President. Dr. Vincent DiLeo was appointed as CPDLF Board Treasurer and Mrs. Cathy Harlow was appointed as CPDLF Board Secretary.

## *Board of Trustees Meeting Schedule*

<b>Location</b>	<b>Date and Time</b>
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	8/15/2013 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	10/10/2013 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	12/12/2013 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	2/20/2014 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	4/17/2014 1:00 PM
Bellwood-Antis High School Cafeteria, 400 Martin Street Bellwood, PA 16617	6/12/2014 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	8/14/2014 1:00 PM

Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	10/9/2014 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	12/11/2014 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	2/12/2015 1:00 PM
Myers Elementary School- Large Group Instruction Room- 220 Martin Street, Bellwood, PA 16617	4/9/2015 1:00 PM
Bellwood-Antis High School Cafeteria, 400 Martin Street Bellwood, PA 16617	6/11/2015 1:00 PM

### *Professional Staff Member Roster*

<b>Elaine Baney</b>	
PA Certified	Yes
Areas of Certification	Art K-12 - Type 61
Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Art History
Number of Hours Annually Worked in Assignment	90
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Patrick Baney</b>	
PA Certified	Yes
Areas of Certification	Social Studies - Type 61
Grades Teaching or Serving	9-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	World Geography, American History, American Government, Psychology, Archeology, Sociology, Global Studies, Intro. to Social Media, Sports & Marketing
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Gregory Burns</b>	
PA Certified	Yes
Areas of Certification	Agriculture K-12, Environmental Ed. K-12, General Science, Biology, Chemistry, Earth Space Science, - Type 62

Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Chemistry, Biology, Marine Biology, Earth Space & Science, Comprehensive Science
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Julie Behe</b>	
PA Certified	Yes
Areas of Certification	Mathematics 7-12, Type 62
Grades Teaching or Serving	8-9
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Algebra 1B, PSSA MATH 8, Math 8
Number of Hours Annually Worked in Assignment	240
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Stacey Corle</b>	
PA Certified	Yes
Areas of Certification	Mathematics 7-12 -Type 62
Grades Teaching or Serving	9-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Algebra 1A, Algebra 1, Problem & Statistics, Trigonometry, Pre-Calculus, Calculus
Number of Hours Annually Worked in Assignment	240
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Melissa Fairbanks</b>	
PA Certified	Yes
Areas of Certification	Elementary K-6, Type 61, Special Education N-12, Type 62
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special education , Elementary K-6
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Scott Gallagher</b>	
PA Certified	Yes
Areas of Certification	Citizenship - Type 61
Grades Teaching or Serving	9-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	World History, Sociology
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Valerie Harris</b>	
PA Certified	Yes
Areas of Certification	Family Consumer Science, K-12 - Type 62
Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Family Consumer Science
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Heather Jancula</b>	
PA Certified	Yes
Areas of Certification	Program Specialist, ESL-Type 86, Social Studies -Type 62
Grades Teaching or Serving	8-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	US History, American History
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Linda Koenig</b>	
PA Certified	Yes
Areas of Certification	Health and Physical Education - Type 61
Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Health, Physical Education
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	100.0

Percentage of Time in Areas Not Certified	0.0
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<b>Patricia Leonard</b>	
PA Certified	Yes
Areas of Certification	Spanish - Type 62 , ESL - Type 86
Grades Teaching or Serving	9-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Spanish I and II
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Paul Longwell</b>	
PA Certified	Yes
Areas of Certification	General Science - Type 62, Physics 7-12, Type 62
Grades Teaching or Serving	8-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Comprehensive Science 8, Conceptual Physics, Physical Science, Forensic Science I and II
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Nicole Endress</b>	
PA Certified	Yes
Areas of Certification	Educational Specialist I Elementary and Secondary, Type 61
Grades Teaching or Serving	K-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Elementary and Secondary Life Skills and Career Exploration
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	90.0
Percentage of Time in Areas Not Certified	0.0

<b>Deborah Decker</b>	
PA Certified	Yes
Areas of Certification	Special Education K-12 Type 62
Grades Teaching or Serving	10-12

All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education 10-12
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Kenneth Kerchenske</b>	
PA Certified	Yes
Areas of Certification	School Principal - Type 78
Grades Teaching or Serving	K-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	School Principal
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Steve Keith</b>	
PA Certified	Yes
Areas of Certification	Special education N-12, Type 62
Grades Teaching or Serving	7-9
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Special Education 7-9
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Susan Swope</b>	
PA Certified	Yes
Areas of Certification	School Nurse - Type 31
Grades Teaching or Serving	K-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	School Nurse for K-12
Number of Hours Annually Worked in Assignment	90
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Leslie Rupp</b>	
PA Certified	Yes
Areas of Certification	Elementary K-6, Mid-level English

	6-9, Instructional Mid-Level Citizen 6-9, Instructional Social Studies 7-12, Instructional I English 7-12 (all types 61)
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	K-6 Students
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Bethany Mickel</b>	
PA Certified	Yes
Areas of Certification	English 7-12, Type 62
Grades Teaching or Serving	9-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Orientation, English I, II, III, and IV, SAT Prep, Community Service,
Number of Hours Annually Worked in Assignment	240
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Stephanie Schroth</b>	
PA Certified	Yes
Areas of Certification	Elementary K-6, Educational Specialist I Inst. Technology Specialist PK-12 Type 61
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	K-6 Students
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Matthew Winquist</b>	
PA Certified	Yes
Areas of Certification	Special Education N-12, Type 61
Grades Teaching or Serving	K-6
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Elementary Grade 3
Number of Hours Annually Worked in Assignment	90
Percentage of Time in Certified Position	100.0

Percentage of Time in Areas Not Certified	0.0
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<b>Gloria Sprankle</b>	
PA Certified	No
Areas of Certification	None
Grades Teaching or Serving	8-11
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Web Design, Business Systems Technology and Introduction to Technology
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>George Toth</b>	
PA Certified	Yes
Areas of Certification	Mathematics 7-12 -type 62, General Science Type 62
Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Business Algebra, Algebra 1B, Algebra II, Math 7
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Joyce Niebauer</b>	
PA Certified	Yes
Areas of Certification	Business Computer-Information Tech K-12, Type 61
Grades Teaching or Serving	7-9
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Business Systems Technology, Keyboarding
Number of Hours Annually Worked in Assignment	120
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Teresa Wright</b>	
PA Certified	Yes
Areas of Certification	English 7-12, Type 61
Grades Teaching or Serving	7-12
All Areas of Assignment, Subject Areas Teaching, or	Language Arts, Reading and PSSA

Services Provided	English 7-9, Mythology & Folklore
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

<b>Zachary Wynkoop</b>	
PA Certified	Yes
Areas of Certification	School Principal - Type 78
Grades Teaching or Serving	K-12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	School Principal
Number of Hours Annually Worked in Assignment	180
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

The professional staff member roster as recorded originally on the PDE-414 form

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### *Quality of Teaching and Other Staff*

Position Categories	All Employed per Category	Appropriately Certified	Promoted	Transferred	Terminated	Contracted for Following Year
Chief Academic Officer/Director	1.00	1.00	0.00	0.00	0.00	1.00
Principal	2.00	2.00	0.00	0.00	1.00	1.00
Assistant Principal	0.00	0.00	0.00	0.00	0.00	0.00
Classroom Teacher (including Master Teachers)	23.00	22.00	0.00	0.00	1.00	22.00
Specialty Teacher (including Master Teachers)	8.00	8.00	0.00	0.00	0.00	0.00
Special Education Teacher (including Master Teachers)	5.00	4.00	0.00	0.00	1.00	4.00
Special Education Coordinator	1.00	1.00	0.00	0.00	0.00	1.00
Counselor	1.00	1.00	0.00	0.00	0.00	1.00
Psychologist	1.00	1.00	0.00	0.00	0.00	0.00
School Nurse	2.00	2.00	0.00	0.00	1.00	1.00
Totals	44.00	42.00	0.00	0.00	4.00	31.00

Further explanation:

*This narrative is empty.*

# Fiscal Matters

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## *Major Fundraising Activities*

Major fundraising activities performed this year and planned for next year:

CPDLF had no fundraising activities for the 2013-2014 school year. The cyber charter school does not anticipate any major fundraising activities for the 2014-2015 school year.

## *Fiscal Solvency Policies*

Changes to policies and procedures to ensure and monitor fiscal solvency:

Changes to policies and procedures to ensure and monitor fiscal solvency:  
CPDLF currently has a budgetary reserve which was designated by the Board of Trustees for contingencies such as future special education expenditures and computer replacements.

The Board of Trustees:

- Approves the budget each year
- Approves every check and all personnel matters at their board meetings.
- Meets every other month and is updated on enrollment numbers particularly as they relate to the cyber charter's financial stability.

The President of the Board of Trustees and the Chief Executive Officer closely monitor revenues and expenditures and report solvency to the Board regularly.

### **Fiscal Solvency Policies**

Charter School documents that describe policies and procedures that have been established to ensure and monitor fiscal solvency (optional if described in the narrative)

#### **Files uploaded:**

- Fund Balance Policy 6.7.12.doc

## *Accounting System*

Changes to the accounting system the charter school uses:

Changes to the accounting system the charter school uses:  
For the 2013-2014 school year, CPDLF has been utilizing Quickbooks Online due to their move to

Hollidaysburg on June 26, 2013. The accounting system is still set up using the PA State Chart of Accounts. Revenues and expenditures are coded according to the Manual of Accounting and Related Financial Procedures. The approved budget has been entered and financial information is reported to PDE in accordance with GAAP.

Audit firm: Young, Oakes, Brown & Co, PC  
 Period ending 06/30/13. Completion date of 11/12/2013 audit  
 Unqualified opinion and no findings

### ***Preliminary Statements of Revenues, Expenditures & Fund Balances***

The completed and CEO signed Fiscal Template – Preliminary Statements of Revenues, Expenditures & Fund Balances

*PDF file uploaded.*

### ***Financial Audits***

#### **Basics**

Audit Firm: Young, Oakes, Brown & Company, P.C.  
 Date of Last Audit: 11/12/2013  
 Fiscal Year Last Audited: 2012-2013

#### **Explanation of the Report**

Detailed explanation of the report (if the previous year's report has been submitted.) Any audit report for a school year that precedes this annual report by more than 2 years is not acceptable and may be considered a material violation:

n/a Previous year's audit included.

#### **Financial Audit Report**

The Financial Audit Report, which should include the auditor's opinion and any findings resulting from the audit

*PDF file uploaded.*

#### **Citations**

Financial audit citations and the corresponding Charter School responses

Description	Response
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### *Federal Programs Consolidated Review*

#### **Basics**

Title I Status: No  
Date of Last Federal  
Programs Consolidated  
Review:  
School Year Reviewed:

#### **Federal Programs Consolidated Review Report**

The Federal Programs Consolidated Review Report, which should include the Division's opinion and any findings resulting from the audit

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#### **Citations**

Federal Programs Consolidated Review citations and the corresponding Charter School responses

Description	Response
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# Special Education

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## *Chapter 711 Assurances*

The LEA agrees to comply with all requirements of Special Education outlined in 22 PA Code Chapter 711 and other state and federal mandates. These include:

Implementation of a full range of services, programs and alternative placements available to the Charter School for placement and implementation of the special education programs in the Charter School.

Implementation of a child find system to locate, identify and evaluate young children and children who are thought to be a child with a disability eligible for special education residing within the Charter School's jurisdiction. Child find data is collected, maintained and used in decision-making. Child find process and procedures are evaluated for their effectiveness. The Charter School implements mechanisms to disseminate child find information to the public, organizations, agencies and individuals on at least an annual basis.

Assurances of students with disabilities are included in general education programs and extracurricular and non-academic programs and activities to the maximum extent appropriate in accordance with an Individualized Education Program.

Following the state and federal guidelines for participation of students with disabilities in state and Charter School-wide assessments including the determination of participation, the need for accommodations and the methods of assessing students for whom regular assessment is not appropriate.

Assurance of funds received through participation in the medical assistance reimbursement program, ACCESS, will be used to enhance or expand the current level of services and programs provided to students with disabilities in this local education agency.

## **Special Education Support Services**

<b>Support Service</b>	<b>Location</b>	<b>Teacher FTE</b>
Guidance Counselor	CPDLF	0.5

## **Special Education Contracted Services**

<b>Title</b>	<b>Amt. of Time per Week</b>	<b>Operator</b>	<b>Number of Students</b>
Hearing Support	1 Hours	Intermediate Unit	10 or fewer
Occupational Therapy	3 Hours	Intermediate Unit	10 or fewer
School Psychologist	5 Hours	Outside Contractor	11
School Social Worker	3 Hours	Intermediate Unit	12
Special Education Director	3 Hours	Intermediate Unit	46
Speech/Language	1 Hours	Multiple LEA (School Districts	10 or fewer

Therapy		or Charter Schools)	
Speech/Language Therapy	2 Hours	Outside Contractor	10 or fewer
Speech/Language Therapy	8 Hours	Intermediate Unit	10 or fewer

### ***Special Education Cyclical Monitoring***

Date of Last Special Education Cyclical Monitoring:

04/07/2009

Link to Report (Optional):

Not Provided

### **Special Education Cyclical Monitoring Report**

The Special Education Cyclical Monitoring Report, which should include the Bureau's findings

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# Facilities

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## *Fixed assets acquired by the Charter School during the past fiscal year*

Fixed assets acquired by the Charter School during the past fiscal year:

Fixed assets acquired by the Charter School during the past fiscal year:

For 2013-2014 school year, CPDLF reverted to the entire student population receiving laptops through the PEPPM plan and Gov Connection of the State of Pennsylvania. At the beginning of the school year, 85 student laptops were purchased. In the previous school year, CPDLF was gradually converting to students having laptops depending upon the age of the computers. Student laptops were replaced after being three years old. Also due to an increase in enrollment, 40 additional student laptops were purchased prior to the end of the school year. Also for 2013-2014 CPDLF purchased laptops for mentor/teachers and office staff use to assist with instruction of CPDLF students. For administrative purposes CPDLF purchased five Yoga computers for some of the administration and for the 2014-2015 school year two additional yoga computers will be purchased. Also a flatbed scanner was purchased to scan old student files, checks, and old reports electronically to save space, CPDLF entered into a Lease to Buy contract with Skyward Investments, LTD on June 13, 2013. CPDLF has the option to purchase the building located at 721 North Juniata Street Hollidaysburg, PA 16648 within a period of three years. If CPDLF enrollment increases, the building will be purchased. CPDLF currently leases two suites at this address and upon acquisition of the building, the cyber charter school will own all four suites. This will enable the school more space to accommodate the increase in student enrollment and growth.

**The total Charter School expenditures for fixed assets during the identified fiscal year:**

*\$100,722.00*

## *Facility Plans and Other Capital Needs*

The Charter School's plan for future facility development and the rationale for the various components of the plan:

The Charter School's plan for future facility development and the rationale for the various components of the plan:

CPDLF has a three year goal of growth for student enrollment. On June 13, 2013 the cyber charter school entered into a three year Option to Buy agreement with Skyward Investments, LTD concerning a building located at 721 North Juniata Street in Hollidaysburg, PA 16648. Currently the cyber charter school leases two suites at their new location. If student enrollment increases prior to the designated three years, then the entire building will be purchased.

The aforementioned goals were set after CPDLF entered into a new management agreement with the Bellwood-Antis School District effective July 1, 2013. The management agreement with the Altoona Area School District was terminated June 30, 2013 at the request of the Altoona

Area School District's Board of Directors.

*Memorandums of Understanding*

<b>Organization</b>	<b>Purpose</b>
Hollidaysburg Borough Police Department	The Memorandum of Understanding with the Hollidaysburg Borough Police Department is used primarily to establish procedures to be followed when specific incidents occur on school property or at any school sponsored activity for the protection of CPDLF students and staff effective July 1, 2013. This was established when CPDLF moved to 721 North Juniata Street in Hollidaysburg, PA 16648 on June 26, 2013.



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF EDUCATION  
333 MARKET STREET  
HARRISBURG, PA 17126-0333  
www.pde.state.pa.us

Bureau of Special Education  
717-783-6913

FAX: 717-783-6139

May 6, 2009

Mr. Norman J. Miller  
CEO  
Central PA Digital Learning Foundation CS  
1500 Fourth Avenue  
Altoona, Pa 16602

Dear Mr. Miller:

Enclosed is the Report of Findings presenting results of the cyclical monitoring which was conducted by the Bureau of Special Education (BSE) in the Central PA Digital Learning Foundation CS the week of April 7, 2009.

The Executive Summary is arranged in two parts and includes an Appendix. PART I presents the Summary of Findings including an explanation of the review process and general findings. PART II describes the corrective action process. A description identifying findings of noncompliance, corrective action required, improvement planning needed, and results of interviews of staff and parents can be found in the Appendix. The charter school must complete corrective action within the calendar days as outlined in the Charter School Corrective Action Verification/School District Compliance and Improvement Plan developed with the Single Point of Contact (SPOC). Follow-up onsite reviews verifying the charter school's completion of corrective action will be conducted by the BSE. The SPOC will contact the charter school to schedule the initial visit within 60 days of issuance of the monitoring report.

34 CFR 300.600 mandates the BSE to carry out monitoring activities and implementation of any necessary corrective action. Legal compliance is the basis on which high quality programs are built. It is policy of the Department of Education to promote and ensure compliance with special education statutes and regulations through an array of activities such as a coordinated program of plan review, compliance monitoring, technical assistance, and funding decisions. However, if the Department does not succeed in obtaining prompt compliance through activities such as monitoring, then more rigorous steps can be taken to make sure compliance is resolved. These include:

- Notification to the entity granting the charter of the failure of the charter school to comply with federal regulations.
- Deferment of the disbursement of state or federal funds pending resolution of the issue
- Reduction of the amount of funds (for example, by the amount of money it takes to provide an appropriate education to a particular child or children) if a district is unwilling to provide appropriate services

None of these steps are desirable and none should be necessary if each school district is familiar with and attentive to the rules governing special education.

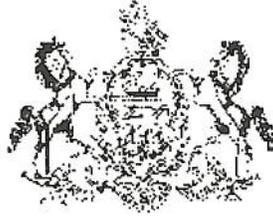
If you have any questions about this report, contact Patrick Scanlon, the Chairperson of the compliance monitoring team.

Please convey my thanks to all staff who participated in the review. Their time and assistance is appreciated.

Sincerely,

John J. Tommasini  
Director

Attachments: Executive Summary  
Appendix: Detailed Report of Findings, Including Corrective Actions Required  
CC: Chairperson  
Jill Deitrich  
SD Monitoring File



**Executive Summary**  
**BSE Compliance Monitoring Review**  
**of the**  
**Central PA Digital Learning Foundation CS**

**PART I**  
**SUMMARY OF FINDINGS**

**A. Review Process**

Prior to the Bureau of Special Education (BSE) monitoring the week of April 7, 2009, the Central PA Digital Learning Foundation CS was formally notified of the dates the onsite review would be conducted. Notice and invitation to comment was also provided to the Local Task Force on Right-to-Education. The charter school was informed of its responsibility to compile various reports, written policies, and procedures to document compliance with requirements.

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

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

**B. General Findings**

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

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

**Commendations**

In addition to reporting the status of compliance, the BSE wishes to recognize the Central PA Digital Learning Foundation CS for the following:

- The Charter School is commended for its communication among parents, students, mentors and facilitators.

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

**C. Overall Findings**

**1. FACILITATED SELF-ASSESSMENT (FSA)**

Preliminary Statement of Revenues, Expenditures & Fund Balances  
 Include ALL Funds  
 as of June 30, 2014

**Name of School** Central Pennsylvania Digital Learning Foundation

**Address of School** 721 North Juniata Street, Suite 3, Hollidaysburg, PA 16648

**CEO Signature** \_\_\_\_\_

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

**EXPENDITURES**

1000	INSTRUCTION	
1100	REGULAR PROGRAMS - ELEMENTARY / SECONDARY	718,621
1200	SPECIAL PROGRAMS - ELEMENTARY / SECONDARY	152,974
1300	VOCATIONAL EDUCATION	
1400	OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY	36,307
1600	ADULT EDUCATION PROGRAMS	
1700	HIGHER EDUCATION PROGRAMS	
1800	PRE-KINDERGARTEN	
<b>2000</b>	<b>SUPPORT SERVICES</b>	
2100	SUPPORT SERVICES - PUPIL PERSONNEL	131,508
	2110 Supervision of Pupil Personnel Services	
	2120 Guidance Services	
	2130 Attendance Services	
	2140 Psychological Services	
	2150 Speech Pathology and Audiology Services	
	2160 Social Work Services	
	2170 Student Accounting Services	
	2190 Other Pupil Personnel Services	
2200	SUPPORT SERVICES - INSTRUCTIONAL STAFF	204,723
	2210 Supervision of Educational Media Services	

	2220	Technology Support Services	
	2230	Educational Television Services	
	2240	Computer-Assisted Instruction Support Services	
	2250	School Library Services	
	2260	Instruction and Curriculum Development Services	
	2270	Instructional Staff Professional Development Services	
	2280	Nonpublic Support Services	
2300		SUPPORT SERVICES - ADMINISTRATION	9,301
	2310	Board Services	
	2320	Board Treasurer Services	
	2340	Staff Relations and Negotiations Services	
	2350	Legal Services	
	2360	Office of the Superintendent (Executive Director) Services	
	2370	Community Relations Services	
	2380	Office of the Principal Services	
	2390	Other Administration Services	
2400		SUPPORT SERVICES - PUPIL HEALTH	1,375
2500		SUPPORT SERVICES - BUSINESS	153,981
	2510	Fiscal Services	
	2520	Purchasing Services	
	2530	Warehousing and Distributing Services	
	2540	Printing, Publishing and Duplicating Services	
	2590	Other Support Services - Business	
2600		OPERATION AND MAINTENANCE OF PLANT SERVICES	58,981
	2610	Supervision of Operation and Maintenance of Plant Services	
	2620	Operation of Buildings Services	
	2630	Care and Upkeep of Grounds Services	
	2640	Care and Upkeep of Equipment Services	
	2650	Vehicle Operations and Maintenance Services (Other than Student Transportation Vehicles)	
	2660	Security Services	
	2690	Other Operation and Maintenance of Plant Services	
2700		STUDENT TRANSPORTATION SERVICES	
	2710	Supervision of Student Transportation Services	
	2720	Vehicle Operation Services	
	2730	Monitoring Services	
	2740	Vehicle Servicing and Maintenance Services	
	2750	Nonpublic Transportation	

	2790	Other Student Transportation Services	
2800		SUPPORT SERVICES - CENTRAL	96,522
	2810	Planning, Research, Development and Evaluation Services	
	2820	Information Services	
	2830	Staff Services	
	2840	Data Processing Services	
	2850	State and Federal Agency Liaison Services	
	2860	Management Services	
	2890	Other Support Services Central	
2900		OTHER SUPPORT SERVICES - CENTRAL	
	2990	Pass-Thru Funds	
<b>3000</b>		<b>OPERATION OF NON-INSTRUCTIONAL SERVICES</b>	
3100		FOOD SERVICES	
3200		STUDENT ACTIVITIES	
	3210	School Sponsored Student Activities	
	3250	School Sponsored Athletics	
3300		COMMUNITY SERVICES	
	3310	Community Recreation	
	3320	Civic Services	
	3330	Public Library Services	
	3340	Custody and Child Care	
	3350	Welfare Activities	
	3390	Other Community Services	
3400		SCHOLARSHIPS AND AWARDS	
<b>4000</b>		<b>FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES</b>	
4100		SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL	
4200		EXISTING SITE IMPROVEMENT SERVICES	
4300		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL	
4400		ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS	

4500	BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL	
4600	EXISTING BUILDING IMPROVEMENT SERVICES	
<b>5000</b>	<b>OTHER EXPENDITURES AND FINANCING USES</b>	
5100	DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES	
5200	FUND TRANSFERS	
5300	TRANSFERS INVOLVING COMPONENT UNITS	
5400	INTRAFUND TRANSFERS OUT	
5800	SUSPENSE ACCOUNT	
5900	BUDGETARY RESERVE	
<b>TOTAL EXPENDITURES</b>		1,564,293

**TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND  
BALANCE AS OF JUNE 30, 2014**

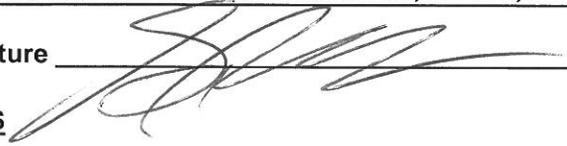
**63,979.00**

Preliminary Statement of Revenues, Expenditures & Fund Balances  
 Include ALL Funds  
 as of June 30, 2014

**Name of School** Central Pennsylvania Digital Learning Foundation

**Address of School** 721 North Juniata Street, Suite 3, Hollidaysburg, PA 16648

**CEO Signature** \_\_\_\_\_



**REVENUES**

<b>6000</b>		<b>REVENUE FROM LOCAL SOURCES</b>	
<b>6500</b>		<b>EARNINGS ON INVESTMENTS</b>	
	6510	Interest on Investments and Interest-Bearing Checking Accounts	4,052.00
	6520	Dividends on Investments	
	6530	Gains or Losses on Sale of Investments	
	6540	Earnings on Investments in Real Property	
	6590	Other Earnings or Investments	
<b>6600</b>		<b>FOOD SERVICE REVENUE</b>	
	6610	Daily Sales - Reimbursable Programs	
	6620	Daily Sales - Non-Reimbursable Programs	
	6630	Special Functions	
	6640	Non-Cash Contributions	
	6650	Price Reduction for Reduced Price and Free Meals (Debit)	
	6690	Other Food Service Revenues	
<b>6700</b>		<b>REVENUES FROM STUDENT ACTIVITIES</b>	
	6710	Admissions	
	6720	Bookstore Sales	
	6730	Student Organization Membership Dues and Fees	
	6740	Fees	
	6750	Student Activity - Special Events	
	6790	Other Student Activity Income	
<b>6800</b>		<b>REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH</b>	
	6810	Revenue from Local Governmental Units	
	6820	Revenue from Intermediary Sources - Commonwealth Funds	
	6830	Revenues from Intermediary Sources - Federal Funds	
	6890	Other Revenues from Intermediary Sources	

<b>6900</b>		<b>OTHER REVENUE FROM LOCAL SOURCES</b>	
	6910	Rentals	
	6920	Contributions & Donations from Private Sources / Capital Contributions	
	6930	Gains or Losses on Sale of Fixed Assets (Economic Resource Measurement Focus Only)	
	6940	Tuition from Patrons	
	6941	Regular Day School Tuition	
	6942	Summer School Tuition	
	6943	Adult Education Tuition	
	6944	Receipts From Other LEAs in Pennsylvania - Education	1,589,803.00
	6945	Receipts from Out-of-State LEAs	
	6946	Receipts from Member Districts - AVTS / Special Program Jointure only	
	6947	Receipts from Members of Intermediate Units for Education by Withholding	
	6948	Receipts from Members of Intermediate Units for Direct Contributions	
	6949	Other Tuition from Patrons	
	6950	Unassigned	
	6960	Services Provide Other Local Governmental Units / LEAs	
	6961	Transportation Services Provided Other Pennsylvania LEAs	
	6969	All Other Services Provided Other Governments and LEAs Not Specified Above	
	6970	Services Provided Other Funds	
	6980	Revenue from Community Service Activities	
	6990	Refunds and Other Miscellaneous Revenue	
	6991	Refunds of a Prior Year Expenditure	1,936.00
	6999	Other Revenues Not Specified Above	288.00
<b>7000</b>		<b>REVENUE FROM STATE SOURCES</b>	
7100		BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES	
	7150	Unassigned	
	7160	Tuition for Orphans and Children Placed in Private Homes	
	7180	Staff and Program Development	
7200		REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS	
	7210	Homebound Instruction	
	7220	Vocational Education	
	7230	Alternative Education	
	7240	Driver Education - Student	
	7250	Migratory Children	
	7260	Workforce Investment Act (WIA)	
	7270	Specialized Education of Exceptional Pupils	
	7280	Adult Literacy	

	7290	Additional Educational Program Revenues	
7300		REVENUES FOR NON-EDUCATIONAL PROGRAMS	
	7310	Transportation (Regular and Additional)	
	7320	Rental and Sinking Fund Payments / Building Reimbursement Subsidy	
	7330	Health Services (Medical, Dental, Nurse, Act 25)	2,409.00
	7340	Unassigned	
	7350	Sewage Treatment Operations / Environmental Subsidies	
	7360	Safe Schools	
7400		VOCATIONAL TRAINING OF THE UNEMPLOYED	
7500		STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS	
	7502	Dual Enrollment Grants	
	7503	Project 720/High School Reform	
	7599	Other State Revenue Not Listed Elsewhere in the 7000 Series	
7600		REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS	
7800		REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS	
	7810	State Share of Social Security and Medicare Taxes	29,784.00
	7820	State Share of Retirement Contributions	
7900		REVENUE FOR TECHNOLOGY	
	7910	Educational Technology	
	7990	Other Technology Grants	
<b>8000</b>		<b>REVENUE FROM FEDERAL SOURCES</b>	
8100		UNRESTRICTED GRANTS-IN-AID DIRECT FROM THE FEDERAL GOVERNMENT	
	8110	Payments for Federally Impacted Areas - P.L. 81-874	
	8190	Other Unrestricted Federal Grants-in-Aid Direct from the Federal Government	
8200		UNRESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH	
8300		RESTRICTED GRANTS-IN-AID DIRECTLY FROM THE FEDERAL GOVERNMENT	
	8310	Payments for Federally Impacted Areas - P.L. 81-815	
	8320	Energy Conservation Grants - TA and ECM	

	8390	Other Restricted Federal Grants-in-Aid Directly from the Federal Government	
8500		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS	
	8510	Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB)	
	8520	Vocational Education	
	8530	Child Nutrition Program	
	8540	Nutrition Education and Training	
	8560	Federal Block Grants	
	8570	Unassigned	
	8580	Child Care and Development Block Grants	
	8590	Unassigned	
8600		RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS	
	8610	Homeless Assistance Act	
	8620	Adult Basic Education	
	8640	Headstart	
	8650	Unassigned	
	8660	Workforce Investment Act (WIA)	
	8670	Unassigned	
	8680	Unassigned	
	8690	Other Restricted Federal Grants-in-Aid through the Commonwealth	
8800		MEDICAL ASSISTANCE REIMBURSEMENTS	
<b>9000</b>		<b>OTHER FINANCING SOURCES</b>	
9100		SALE OF BONDS	
	9110	Bond Issue Proceeds (Gross)	
	9120	Proceeds from Refunding of Bonds	
9200		PROCEEDS FROM EXTENDED TERM FINANCING	
9300		INTERFUND TRANSFERS	
	9310	General Fund Transfers	
	9320	Special Revenue Fund Transfers	

	9330	Capital Projects Funds Transfers	
	9340	Debt Service Fund Transfers	
	9350	Enterprise Fund Transfers	
	9360	Internal Service Fund Transfers	
	9370	Trust and Agency Fund	
	9380	Activity Fund Transfers	
	9390	Permanent Fund Transfers	
9400		SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS	
9500		Unassigned	
9600		Unassigned	
9700		TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS	
	9710	Transfers from Component Units	
	9720	Transfers from Primary Governments	
9800		INTRAFUND TRANSFERS IN	
	9810	General Fund Intrafund Transfers	
	9820	Special Revenue Intrafund Transfers	
	9840	Debt Service Intrafund Transfers	
	9850	Enterprise Intrafund Transfers	
	9860	Internal Service Intrafund Transfers	
	9870	Trust and Agency Intrafund Transfers	
	9880	Activity Interfund Transfers	
<b>TOTAL REVENUES</b>			1,628,272.00

## **POLICY 4021**

TITLE: FUND BALANCE  
SECTION: 4000 Fiscal  
FIRST READING: 6/7/2012  
FINAL ADOPTION: 8/16/2012  
PLACEMENT: 4021 in the Manual  
REVISED:  
NUMBER OF PAGES: 3

### **Purpose**

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of CPDLF and is fiscally advantageous for both the school and the taxpayer. This policy establishes goals and provided guidance concerning the desired level of year-end fund balance to be maintained by CPDLF.

### **Definitions**

**Fund balance** is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.

GASB Statement 54 distinguished fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:

**Restricted** - amounts limited by external parties or legislation. Ex.: Debt covenants.

**Committed** - amounts limited by Board policy or Board action. Ex.: Future anticipated costs. Action must be taken by the Board to commit fund balance for the designated purpose prior to the end of the fiscal year.

**Assigned** – amounts that are intended for a particular purpose.

**Unassigned** – amounts available for consumption or not restricted in any manner.

## **Guidelines**

CPDLF will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of several portions including restricted, committed, assigned and unassigned, may exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of five percent (5%) of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until five percent (5%) is attained. If the unassigned portion of the fund balance exceeds eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal is to use any excess fund balance for nonrecurring expenditures and not for normal operating costs.

### Use Of Fund Balance

Restricted Fund Balance will be reduced to the extent that the underlying reason for the restriction has been eliminated.

Should CPDLF experience an excess of expenditures over revenues for a given fiscal year, fund balance will be consumed in the following order:

1. Restricted Fund Balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
2. Committed Fund Balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, committed fund balance will not be reduced by more than the amount designated in the plan.
3. Assigned Fund Balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.
4. Unassigned Fund Balance for any remaining excess of expenditures over revenues.

## **Delegation of Responsibility**

The CEO or designee may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.

The CEO or designee shall be responsible for the enforcement of this policy.

References:

School Code – 24 P.S. Sec. 218, 688

**CENTRAL PENNSYLVANIA  
DIGITAL LEARNING FOUNDATION, INC.**

**FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT ON  
BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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# Young, Oakes, Brown & Company, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Central Pennsylvania Digital Learning  
Foundation, Inc.  
721 N. Juniata Street, Suite 3  
Hollidaysburg, PA 16648

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Central Pennsylvania Digital Learning Foundation, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the Contents.

### ***Management's Responsibility for the Financial Statements***

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

### **Auditor's Responsibility**

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Central Pennsylvania Digital Learning Foundation, Inc. as of June 30, 2013, 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.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Young, Beckler, Brown & Company, P.C.*

## CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION

### MANAGEMENT DISCUSSION AND ANALYSIS

This section of Central Pennsylvania Digital Learning Foundation's annual financial report presents our discussion and analysis of the CPDLF's financial performance during the fiscal year that ended on June 30, 2013.

#### FINANCIAL HIGHLIGHTS

- This was CPDLF's tenth year of operation. The net position for the period ending June 30, 2013 was \$1,826,618 and represents a decrease of \$57,668 even though revenues were 2% higher than the previous year .
- The overall decrease in net assets is primarily due to the costs of launching an aggressive advertising campaign resulting in \$75,000 more advertising expense than the previous year.
- The Balance Sheet has a fund balance of \$1,835,260 for the year ended June 30, 2013.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of financial statements that present distinctly different views of CPDLF:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about CPDLF's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of CPDLF, reporting CPDLF's operations in *more detail* than the government-wide statements.
- All of CPDLF activities are governmental activities and are presented in the governmental fund statements.

The financial statements also include notes that explain some of the information presented in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of CPDLF's budget for the year.

### **Government-wide Statements**

The government-wide statements report information about CPDLF as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of CPDLF's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report CPDLF's *net position* and how it has changed. Net position – the difference between CPDLF's assets and liabilities – is one way to measure CPDLF's financial health or *position*.

- Over time, increases or decreases in CPDLF's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess CPDLF's overall health, consider additional non-financial factors such as changes in enrollment, special education mandates and legislation relative to cyber charter schools.
- Governmental funds: All of CPDLF's services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view which indicates whether there are more or fewer financial resources that can be spent in the near future to finance CPDLF programs.

CPDLF'S NET POSITION

	As of 6/30/13	As of 6/30/12
Current and Other Assets	\$ 2,005,600	\$ 2,097,189
	<hr/>	<hr/>
Total Assets	\$ 2,005,600	\$ 2,097,189
	<hr/>	<hr/>
Other Liabilities	\$ 170,340	\$ 207,700
	<hr/>	<hr/>
Total Liabilities	\$ 170,340	\$ 207,700
	<hr/>	<hr/>
Net Position:		
Unrestricted	\$ 1,835,260	\$ 1,889,489
	<hr/>	<hr/>

**CPDLF'S CHANGES IN NET POSITION**

**Governmental Activities**

	2013	2012
<b><u>REVENUES</u></b>		
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 1,242,456	\$ 1,225,667
Operating Grants and Contributions	71,385	58,159
Interest Earnings	\$ 5,201	\$ 9,803
Miscellaneous Income	2,995	754
	<hr/>	<hr/>
Total Revenues	\$ 1,322,037	\$ 1,294,383
	<hr/>	<hr/>
<b><u>Expenses</u></b>		
Instruction	729,520	657,827
Instructional Student Support	389,363	379,172
Administrative and Financial Support Services	260,822	209,535
Operation and Maintenance of Plant Services	-	39,996
	<hr/>	<hr/>
Total Expenses	\$ 1,379,705	\$ 1,286,530
	<hr/>	<hr/>
Change in Net Position	\$ (57,668)	\$ 7,853
<b><u>Net Position</u> - Beginning</b>	<hr/> 1,884,286	<hr/> 1,881,636
<b><u>Net Position</u>- Ending</b>	<hr/> \$ 1,826,618	<hr/> \$ 1,889,489
	<hr/>	<hr/>

Revenues for CPDLF for the year ended 6/30/13 were \$1,322,037. For the year ended 6/30/12, revenues were \$1,294,383.

94% of the income is derived from the home districts of the students enrolled in CPDLF. CPDLF is reimbursed at the home district's per pupil subsidy rate which is determined by PDE.

Expenses for CPDLF's governmental activities totaled \$1,379,705. Prior year expenses were \$1,286,530. Fifty-three percent of expenditures were for direct instruction (\$729,520). Direct instruction expenses were \$657,827 in the prior year. Instructional student support expenses were \$389,363 (29%) compared with \$379,172 (30%) for fiscal year ended 6/30/12. \$260,822 (19%) was expended for administrative (including rent) & financial support services. 2012 expenses for this function were \$209,535 (17%). In 2012, the remaining \$39,996 (3%) was spent on rent and related facility expenses.

### General Fund Budgetary Highlights

CPDLF's budget is prepared on the modified accrual basis of accounting. The original budget was also the final budget. Revenues and instructional expenses were higher than budgeted due to increased enrollment.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>			
Local Sources	\$ 1,250,000	\$ 1,285,490	\$ 35,490
State Sources	37,190	34,195	(2,995)
Federal Sources	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Total Budgeted/Actual Revenues	\$ 1,322,190	\$ 1,319,685	\$ (2,505)
<u>Expenditures</u>			
Regular Programs	\$ 530,700	\$ 529,646	\$ 1,054
Special Programs	199,500	198,758	742
Pupil Personnel Services	26,900	20,285	6,615
Instructional Staff Services	248,100	248,086	14
Administrative Services	71,500	71,295	205
Pupil Health	4,300	4,283	17
Business Services	259,100	258,254	846
Operation & Mtn of Plant Services	36,500	36,330	170
Central & Other Supp Services	<u>6,300</u>	<u>6,248</u>	<u>52</u>
Total Budgeted/Actual Expenditures	\$ 1,382,900	\$ 1,373,185	\$ 9,715

Actual revenue was \$2,505 less than the final budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

CPDLF leased space from the Greater Altoona Career and Technical Center at a monthly rate of \$3,333. Beginning July 1, 2013, CPDLF moved to a new location in Hollidaysburg. CPDLF owns no land or buildings and there is no long-term debt.

### Contacting the Cyber Financial Management

If you have questions about this report or wish to request additional financial information, please contact Faith Riling c/o CPDLF, 721 N. Juniata St., Suite 3, Hollidaysburg, PA 16648, (814) 682-5258 ext 106.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 745,378
Investments	906,774
Due from Other Governments	316,596
Prepaid Expense	<u>36,852</u>
<b>TOTAL ASSETS</b>	<b>\$2,005,600</b>
<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 127,551
Accrued Salaries and Benefits	21,930
Payroll Deductions and Withholdings	29,266
Other Payables	<u>235</u>
Total Liabilities	<b>\$ 178,982</b>
<b><u>Net Position</u></b>	
Unrestricted	<u>\$1,826,618</u>
 <b>TOTAL NET POSITION</b>	 <b>\$1,826,618</b>

See Accompanying Notes and Independent Auditor's Report



CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

----- Program Revenues -----		Net (Expense) Revenue and ----- Changes in Net Position -----
<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
\$ 683,351	\$ 55,997	\$ 9,828
310,614	8,549	( 70,200)
<u>248,491</u>	<u>6,839</u>	( 5,492)
\$1,242,456	\$ 71,385	(\$ 65,864)
\$1,242,456	\$ 71,385	(\$ 65,864)
		\$ 5,201
		<u>2,995</u>
		\$ 8,196
		(\$ 57,668)
		<u>1,884,286</u>
		<u>\$1,826,618</u>

See Accompanying Notes and Independent Auditor's Report

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	<u>General Fund</u>
 <b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 745,378
Investments	906,774
Due from Other Governments	316,596
Prepaid Expense	<u>36,852</u>
<b>TOTAL ASSETS</b>	<b>\$2,005,600</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 127,551
Accrued Salaries and Benefits	13,288
Payroll Deductions and Withholdings	29,266
Other Payables	<u>235</u>
Total Liabilities	<b>\$ 170,340</b>
 <b><u>Fund Balances</u></b>	
Nonspendable Fund Balance	\$ 36,852
Unassigned Fund Balance	<u>1,798,408</u>
Total Fund Balances	<b>\$1,835,260</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$2,005,600</b>

See Accompanying Notes and Independent Auditor's Report

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

Total Fund Balances – Governmental Funds	\$1,835,260
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities for compensated absences which are not due and payable in the current period and, therefore, are not reported as liabilities in the balance sheet but are shown on the statement of net position.	( <u>8,642</u> )
Total Net Position – Governmental Activities	<u>\$1,826,618</u>

See Accompanying Notes and Independent Auditor's Report

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>
<b><u>Revenues</u></b>	
Local Sources	\$1,285,490
State Sources	<u>34,195</u>
Total Revenues	<u>\$1,319,685</u>
<b><u>Expenditures</u></b>	
Instruction	\$ 728,403
Support Services	<u>644,782</u>
Total Expenditures	<u>\$1,373,185</u>
Excess of Revenues Over Expenditures	<u>(\$ 53,500)</u>
<b><u>Other Financing Sources</u></b>	
Miscellaneous Income	\$ 2,352
Refund of Prior Year Receipts	( <u>3,081</u> )
Total Other Financing Sources	<u>(\$ 729)</u>
Net Change in Fund Balance	(\$ 54,229)
<b><u>Fund Balances</u></b> - July 1, 2012	<u>1,889,489</u>
<b><u>Fund Balances</u></b> - June 30, 2013	<u><u>\$1,835,260</u></u>

See Accompanying Notes and Independent Auditor's Report

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2013

Total Net Change in Fund Balances – Governmental Funds (\$54,229)

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

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. ( 3,439)

Change in Net Position of Governmental Activities (\$57,668)

See Accompanying Notes and Independent Auditor's Report

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**Note 1: Summary of Significant Accounting Policies**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. *Governmental activities*, which normally are supported by tuition, intergovernmental revenues, and other nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The Central Pennsylvania Digital Learning Foundation, Inc., for financial reporting purposes, presents the general fund, which is relevant to the operations of the school. The initial financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Central Pennsylvania Digital Learning Foundation, Inc. charter school.

The Central Pennsylvania Digital Learning Foundation, Inc. is a not-for-profit organization but is reported as a governmental organization because it has one or more of the following characteristics:

- a. Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
- b. The potential for unilateral dissolution by a government with the net assets reverting to a government; or
- c. The power to enact and enforce a tax levy.

As required by generally accepted accounting principles, these financial statements present the entity; and upon the application of accounting and legal criteria, the financial statements do not include any other organization since no potential component units exist.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the School's fund. The emphasis of fund financial statements is on the major governmental fund, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental fund:

- The *general fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those specifically required to be accounted for in another fund.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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. Tuition is recognized as revenue in the year it was earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Tuition and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School.

F. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

Cash and temporary investments consist of cash on hand and demand deposits. For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, and Net Position/Fund Balance (Continued)

3. Income Taxes

Central Pennsylvania Digital Learning Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, Central Pennsylvania Digital Learning Foundation, Inc. has made no provision for federal income taxes in the accompanying financial statements.

4. Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

5. Fund Balance Flow Assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School'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.

6. 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 School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Restricted** - amounts limited by (a) external parties, such as creditors, grantors, and donors, or (b) legislation, such as constitutional provisions or enabling legislation.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, and Net Position/Fund Balance (Continued)

6. Fund Balance Policies

**Committed** - amounts limited by School Board (e.g., encumbrances or future anticipated costs). The School Board establishes, modifies, and rescinds commitments by passage of an ordinance or resolution, typically through the adoption and amendment of the budget.

**Assigned** - amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future. Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for a specific purpose, such as the purchase of capital assets, construction, debt service, or other purposes.

**Unassigned** - amounts available for consumption or not restricted in any manner.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 internally dedicated resources are reported as general revenues rather than as program revenues.

2. Compensated Absences

Under the terms of personnel policies and union contracts, employees of the School accumulate sick, personal, and/or vacation leave hours in varying amounts according to length of service and employee type. These benefits can be available for subsequent use or for payment upon termination or retirement. Accumulated sick, personal and vacation expense to be paid in future periods is accrued when the benefits are earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due and are not yet paid.

Note 2: Detailed Notes on All Activities and Funds

A. Deposits and Investments

As of June 30, 2013, the School had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Maturity</u>
Certificate of Deposit - Altoona First	\$255,895	329 days
Certificate of Deposit - C & G Savings Bank	253,261	174 days
Certificate of Deposit - Investment Savings Bank	247,006	323 days
Certificate of Deposit - Reliance Bank	<u>150,612</u>	135 days
Total Investments	<u>\$906,774</u>	

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

A. Deposits and Investments (Continued)

Deposits at June 30, 2013, appear in the financial statements as summarized below:

Cash and Cash Equivalents	\$745,378
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Interest Rate Risk

The School does have an investment policy and acknowledges the risk that the market value of securities will fall due to changes in general interest rates.

Credit Risk

State law requirements for School deposits include the following:

1. 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 and credit of the Commonwealth of Pennsylvania, 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.
2. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan 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, therefore, shall be pledged by the depository.

The School adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School.

Concentrations of Credit Risk

The School's investment policy does not address concentrations of risk; however, as shown above the certificates of deposits are insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk but follows state law. The School's bank balance is \$815,822. Of the bank balance, \$529,591 is covered by Federal Depository Insurance and \$286,231 is collateralized by securities held by the pledging financial institution's trust department or agent, but not in the School's name.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2013, the School's investment balance of \$906,774 was exposed to custodial credit risk because \$9,157 of the bank balance was uninsured and uncollateralized.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

**B. Retirement Plans**

**Defined Benefit Plans**

The School contributes to a governmental cost sharing multiple-employer defined benefit pension plans administered by the Public School Employees' Retirement Systems (PSERS). Benefit provisions of the plan are established under the provisions of the PSERS Code (the Code). The plan provides retirement and disability, legislatively mandated *ad hoc* cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement Systems, 5 North Fifth Street, Harrisburg, Pennsylvania 17101-1905. This publication is also available on the Publications page of the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Funding Policy**

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. Active members who joined the Public School Employees' Retirement System prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation. Members who joined the Public School Employees' Retirement System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation. Members who joined the Public School Employees' Retirement System after June 30, 2001 and before July 1, 2011, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%. Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36 percent of covered payroll. The 12.36 percent rate is composed of a pension contribution rate of 11.50 percent for pension benefits and .86 for healthcare insurance premium assistance.

The School's contributions to the Public School Employees' Retirement Systems for the years ended June 30, 2013 employer contributions were \$58,881 and employee contributions were \$35,729. The required employer contributions for the years ended June 30, 2012 and 2011 were \$32,782 and \$18,349, respectively. The School's contributions were equal to the required contributions for each year.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Other Significant Commitments

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$0
	=

D. Due from Other Governments

The account represents the \$316,596 due from various school districts at June 30, 2013, who had students that attended Central Pennsylvania Digital Learning Foundation, Inc. charter school during the 2012-2013 school year.

E. Accumulated Leaves

Vacation

Charter school employees who are required to work on a twelve-month schedule are credited with vacation at rates, which vary with length of service or job classification. Accumulated vacation (for most employee categories) may be taken or paid if the amount is within certain limits. The accumulated vacation for fiscal year 2013 was \$8,642.

F. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 12, 2013, the date the financial statements were available to be issued.

G. Related Party Transactions

The school is cost sharing with Altoona Area School District, a member district, for supplies and certain employee benefits as a cost reduction process.

H. Insurance

Effective January 1, 2009, the School was self-insured through Highmark Blue Cross/Blue Shield for both medical and prescription services. There was also stop loss insurance purchased from Highmark Life and Casualty.

The other area of employee related cost that is self-insured is the area of dental care. The dental care plan is provided by Delta Dental. The employer is responsible to pay all dental claims and a monthly service fee per employee.

I. Risk Management

The school is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the school carries commercial insurance.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

**J. Litigation**

In the normal course of conducting the business affairs and in providing education to the students of the area, the School becomes involved in lawsuits. Management indicates that it is presently not involved in any lawsuits regarding issues and incidents at the School.

**K. Federal and State Compliance Under Financial Assistance Grants and Programs**

Grantor agencies reserve the right to perform certain audit work in addition to the work performed by the school's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the school. Management does not believe that any significant costs will be incurred by the school if such additional audits should occur.

**L. On Behalf of Payments for Fringe Benefits**

Effective July 1, 2011, Cyber Schools no longer qualify to receive on-behalf payments for social security. The Commonwealth of Pennsylvania's share of retirement benefits of \$32,108 are included in the basic financial statements as revenue.

**M. GASB Statement #45**

GASB Statement 45, is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Government employers required to comply with GASB 45 include all states, towns, education boards, water districts, mosquito districts, public schools and all other government entities that offer OPEB and report under GASB. The School's management elected not to record the immaterial amount related to employees OPEB benefits.

**N. Fund Balance**

As of June 30, 2013, the governmental fund financial statements fund balances are comprised of the following:

**Nonspendable**

The School has prepaid expenses of \$36,812 classified as nonspendable.

**Spendable**

The School has classified the spendable fund balances as Unassigned and considered each to have been spent when expenditures are incurred.

**Unassigned**

The unassigned fund balance for the general fund is \$1,798,408.

**O. Economic Dependency**

The School is economically dependent on the Commonwealth of Pennsylvania to provide both pass-through federal funds and direct state funds.

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

P. Beginning Net Position

The beginning net position had to be decreased by \$5,203 for the beginning balance of accrued vacation.

<u>Net Position</u> - July 1, 2012	\$1,889,489
Adjustment	( <u>5,203</u> )
<u>Net Position</u> - July 1, 2012 (Restated)	<u>\$1,884,286</u>

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Local Sources	\$1,202,000	\$1,250,000	\$1,285,490	\$ 35,490
State Sources	40,000	37,190	34,195	( 2,995)
Federal Sources	0	35,000	0	( 35,000)
<b>Total Revenues</b>	<b>\$1,242,000</b>	<b>\$1,322,190</b>	<b>\$1,319,685</b>	<b>(\$ 2,505)</b>
<b>Expenditures</b>				
Regular Programs	\$ 478,930	\$ 530,700	\$ 529,646	\$ 1,054
Special Programs	74,790	199,500	198,758	742
Pupil Personnel Services	239,627	26,900	20,285	6,615
Instructional Staff Services	122,378	248,100	248,086	14
Administrative Services	16,864	71,500	71,295	205
Pupil Health	3,489	4,300	4,283	17
Business Services	231,852	259,100	258,254	846
Operation of Plant Services	40,000	36,500	36,330	170
Central and Other Support Services	34,070	6,300	6,248	52
<b>Total Expenditures</b>	<b>\$1,242,000</b>	<b>\$1,382,900</b>	<b>\$1,373,185</b>	<b>\$ 9,715</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 0</b>	<b>(\$ 60,710)</b>	<b>(\$ 53,500)</b>	<b>\$ 7,210</b>
<b>Other Financing Sources (Uses)</b>				
Miscellaneous Income	\$ 0	\$ 0	\$ 2,352	\$ 2,352
Refund of Prior Year Receipt	0	( 2,400)	( 3,081)	( 681)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>(\$ 2,400)</b>	<b>(\$ 729)</b>	<b>(\$ 1,671)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 0</b>	<b>(\$ 63,110)</b>	<b>(\$ 54,229)</b>	<b>\$ 8,881</b>
<b>Fund Balances - July 1, 2012</b>	<b>0</b>	<b>63,110</b>	<b>1,889,489</b>	<b>1,826,379</b>
<b>Fund Balances - June 30, 2013</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$1,835,260</b>	<b>\$1,835,260</b>

CENTRAL PENNSYLVANIA DIGITAL LEARNING FOUNDATION, INC.  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2013

**Budgetary Data**

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

The Pennsylvania School Code dictates specific procedures relative to adoption of the charter school's budget and reporting of its financial statements, specifically:

- The charter school is required to prepare an operating budget for the succeeding fiscal year.
- The board of directors may make transfers of funds appropriated to any particular item of expenditure during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the board is required.
- Fund balances in the budgetary reserve may be appropriated based on resolutions passed by the Board of Trustees, which authorize the charter school to make expenditures.
- Included in the general fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- At the end of the year, any remaining amount in a budgeted item must be closed, as it is not permissible to carry the balance into the next year.
- The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The expenditures of the School presented on the financial statements are classified by Function.