

Keystone Education Center CS

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

425 South Good Hope Road
Greenville, PA 16125
(724)588-2511

Phase:

Phase 2

CEO Name:

Mike Gentile

CEO E-mail address:

mike_gentile@keystone.k12.pa.us

Governance and Staff

Leadership Changes

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

There were no changes in leadership during the 2013-2014 school year at the Board Level.

Board of Trustees Meeting Schedule

| Location | Date and Time |
|--|----------------------|
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 9/12/2013 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 11/14/2013 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 1/9/2014 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 3/13/2014 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 5/8/2014 8:30 AM |
| Gallery Grille Restaurant, Mercer Road, Greenville, PA 16125 | 6/12/2014 11:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 9/11/2014 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 11/13/2014 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 1/8/2015 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 3/12/2015 8:30 AM |
| Keystone Adolescent Center Main Office, 60 South Race Street, Greenville, PA 16125 | 5/14/2015 8:30 AM |
| Gallery Grille Restaurant, Mercer Road, Greenville, PA 16125 | 6/11/2015 11:30 AM |

Professional Staff Member Roster

There are no professional staff members.

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

XLS file uploaded.

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 | 2.00 | | 2.00 | | | |
| Principal | 1.00 | 1.00 | 1.00 | | | |
| Assistant Principal | | | | | | |
| Classroom Teacher (including Master Teachers) | 22.00 | 20.00 | 22.00 | | | |
| Specialty Teacher (including Master Teachers) | | | | | | |
| Special Education Teacher (including Master Teachers) | 4.00 | 4.00 | 4.00 | | | |
| Special Education Coordinator | 1.00 | 1.00 | 1.00 | | | |
| Counselor | 2.00 | 2.00 | 2.00 | | | |
| Psychologist | 1.00 | 1.00 | 1.00 | | | |
| School Nurse | 1.00 | 1.00 | 1.00 | | | |
| Totals | 34.00 | 30.00 | 34.00 | 0 | 0 | 0 |

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

There were no major fund-raising activities performed this year and non are planned for next year.

Fiscal Solvency Policies

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

Our policy is to always have enough fund balance to carry us through the summer payroll, and also to budget a fund balance for any unexpected expenditures and adverse fluctuation in enrollment and subsequent year's budget fund to meet expenditures while waiting on receivables.

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)

No files have been uploaded.

Accounting System

Changes to the accounting system the charter school uses:

Governmental Fund Accounting is our accounting system, which utilizes the Full Accrual Basis of Accounting like all other L.E.A.s. Our chart of accounts follows the Pennsylvania State Public School Chart of Accounts. When a new account is needed, the State Manual is used to classify that account. The Midwestern Intermediate Unit IV accounting system, Smart Finance, is utilized which is used by other school districts in the three-county area. Our audit/financial statements were conducted in accordance with Generally Accepted Accounting Principles and was in conformity with these principles.

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: Black, Bashor & Porsch, LLP
 Date of Last Audit: 06/30/2013
 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:

Black, Bashor & Porsch, LLP, is currently preparing the 2013-2014 audit.

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 |
|-------------|----------|
|-------------|----------|

Federal Programs Consolidated Review**Basics**

Title I Status: Yes
 Date of Last Federal Programs Consolidated Review: 06/10/2014
 School Year Reviewed: 2013-14

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

DOCX file uploaded.

Citations

Federal Programs Consolidated Review citations and the corresponding Charter School responses

| Description | Response |
|--------------------|-----------------|
|--------------------|-----------------|

Special Education

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

| Support Service | Location | Teacher FTE |
|------------------------------|--|--------------------|
| Paraprofessional | Keystone Education Center Charter School | 1 |
| Paraprofessional | Keystone Education Center Charter School | 1 |
| Paraprofessional | Keystone Education Center Charter School | 1 |
| School Psychologist | Keystone Education Center Charter School | 0.25 |
| Special Education Supervisor | Keystone Education Center Charter School | 0.5 |

Special Education Contracted Services

| Title | Amt. of Time per Week | Operator | Number of Students |
|--|------------------------------|-------------------|---------------------------|
| Speech and Language Therapist/OT/PT/Vision/Hearing Support | 2 Days | Intermediate Unit | 10 or fewer |

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring:
Link to Report (Optional):

06/10/2011
Not Provided

Special Education Cyclical Monitoring Report

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

PDF file uploaded.

Facilities

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

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

Keystone Charter School acquired no additional fixed assets during the identified fiscal year.

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

\$0.00

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:

In our master plan for the school, the maintenance and upkeep of the buildings are always a high priority, as is maintaining technology.

Memorandums of Understanding

| Organization | Purpose |
|---|---|
| Commodore Perry School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Farrell Area School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Greenville Area School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Greenville-West Salem Police Department | The purpose of this Memorandum is to establish policies and procedures to be followed when certain specific incidents occur on school property. |
| Hermitage School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Jamestown Area | This Memorandum of Understanding is an agreement permitting |

| | |
|-------------------------------------|---|
| School District | Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Lakeview School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Mercer Area School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Reynolds School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| Sharpsville Area School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |
| West Middlesex Area School District | This Memorandum of Understanding is an agreement permitting Keystone Charter School, on behalf of the district, to enforce compulsory attendance laws in accord with the laws of the Commonwealth of Pennsylvania for the district's resident students that are attending Keystone. |

Charter School Annual Report Affirmations

Charter Annual Report Affirmation

I verify that all information and records in this charter school annual report are complete and accurate.

The Chief Executive Officer and the Board of Trustee President of the charter school must sign this verification.

Affirmed by Todd Hedderick on 7/30/2014

President, Board of Trustees

Affirmed by Mike Gentile on 7/30/2014

Chief Executive Officer

Charter School Law Affirmation

Pennsylvania's first Charter School Law was Act 22 of 1997, 24 P.S. § 17-1701-A et seq., which primarily became effective June 19, 1997, and has subsequently been amended.

The Charter School Law provides for the powers, requirements, and establishment of charter schools. The Charter School Law was passed to provide opportunities to teachers, parents, pupils and community members to establish and maintain schools that operate independently from the existing school district structure as a method to accomplish all of the following: (1) improve pupil learning; (2) increase learning opportunities for all pupils; (3) encourage the use of different and innovative teaching methods; (4) create new professional opportunities for teachers; (5) provide parents and pupils with expanded choices in types of educational opportunities that are available within the public school system; and (6) hold charter schools accountable for meeting measurable academic standards and provide the school with a method to establish accountability systems.

The charter school assures that it will comply with the requirements of the Charter School Law and any provision of law from which the charter school has not been exempted, including Federal laws and regulations governing children with disabilities. The charter school also assures that it will comply with the policies, regulations and procedures of the Pennsylvania Department of Education (Department). Additional information about charter schools is available on the Pennsylvania Department's website at: <http://www.education.state.pa.us>.

The Chief Executive Officer and Board of Trustees President of the charter school must sign this assurance.

Affirmed by Todd Hedderick on 7/30/2014

President, Board of Trustees

Affirmed by Mike Gentile on 7/30/2014

Chief Executive Officer

Ethics Act Affirmation

Pennsylvania's current Public Official and Employee Ethics Act (Ethics Act), Act 93 of 1998, Chapter 11, 65 Pa.C.S. § 1101 et seq., became effective December 14, 1998 and has subsequently been amended.

The Ethics Act provides that public office is a public trust and that any effort to realize personal financial gain through public office other than compensation provided by law is a violation of that trust. The Ethics Act was passed to strengthen the faith and confidence of the people of Pennsylvania in their government. The Pennsylvania State Ethics Commission (Commission) administers and enforces the provisions of the Ethics Acts and provides guidance regarding its requirements.

The regulations of the Commission set forth the procedures applicable to all proceedings before the Commission as well as for the administration of the Statement of Financial Interests filing requirements. See 51 Pa. Code § 11.1 et seq.

The charter school assures that it will comply with the requirements of the Ethics Act and with the policies, regulations and procedures of the Commission. Additional information about the Ethics Act is available on the Commission's website at: <http://www.ethics.state.pa.us>.

The Chief Executive Officer and Board of Trustees President of the charter school must sign this assurance.

Affirmed by Todd Hedderick on 7/30/2014

President, Board of Trustees

Affirmed by Mike Gentile on 7/30/2014

Chief Executive Officer

CERTIFICATION VERIFICATION FORM:
Keystone Education Center - Charter School
2013-2014

PDE-414 (5/00)

Complete the following information for all administrators, teachers, school nurses, and guidance counseling staff; attach copies of education certificates.

| Staff No. | Name of Employee (Please list all names) | Social Security Number | Areas of Certification Type/Area | Grades Teaching or Serving | Area of Assignment Subject areas teaching or Services provided | Specify Full or Part Time (FT/PT) | Percentage of time spent in certified position | Percentage of time spent in non-certified position |
|-----------|---|------------------------|---|----------------------------|---|-----------------------------------|--|--|
| 1 | JOHN GAUB | | Ment./Phys. Hand.-Level II/Housse Elementary K-6 | 9-12 | Curriculum Director | FT | | 100% |
| 2 | MICHAEL GAZZO | | English - Level II | 9-12 | English | FT | 100% | |
| 3 | MICHAEL GENTILE | | | 7-12 | CEO | FT | | 100% |
| 4 | JEANNINE JACKSON | | Ment./Phys. Hand. - Level II English 7-12 - Level II | 9-12 | Spec. Ed English | FT | 100% | |
| 5 | MATTHEW NELSON | | | 7-12 | Director of Educ. | FT | | 100% |
| 6 | WILLIAM PATTERSON | | Highly Qualified | 9-12 | Mathematics | FT | | 100% |
| 7 | TIM WOGUE | | Sec. School Couns. - Ed. Spec. II | 7-12 | Guidance | FT | 100% | |
| 8 | DAVID WOLFE | | Social Studies - Level II | 9-12 | History, American Govt. | FT | 100% | |
| 9 | DOUGLAS ENGLAND | | Mathematics - Level II - 7-12 | 9-12 | Mathematics | FT | 100% | |
| 10 | KENDRA GAUB | | Ment/Phys Hand-Level II/Housse Principal K-12 | 9-12 | MS Principal Spec. Educ. Supervisor | FT | 100% | |
| 11 | EMMA HANCOX | | Elementary K-6 Mid-Level English 7-9 | 7-9 | English | FT | 100% | |
| 12 | ROBERTA MARSHALL | | Art - Level II | 7-12 | Arts | FT | 100% | |
| 13 | DIANE MORIAN | | Ment/Phys Hand. - Level II English 7-12 - Level II | 7-8 | Spec. Educ. (English) | FT | 100% | |
| 14 | CHRIS CIANCI | | School Nurse - Educ. Spec. II | K-12 | Nursing-License #RN520884L | FT | 100% | |
| 15 | EILEEN FERENCE | | Mathematics - Level II | 9-12 | Mathematics | FT | 100% | |

CERTIFICATION VERIFICATION FORM:**Keystone Education Center - Charter School****2013-2014**

PDE-414 (5/00)

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|-----------|---|------------------------|---|----------------------------|---|-----------------------------------|--|--|
| 16 | DAVE JURA | | School Psychologist - Level II | 7-12 | Psychological Services | PT | 100% | |
| 17 | RON THOMPSON | | English - Level I | 9-12 | English | FT | 100% | |
| 18 | JAY GHIRARDI | | General Science | 9-12 | General Science | FT | 100% | |
| 19 | TRINA KNAUFF | | Elementary - K-6 Special Education - Level I / N-12 | 9-12 | Resource | FT | 100% | |
| 20 | GLORIA KNIGHT | | H&P Ed/Mental Phys. Hand.-Level II | 7-12 | Spec. Educ. Classes/Resource | FT | 100% | |
| 21 | MARK BATT | | Highly Qualified | 9-12 | Phys. Educ., Health | FT | | 100% |
| 22 | CHAD LIVELLA | | English (7-12) & Soc. Stud. - Level I | 9-12 | English, Military History | FT | 100% | |
| 23 | JOSHUA THOMPSON | | Sec. School Counselor-Ed. Spec. I | 9-12 | Guidance / Careers | FT | 100% | |
| 24 | KAREN GEIBEL | | Biology Level I | 9-12 | General Science, Biology | FT | 100% | |
| 25 | RANDY MILLER | | Health/PE - Level II Middle Level Science-Level II/7-9 | 7-8 | Health / P.E. / Science | FT | 100% | |
| 26 | SUZANNE PAXSON BLAIR | | Health/Phys Ed. - Level II Consumer Science | 9-12 | Health / Phys. Educ. Consumer Science | FT | 100% | |
| 27 | KIM POWELL/MULTARI | | Special Education - Level I / N-12 | 9-12 | Resource/ Spec. Ed. | FT | 100% | |
| 28 | MICHELLE RIHEL | | Elementary K-6 / Special Educ. N-12 Mathematics - Level I - 7-12 | 9-12 | L.S. Math | FT | 100% | |
| 29 | EDWARD MCELROY | | Social Studies - Level I | 7-8 | Social Studies | FT | 100% | |

PDE-414 (5/00)

Complete the following information for all administrators, teachers, school nurses, and guidance counseling staff; attach copies of education certificates.

| Staff No. | Name of Employee (Please list all names) | Social Security Number | Areas of Certification Type/Area | Grades Teaching or Serving | Area of Assignment Subject areas teaching or Services provided | Specify Full or Part Time (FT/PT) | Percentage of time spent in certified position | Percentage of time spent in non-certified position |
|-----------|---|------------------------|------------------------------------|----------------------------|--|-----------------------------------|--|--|
| 30 | HERBERT KING | | Social Studies - Level I | 9-12 | Social Studies | FT | 100% | |
| 31 | DEBORAH NICHOLS | | Elem. School Coun./Speech & Lang. | 6-12 | Speech Pathology | PT | 100% | |
| 32 | JAIME PANNUTTI/LOMBARDO | | English - Level I | 9-12 | English | FT | 100% | |
| 33 | HEATHER CHAMBERS | | General Science/Mid-level Math 7-9 | 7-8 | Math | FT | 100% | |
| 34 | TESHA ROBERTS | | English ML 7-9 / Soc Studies 7-12 | 7-8 | English | FT | 100% | |

Total number of Administrators 4

Total number of Teachers 27

Counselors 2

School Nurses 1

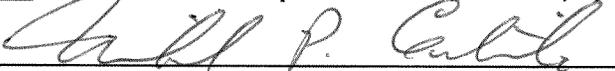
Total number of Staff 34

Total Staff: 88%

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

Name of School Keystone Education Center Charter School

Address of School 425 South Good Hope Road Greenville, PA 16125

CEO Signature 

REVENUES

| | | | |
|-------------|------|--|-------|
| 6000 | | REVENUE FROM LOCAL SOURCES | |
| 6500 | | EARNINGS ON INVESTMENTS | |
| | 6510 | Interest on Investments and Interest-Bearing Checking Accounts | 682 |
| | 6520 | Dividends on Investments | |
| | 6530 | Gains or Losses on Sale of Investments | |
| | 6540 | Earnings on Investments in Real Property | |
| | 6590 | Other Earnings or Investments | |
| 6600 | | FOOD SERVICE REVENUE | |
| | 6610 | Daily Sales - Reimbursable Programs | |
| | 6620 | Daily Sales - Non-Reimbursable Programs | |
| | 6630 | Special Functions | |
| | 6640 | Non-Cash Contributions | |
| | 6650 | Price Reduction for Reduced Price and Free Meals (Debit) | |
| | 6690 | Other Food Service Revenues | |
| 6700 | | REVENUES FROM STUDENT ACTIVITIES | |
| | 6710 | Admissions | |
| | 6720 | Bookstore Sales | |
| | 6730 | Student Organization Membership Dues and Fees | |
| | 6740 | Fees | |
| | 6750 | Student Activity - Special Events | |
| | 6790 | Other Student Activity Income | |
| 6800 | | REVENUES FROM INTERMEDIARY SOURCES / PASS THROUGH | |
| | 6810 | Revenue from Local Governmental Units | |
| | 6820 | Revenue from Intermediary Sources - Commonwealth Funds | |
| | 6830 | Revenues from Intermediary Sources - Federal Funds | 91700 |
| | 6890 | Other Revenues from Intermediary Sources | |

| | | | |
|-------------|------|--|---------|
| 6900 | | OTHER REVENUE FROM LOCAL SOURCES | |
| | 6910 | Rentals | |
| | 6920 | Contributions & Donations from Private Sources / Capital Contributions | |
| | 6930 | Gains or Losses on Sale of Fixed Assets (Economic Resource Measurement Focus Only) | |
| | 6940 | Tuition from Patrons | |
| | 6941 | Regular Day School Tuition | |
| | 6942 | Summer School Tuition | 3449718 |
| | 6943 | Adult Education Tuition | |
| | 6944 | Receipts From Other LEAs in Pennsylvania - Education | |
| | 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 | 757 |
| | 6991 | Refunds of a Prior Year Expenditure | |
| | 6999 | Other Revenues Not Specified Above | |
| 7000 | | REVENUE FROM STATE SOURCES | |
| 7100 | | BASIC INSTRUCTIONAL AND OPERATING SUBSIDIES | |
| | 7150 | Unassigned | |
| | 7160 | Tuition for Orphans and Children Placed in Private Homes | |
| | 7180 | Staff and Program Development | |
| 7200 | | REVENUE FOR SPECIFIC EDUCATIONAL PROGRAMS | |
| | 7210 | Homebound Instruction | |
| | 7220 | Vocational Education | |
| | 7230 | Alternative Education | |
| | 7240 | Driver Education - Student | |
| | 7250 | Migratory Children | |
| | 7260 | Workforce Investment Act (WIA) | |
| | 7270 | Specialized Education of Exceptional Pupils | |
| | 7280 | Adult Literacy | |

| | | | |
|-------------|------|---|--------|
| | 7290 | Additional Educational Program Revenues | |
| 7300 | | REVENUES FOR NON-EDUCATIONAL PROGRAMS | |
| | 7310 | Transportation (Regular and Additional) | |
| | 7320 | Rental and Sinking Fund Payments / Building Reimbursement Subsidy | 37868 |
| | 7330 | Health Services (Medical, Dental, Nurse, Act 25) | 4402 |
| | 7340 | Unassigned | |
| | 7350 | Sewage Treatment Operations / Environmental Subsidies | |
| | 7360 | Safe Schools | |
| 7400 | | VOCATIONAL TRAINING OF THE UNEMPLOYED | |
| 7500 | | STATE REVENUE NOT LISTED ELSEWHERE IN THE 7000 SERIES OF ACCOUNTS | |
| | 7502 | Dual Enrollment Grants | |
| | 7503 | Project 720/High School Reform | |
| | 7599 | Other State Revenue Not Listed Elsewhere in the 7000 Series | |
| 7600 | | REVENUE FOR MILK, LUNCH AND BREAKFAST PROGRAMS | |
| 7800 | | REVENUE FOR THE COMMONWEALTH'S SHARE OF PAID BENEFITS | |
| | 7810 | State Share of Social Security and Medicare Taxes | |
| | 7820 | State Share of Retirement Contributions | 213137 |
| 7900 | | REVENUE FOR TECHNOLOGY | |
| | 7910 | Educational Technology | |
| | 7990 | Other Technology Grants | |
| 8000 | | REVENUE FROM FEDERAL SOURCES | |
| 8100 | | UNRESTRICTED GRANTS-IN-AID DIRECT FROM THE FEDERAL GOVERNMENT | 19800 |
| | 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 | |

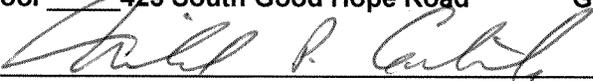
| | | | |
|-------------|------|--|--------|
| | 8390 | Other Restricted Federal Grants-in-Aid Directly from the Federal Government | |
| 8500 | | RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA), NO CHILD LEFT BEHIND (NCLB), VOCATIONAL EDUCATION, CHILD NUTRITION AND CAREER EDUCATION PROGRAMS | |
| | 8510 | Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB) | 275201 |
| | 8520 | Vocational Education | |
| | 8530 | Child Nutrition Program | |
| | 8540 | Nutrition Education and Training | |
| | 8560 | Federal Block Grants | |
| | 8570 | Unassigned | |
| | 8580 | Child Care and Development Block Grants | |
| | 8590 | Unassigned | |
| 8600 | | RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS | |
| | 8610 | Homeless Assistance Act | |
| | 8620 | Adult Basic Education | |
| | 8640 | Headstart | |
| | 8650 | Unassigned | |
| | 8660 | Workforce Investment Act (WIA) | |
| | 8670 | Unassigned | |
| | 8680 | Unassigned | |
| | 8690 | Other Restricted Federal Grants-in-Aid through the Commonwealth | |
| 8800 | | MEDICAL ASSISTANCE REIMBURSEMENTS | |
| 9000 | | OTHER FINANCING SOURCES | |
| 9100 | | SALE OF BONDS | |
| | 9110 | Bond Issue Proceeds (Gross) | |
| | 9120 | Proceeds from Refunding of Bonds | |
| 9200 | | PROCEEDS FROM EXTENDED TERM FINANCING | |
| 9300 | | INTERFUND TRANSFERS | |
| | 9310 | General Fund Transfers | |
| | 9320 | Special Revenue Fund Transfers | |

| | | | |
|-----------------------|------|---|---------|
| | 9330 | Capital Projects Funds Transfers | |
| | 9340 | Debt Service Fund Transfers | |
| | 9350 | Enterprise Fund Transfers | |
| | 9360 | Internal Service Fund Transfers | |
| | 9370 | Trust and Agency Fund | |
| | 9380 | Activity Fund Transfers | |
| | 9390 | Permanent Fund Transfers | |
| | | | |
| 9400 | | SALE OF OR COMPENSATION FOR LOSS OF FIXED ASSETS | |
| | | | |
| 9500 | | Unassigned | |
| | | | |
| 9600 | | Unassigned | |
| | | | |
| 9700 | | TRANSFERS INVOLVING COMPONENT UNITS AND PRIMARY GOVERNMENTS | |
| | 9710 | Transfers from Component Units | |
| | 9720 | Transfers from Primary Governments | |
| | | | |
| 9800 | | INTRAFUND TRANSFERS IN | |
| | 9810 | General Fund Intrafund Transfers | |
| | 9820 | Special Revenue Intrafund Transfers | |
| | 9840 | Debt Service Intrafund Transfers | |
| | 9850 | Enterprise Intrafund Transfers | |
| | 9860 | Internal Service Intrafund Transfers | |
| | 9870 | Trust and Agency Intrafund Transfers | |
| | 9880 | Activity Interfund Transfers | |
| | | | |
| | | | |
| TOTAL REVENUES | | | 4093265 |

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

Name of School Keystone Education Center Charter School

Address of School 425 South Good Hope Road Greenville, PA 16125

CEO Signature 

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

EXPENDITURES

| 1000 | INSTRUCTION | |
|-------------|---|---------|
| 1100 | REGULAR PROGRAMS - ELEMENTARY / SECONDARY | 1950492 |
| 1200 | SPECIAL PROGRAMS - ELEMENTARY / SECONDARY | 762484 |
| 1300 | VOCATIONAL EDUCATION | |
| 1400 | OTHER INSTRUCTIONAL PROGRAMS - ELEMENTARY / SECONDARY | |
| 1600 | ADULT EDUCATION PROGRAMS | |
| 1700 | HIGHER EDUCATION PROGRAMS | |
| 1800 | PRE-KINDERGARTEN | |
| 2000 | SUPPORT SERVICES | |
| 2100 | SUPPORT SERVICES - PUPIL PERSONNEL | |
| | 2110 Supervision of Pupil Personnel Services | |
| | 2120 Guidance Services | 156649 |
| | 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 | |
| | 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 | 118013 |
| | 2270 | Instructional Staff Professional Development Services | 11570 |
| | 2280 | Nonpublic Support Services | |
| | | | |
| 2300 | | SUPPORT SERVICES - ADMINISTRATION | |
| | 2310 | Board Services | |
| | 2320 | Board Treasurer Services | |
| | 2340 | Staff Relations and Negotiations Services | |
| | 2350 | Legal Services | |
| | 2360 | Office of the Superintendent (Executive Director) Services | 128086 |
| | 2370 | Community Relations Services | |
| | 2380 | Office of the Principal Services | 276733 |
| | 2390 | Other Administration Services | |
| | | | |
| 2400 | | SUPPORT SERVICES - PUPIL HEALTH | 81116 |
| | | | |
| 2500 | | SUPPORT SERVICES - BUSINESS | 144261 |
| | 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 | 218835 |
| | 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 | 157735 |
| | 2730 | Monitoring Services | |
| | 2740 | Vehicle Servicing and Maintenance Services | 23903 |
| | 2750 | Nonpublic Transportation | |

| | | | |
|-------------|------|--|------|
| | 2790 | Other Student Transportation Services | |
| 2800 | | SUPPORT SERVICES - CENTRAL | |
| | 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 | |
| 3000 | | OPERATION OF NON-INSTRUCTIONAL SERVICES | |
| 3100 | | FOOD SERVICES | |
| 3200 | | STUDENT ACTIVITIES | |
| | 3210 | School Sponsored Student Activities | 3148 |
| | 3250 | School Sponsored Athletics | |
| 3300 | | COMMUNITY SERVICES | |
| | 3310 | Community Recreation | |
| | 3320 | Civic Services | |
| | 3330 | Public Library Services | |
| | 3340 | Custody and Child Care | |
| | 3350 | Welfare Activities | |
| | 3390 | Other Community Services | |
| 3400 | | SCHOLARSHIPS AND AWARDS | |
| 4000 | | FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES | |
| 4100 | | SITE ACQUISITION SERVICES - ORIGINAL AND ADDITIONAL | |
| 4200 | | EXISTING SITE IMPROVEMENT SERVICES | |
| 4300 | | ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS DEVELOPMENT - ORIGINAL AND ADDITIONAL | |
| 4400 | | ARCHITECTURE AND ENGINEERING SERVICES / EDUCATIONAL SPECIFICATIONS - IMPROVEMENTS | |

| | | |
|---------------------------|--|---------|
| 4500 | BUILDING ACQUISITION AND CONSTRUCTION SERVICES - ORIGINAL AND ADDITIONAL | |
| 4600 | EXISTING BUILDING IMPROVEMENT SERVICES | |
| 5000 | OTHER EXPENDITURES AND FINANCING USES | |
| 5100 | DEBT SERVICE / OTHER EXPENDITURES AND FINANCING USES | |
| 5200 | FUND TRANSFERS | |
| 5300 | TRANSFERS INVOLVING COMPONENT UNITS | |
| 5400 | INTRAFUND TRANSFERS OUT | |
| 5800 | SUSPENSE ACCOUNT | |
| 5900 | BUDGETARY RESERVE | |
| | | |
| TOTAL EXPENDITURES | | 4033025 |

TOTAL REVENUES MINUS TOTAL EXPENDITURES = CURRENT FUND BALANCE AS OF JUNE 30, 2000 60240

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS
AND BASIC FINANCIAL STATEMENTS

AS OF JUNE 30, 2013

TOGETHER WITH INDEPENDENT AUDITORS' REPORT
AND SUPPLEMENTAL INFORMATION

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Black, Bashor & Porsch, LLP
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Ruth Ann Sholler, CPA
Jason E. Tomko, CPA, CGMA
Brenda L. McCall, CPA
Brandon J. Mirizio, CPA
Jack F. Kuchcinski, CPA

TO WHOM IT MAY CONCERN:

The distribution of the Keystone Education Center Charter School financial statements consists of the following:

Keystone Education Center Charter School
Board of Directors

Superintendent

Business Manager

Electronically
Filed: Federal Audit Clearinghouse
1201 East 10th Street
Jeffersonville, Indiana 47132

Electronically
Filed: Bureau of Audits
Forum Place - 8th Floor
555 Walnut Street
Harrisburg, Pennsylvania 17101

Black, Bashor Porsch, LLP

Sharon, Pennsylvania
December 4, 2013

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To the Members of the Board:

We have performed the single audit of the Keystone Education Center Charter School for the year ended June 30, 2013, and have enclosed the single audit reporting package.

The single audit was done to fulfill the requirements of OMB Circular A-133. It entailed: (1) an audit of the basic financial statements and our opinion thereon; (2) a review of compliance based on an audit of the basic financial statements and on internal control over financial reporting; (3) a review of compliance with requirements applicable to each major program and internal control over compliance and our opinion thereon; (4) an audit of the schedule of expenditures of federal awards.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
December 4, 2013

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

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KEYSTONE EDUCATION CENTER CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Keystone Education Center Charter School
60 South Race Street
Greenville, Pennsylvania 16125

Ladies and Gentlemen:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Keystone Education Center Charter School, Pennsylvania, as of and for the year ended June 30, 2013, 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.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Keystone Education Center Charter School's 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Charter School'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 Charter School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Keystone Education Center Charter School, Pennsylvania, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTAL INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparisons on pages 4 to 10 and 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Keystone Education Center Charter School, Pennsylvania, basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the supplemental schedules and related information identified in the table of contents as supplementary information 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY "GOVERNMENT AUDITING STANDARDS"

In accordance with "Government Auditing Standards", we have also issued our report dated December 4, 2013, on our consideration of the Keystone Education Center Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Keystone Education Center Charter School's internal control over financial reporting and compliance.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania

December 4, 2013

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of the Keystone Education Center Charter School's (Charter School) financial performance provides an overall review of the Charter School's financial activities for the year ended June 30, 2013. The intent of the discussion and analysis is to look at the Charter School's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the Charter School's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- In total, net position decreased \$ 183 thousand. Net position of governmental activities decreased by \$ 183 thousand, whereas, net position of business-type activities remained the same.
- Total revenues were \$ 4.1 million. General revenues accounted for \$ 1 thousand in revenue or less than .1 percent of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$ 4.1 million or nearly 100 percent of total revenues.
- The Charter School had \$ 4.2 million in expenses related to governmental activities, these expenses were offset by grants totalling \$ 4 million. General revenue of \$ 2 thousand was insufficient to cover the rest of the expenses, resulting in a decrease in net position of \$ 183 thousand.
- At the end of the current fiscal year, the fund balance of the general fund was \$ 1 million or 23.6 percent of total general fund expenditures and other uses, whereas the unassigned fund balance was \$ 684 thousand or 16.7 percent of total general fund expenditures and other uses.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Keystone Education Center Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds. In the case of the Keystone Education Center Charter School, the general fund is by far the most significant fund.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

REPORTING THE CHARTER SCHOOL AS A WHOLE

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position and the Statement of Activities -

While this document contains the various funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer the question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two (2) statements report the Charter School's net position and changes in those positions. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Charter School's support from other local educational agencies, student enrollment, facility conditions, required education programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the Charter School is divided into two (2) distinct kinds of activities:

- Governmental Activities - Most of the Charter School's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The Charter School food service program is reported as business activity.

The Governmental Funds Balance Sheet can be found on page 13 of this report.

REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS

FUND FINANCIAL STATEMENTS

The analysis of the Charter School's major funds begin on page 13. Fund financial reports provide detailed information about the Charter School's major funds. The Charter School uses other funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Charter School's most significant funds. The Charter School's major governmental fund is the general fund.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

GOVERNMENTAL FUNDS

Most of the Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balance left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the Charter School's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance education programs. The relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is reconciled in the financial statements on pages 14 and 16, respectively.

PROPRIETARY FUNDS

Proprietary funds use the same basis of accounting as business-type activities; therefore, these fund financial statements will essentially match the government-wide financial statements.

THE CHARTER SCHOOL AS A WHOLE

The Statement of Net Position provides the perspective of the Charter School as a whole.

A comparison of the Charter School's net position for 2013 compared to 2012 is as follows:

| | NET POSITION (IN THOUSANDS) | | | | | |
|-----------------------|-----------------------------|-----------------|---------------|--------------|-----------------|-----------------|
| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| <u>ASSETS:-</u> | | | | | | |
| Cash and Cash | | | | | | |
| Equivalents..\$ | 723 | \$ 923 | \$ 49 | \$ 72 | \$ 772 | \$ 995 |
| Internal | | | | | | |
| Balances..... | 32 | 59 | (32) | (59) | 0 | 0 |
| Due from Other | | | | | | |
| Governments.. | 861 | 630 | | 19 | 861 | 649 |
| Net Capital | | | | | | |
| Assets..... | 177 | 237 | | 3 | 177 | 240 |
| TOTAL ASSETS:- | \$ 1,793 | \$ 1,849 | \$ 17 | \$ 35 | \$ 1,810 | \$ 1,884 |
| <u>DEFERRED</u> | | | | | | |
| <u>OUTFLOWS OF</u> | | | | | | |
| <u>RESOURCES:-</u> | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>TOTAL ASSETS</u> | | | | | | |
| <u>AND DEFERRED</u> | | | | | | |
| <u>OUTFLOWS OF</u> | | | | | | |
| <u>RESOURCES:-</u> | <u>\$ 1,793</u> | <u>\$ 1,849</u> | <u>\$ 17</u> | <u>\$ 35</u> | <u>\$ 1,810</u> | <u>\$ 1,884</u> |

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

| | NET POSITION (IN THOUSANDS) | | | | | |
|---|-----------------------------|-----------------|---------------|--------------|-----------------|-----------------|
| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
| | ACTIVITIES | | ACTIVITIES | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| <u>LIABILITIES:-</u> | | | | | | |
| Accounts Payable.....\$ | 170 | \$ 91 | \$ 17 | \$ 32 | \$ 187 | \$ 123 |
| Accrued Salaries and Benefits..... | 482 | 434 | | | 482 | 434 |
| Note Payable.. | | | | 3 | 0 | 3 |
| <u>TOTAL LIABILITIES:-</u> | <u>\$ 652</u> | <u>\$ 525</u> | <u>\$ 17</u> | <u>\$ 35</u> | <u>\$ 669</u> | <u>\$ 560</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Net Position Invested in Capital Assets, Net of Debt.....\$ | 177 | \$ 237 | \$ | (\$ 1) | \$ 177 | \$ 236 |
| Unrestricted.. | 964 | 1,087 | | 1 | 964 | 1,088 |
| <u>TOTAL NET POSITION:-</u> | <u>\$ 1,141</u> | <u>\$ 1,324</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,141</u> | <u>\$ 1,324</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-</u> | <u>\$ 1,793</u> | <u>\$ 1,849</u> | <u>\$ 17</u> | <u>\$ 35</u> | <u>\$ 1,810</u> | <u>\$ 1,884</u> |

Total assets and deferred outflows of resources decreased \$ 74 thousand, primarily the result of a decrease in cash and cash equivalents of \$ 223 thousand, a decrease in capital assets of \$ 63 thousand, offset by an increase in receivables of \$ 212 thousand.

Total liabilities increased \$ 109 thousand, which is primarily the result of the \$ 64 thousand increase in accounts payable and an increase of \$ 48 thousand in accrued salaries and benefits, offset by a decrease in note payable of \$ 3 thousand, while total deferred inflows of resources remained the same.

The following table shows the revenues, expenses, and changes in net position for fiscal year 2013:

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

| | <u>GOVERNMENTAL</u> | | <u>BUSINESS-TYPE</u> | | <u>TOTAL</u> | |
|-----------------------------|---------------------|-------------|----------------------|-------------|--------------|-------------|
| | <u>ACTIVITIES</u> | | <u>ACTIVITIES</u> | | | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| <u>REVENUE AND</u> | | | | | | |
| <u>OTHER SOURCES:-</u> | | | | | | |
| <u>Program</u> | | | | | | |
| <u>Revenues -</u> | | | | | | |
| Charges for | | | | | | |
| Services...\$ | | \$ | \$ | 6 | \$ | 6 |
| Operating | | | | | | |
| Grants..... | 3,969 | 4,083 | 168 | 159 | 4,137 | 4,242 |
| <u>General</u> | | | | | | |
| <u>Revenues</u> | | | | | | |
| <u>(Expenses) -</u> | | | | | | |
| Investment | | | | | | |
| Earnings.... | 1 | 2 | | | 1 | 2 |
| <u>TOTAL</u> | | | | | | |
| <u>REVENUE</u> | | | | | | |
| <u>AND OTHER</u> | | | | | | |
| <u>SOURCES:-</u> | \$ 3,970 | \$ 4,085 | \$ 174 | \$ 165 | \$ 4,144 | \$ 4,250 |
| <u>PROGRAM EXPENSES</u> | | | | | | |
| <u>AND OTHER USES:-</u> | | | | | | |
| Instruction...\$ | 2,744 | \$ 3,030 | \$ | \$ | \$ 2,744 | \$ 3,030 |
| <u>Support</u> | | | | | | |
| <u>Services -</u> | | | | | | |
| Instruc- | | | | | | |
| tional | | | | | | |
| Staff..... | 143 | 155 | | | 143 | 155 |
| Administra- | | | | | | |
| tion and | | | | | | |
| Business... | 551 | 537 | | | 551 | 537 |
| Pupil | | | | | | |
| Health..... | 76 | 80 | | | 76 | 80 |
| Pupil | | | | | | |
| Personnel.. | 145 | 143 | | | 145 | 143 |
| Operation | | | | | | |
| and | | | | | | |
| Maintenance | | | | | | |
| of Plant | | | | | | |
| Service.... | 218 | 195 | | | 218 | 195 |
| Student | | | | | | |
| Transpor- | | | | | | |
| tation..... | 172 | 170 | | | 172 | 170 |
| Non-Instruc- | | | | | | |
| tion | | | | | | |
| Services..... | 4 | 5 | | | 4 | 5 |
| Food | | | | | | |
| Service..... | 13 | 20 | 174 | 165 | 187 | 185 |
| Unallocated | | | | | | |
| Deprecia- | | | | | | |
| tion..... | 60 | 63 | | | 60 | 63 |
| Refund of | | | | | | |
| Prior Year | | | | | | |
| Revenue..... | 27 | 9 | | | 27 | 9 |

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
|-------------------|--------------|----------|---------------|--------|----------|----------|
| | ACTIVITIES | | ACTIVITIES | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| <u>TOTAL</u> | | | | | | |
| <u>PROGRAM</u> | | | | | | |
| <u>EXPENSES</u> | | | | | | |
| <u>AND OTHER</u> | | | | | | |
| <u>USES:-</u> | \$ 4,153 | \$ 4,407 | \$ 174 | \$ 165 | \$ 4,327 | \$ 4,572 |
| <u>INCREASE</u> | | | | | | |
| <u>(DECREASE)</u> | | | | | | |
| <u>IN NET</u> | | | | | | |
| <u>POSITION:-</u> | (\$ 183) | (\$ 322) | \$ 0 | \$ 0 | (\$ 183) | (\$ 322) |

GOVERNMENTAL ACTIVITIES

Governmental activities for 2013 resulted in a decrease in net position of \$ 183 thousand. The decrease is primarily the result of continued expenditures in excess of revenues, although, this amount decreased by \$ 139 thousand from 2012.

The Charter School's revenues consist of: incoming transfers from other local educational agencies, 82 percent; and state and federal revenues (subsidies and grants), 18 percent.

The Charter School's program expenses are 66 percent instruction, 31 percent support services, and 3 percent non-instructional.

The Charter School's reliance on state and federal grants and local educational agencies is apparent. A decrease in local educational agencies and state and federal revenues would have a direct impact on the level of revenue needed to meet program expenses.

BUSINESS-TYPE ACTIVITIES

Business-type activity consists only of food service. This program had revenue of \$ 174 thousand (including \$ 13 thousand from the general fund) and expenses of \$ 174 thousand. While this activity receives no support from tax revenue, this program receives federal and state grants and in-kind contributions of \$ 156 thousand. Without the support from the federal and state government, this operation would require additional support from local sources.

GENERAL FUND BUDGET HIGHLIGHTS

The Charter School's budget is prepared on the modified accrual basis of accounting. The most significant budgeted fund is the general fund. There are no variations between the original budget and final budget.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

UNAUDITED

The revenue budget was approximately \$ 4 million. Actual revenue exceeded budgeted amounts by approximately \$ 2 thousand. This was primarily the result of incoming transfers from other local educational agencies over budget \$ 11 thousand, due to enrollment factors and state subsidies over budget by \$ 12 thousand, offset by decreased federal subsidies due to federal spending cuts (\$ 9 thousand) and a decrease in local revenue sources by (\$ 12 thousand).

The expenditure budget was approximately \$ 4.5 million compared to actual expenditures of \$ 4 million. A review of budget to actual expenditures indicates that most categories were under budget except for instructional staff services and business services.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2013, the Charter School had \$ 177 thousand invested in improvements, vehicles, and equipment (cost \$ 655 thousand, less accumulated depreciation of \$ 478 thousand).

DEBT ADMINISTRATION

A note payable in the cafeteria fund for a vehicle purchase was paid off during fiscal year 2013. The Charter School also has an unused line-of-credit. See Note "8" for additional information.

FOR THE FUTURE

The financial outlook for the Charter School continues to be challenging. As the preceding information shows, the Charter School heavily depends on its other educational agencies and state and federal funding.

As of the date of this report, no conditions are expected that would significantly impact the financial status of the Charter School. Of course, stability and growth depend upon the general economic conditions, including the unemployment rate of the Charter School's supporters. The County's economy, like the entire economy of the United States of America, continues to be challenged by recession and volatility. The cost of operations is anticipated to continue to increase, which will be funded with both local educational agencies' support, and state and federal grants.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact James T. Gentile, Jr., at Keystone Education Center Charter School.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF NET POSITION

AS OF JUNE 30, 2013

| | <u>GOVERNMENTAL</u> <u>ACTIVITIES</u> | <u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> | <u>TOTAL</u> |
|---|--|---|-------------------------|
| <u>CURRENT ASSETS:-</u> | | | |
| Cash and Cash Equivalents | \$ 722,867 | \$ 49,794 | \$ 772,661 |
| Internal Balances | 32,501 | (32,501) | 0 |
| Due from Other Governments | 860,810 | 0 | 860,810 |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL CURRENT ASSETS:-</u> | <u>\$ 1,616,178</u> | <u>\$ 17,293</u> | <u>\$ 1,633,471</u> |
| <u>NON-CURRENT ASSETS:-</u> | | | |
| <u>Capital Assets -</u> | | | |
| Leasehold Improvements | \$ 82,745 | \$ | \$ 82,745 |
| Furniture and Equipment | 422,186 | 1,800 | 423,986 |
| Vehicles | 121,350 | 27,218 | 148,568 |
| | <hr/> | <hr/> | <hr/> |
| Accumulated Depreciation | \$ 626,281 (449,059) | \$ 29,018 (29,018) | \$ 655,299 (478,077) |
| | <hr/> | <hr/> | <hr/> |
| <u>NET CAPITAL ASSETS:-</u> | <u>\$ 177,222</u> | <u>\$ 0</u> | <u>\$ 177,222</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL ASSETS:-</u> | <u>\$ 1,793,400</u> | <u>\$ 17,293</u> | <u>\$ 1,810,693</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 1,793,400</u> | <u>\$ 17,293</u> | <u>\$ 1,810,693</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>CURRENT LIABILITIES:-</u> | | | |
| Accounts Payable | \$ 170,419 | \$ 17,293 | \$ 187,712 |
| Accrued Salaries, Benefits, and Withholdings | 481,875 | | 481,875 |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL CURRENT LIABILITIES:-</u> | <u>\$ 652,294</u> | <u>\$ 17,293</u> | <u>\$ 669,587</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>COMMITMENTS AND CONTINGENCIES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL LIABILITIES:-</u> | <u>\$ 652,294</u> | <u>\$ 17,293</u> | <u>\$ 669,587</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>NET POSITION:-</u> | | | |
| Invested in Capital Assets Net of Related Debt | \$ 177,222 | \$ 0 | \$ 177,222 |
| Unrestricted | 963,884 | 0 | 963,884 |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL NET POSITION:-</u> | <u>\$ 1,141,106</u> | <u>\$ 0</u> | <u>\$ 1,141,106</u> |
| | <hr/> | <hr/> | <hr/> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-</u> | <u>\$ 1,793,400</u> | <u>\$ 17,293</u> | <u>\$ 1,810,693</u> |
| | <hr/> | <hr/> | <hr/> |

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

| | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS | | |
|--|---------------------|----------------------|------------------------------------|---|--------------------------|---------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| <u>GOVERNMENTAL ACTIVITIES:-</u> | | | | | | |
| <u>INSTRUCTIONAL SERVICES -</u> | | | | | | |
| Regular Instruction | \$ 1,938,008 | \$ | \$ 1,848,170 | \$ (89,838) | \$ | \$ (89,838) |
| Special Instruction | 805,641 | | 827,949 | 22,308 | | 22,308 |
| <u>TOTAL INSTRUCTIONAL SERVICES:-</u> | <u>\$ 2,743,649</u> | <u>\$ 0</u> | <u>\$ 2,676,119</u> | <u>\$ (67,530)</u> | <u>\$ 0</u> | <u>\$ (67,530)</u> |
| <u>SUPPORT SERVICES -</u> | | | | | | |
| Pupil Personnel | \$ 145,192 | \$ | \$ 145,186 | \$ (6) | \$ | \$ (6) |
| Instructional Staff Services | 142,976 | | 137,337 | (5,639) | | (5,639) |
| Administrative Services | 379,029 | | 380,621 | 1,592 | | 1,592 |
| Pupil Health | 76,485 | | 85,018 | 8,533 | | 8,533 |
| Business Services | 171,941 | | 156,957 | (14,984) | | (14,984) |
| Operation and Maintenance of Plant Services | 218,151 | | 242,394 | 24,243 | | 24,243 |
| Student Transportation Services | 171,570 | | 141,262 | (30,308) | | (30,308) |
| <u>TOTAL SUPPORT SERVICES:-</u> | <u>\$ 1,305,344</u> | <u>\$ 0</u> | <u>\$ 1,288,775</u> | <u>\$ (16,569)</u> | <u>\$ 0</u> | <u>\$ (16,569)</u> |
| <u>NON-INSTRUCTIONAL SERVICES -</u> | | | | | | |
| Student Activities | \$ 4,146 | \$ 0 | \$ 3,924 | \$ (222) | \$ 0 | \$ (222) |
| <u>UNALLOCATED EXPENSES -</u> | | | | | | |
| Depreciation | \$ 60,080 | \$ 0 | \$ 0 | \$ (60,080) | \$ 0 | \$ (60,080) |
| <u>TOTAL GOVERNMENTAL ACTIVITIES:-</u> | <u>\$ 4,113,219</u> | <u>\$ 0</u> | <u>\$ 3,968,818</u> | <u>\$ (144,401)</u> | <u>\$ 0</u> | <u>\$ (144,401)</u> |
| <u>BUSINESS-TYPE ACTIVITIES:-</u> | | | | | | |
| Food Services | \$ 174,529 | \$ 6,347 | \$ 155,668 | \$ 0 | \$ (12,514) | \$ (12,514) |
| <u>TOTAL:-</u> | <u>\$ 4,287,748</u> | <u>\$ 6,347</u> | <u>\$ 4,124,486</u> | <u>\$ (144,401)</u> | <u>\$ (12,514)</u> | <u>\$ (156,915)</u> |
| <u>GENERAL REVENUES (EXPENSES) AND SPECIAL ITEMS:-</u> | | | | | | |
| Investment Earnings | | | | \$ 1,069 | \$ 4 | \$ 1,073 |
| Fund Transfer (Contribution) | | | | (12,510) | 12,510 | 0 |
| Refund of Prior Year Revenues | | | | (27,045) | | (27,045) |
| <u>TOTAL GENERAL REVENUES (EXPENSES) AND SPECIAL ITEMS:-</u> | | | | <u>\$ (38,486)</u> | <u>\$ 12,514</u> | <u>\$ (25,972)</u> |
| <u>CHANGE IN NET POSITION:-</u> | | | | <u>\$ (182,887)</u> | <u>\$ 0</u> | <u>\$ (182,887)</u> |
| <u>NET POSITION - BEGINNING:-</u> | | | | <u>1,323,993</u> | <u>0</u> | <u>1,323,993</u> |
| <u>NET POSITION - ENDING:-</u> | | | | <u>\$ 1,141,106</u> | <u>\$ 0</u> | <u>\$ 1,141,106</u> |

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2013

GENERAL FUND

ASSETS:-

| | |
|-----------------------------------|------------|
| Cash and Cash Equivalents | \$ 722,867 |
| <u>Receivables -</u> | |
| Due from Other Governmental Units | 860,810 |
| Due from Other Funds | 32,501 |

TOTAL ASSETS:- \$ 1,616,178

DEFERRED OUTFLOWS OF RESOURCES:- \$ 0

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:- \$ 1,616,178

LIABILITIES:-

| | |
|--|------------|
| Accounts Payable | \$ 170,419 |
| Accrued Salaries and Benefits | 481,875 |
| Commitments and Contingent Liabilities | 0 |

TOTAL LIABILITIES:- \$ 652,294

DEFERRED INFLOWS OF RESOURCES:- \$ 0

FUND BALANCE - ASSIGNED:-
2013-2014 Budget \$ 279,602

FUND BALANCE - UNASSIGNED:- 684,282

TOTAL FUND BALANCES:- \$ 963,884

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY:- \$ 1,616,178

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS:- \$ 963,884

Amounts Reported for Governmental
Activities in the Statement of Net Position
are Different Because:

Capital Assets Used in Governmental
Activities are not Financial Resources and,
Therefore, are not Reported as Assets in
Governmental Funds. The Cost of Assets
is \$ 626,281, and the Accumulated
Depreciation is \$ 449,059.

177,222

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES:- \$ 1,141,106

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

GENERAL FUND

| | |
|--|---------------------|
| <u>REVENUES:-</u> | |
| Local Sources | \$ 3,351,257 |
| State Sources | 241,037 |
| Federal Sources | 377,593 |
| | <hr/> |
| <u>TOTAL REVENUES:-</u> | <u>\$ 3,969,887</u> |
| <u>EXPENDITURES:-</u> | |
| <u>Instruction -</u> | |
| Regular Programs | \$ 1,938,008 |
| Special Programs | 805,641 |
| | <hr/> |
| <u>TOTAL INSTRUCTION:-</u> | <u>\$ 2,743,649</u> |
| <u>Support Services -</u> | |
| Pupil Personnel Services | \$ 145,192 |
| Instructional Staff Services | 142,976 |
| Administrative Services | 379,029 |
| Pupil Health | 76,485 |
| Business Services | 171,941 |
| Operation and Maintenance of Plant Services | 218,151 |
| Student Transportation Services | 171,570 |
| | <hr/> |
| <u>TOTAL SUPPORT SERVICES:-</u> | <u>\$ 1,305,344</u> |
| <u>Operation of Non-Instruction Services -</u> | |
| Student Activities | \$ 4,146 |
| | <hr/> |
| <u>TOTAL EXPENDITURES:-</u> | <u>\$ 4,053,139</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES:-</u> | <u>\$ (83,252)</u> |
| <u>OTHER FINANCING SOURCES (USES):-</u> | |
| Operating Transfers Out (Contribution) | (12,510) |
| Refund of Prior Year Revenues | (27,045) |
| | <hr/> |
| <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES):-</u> | <u>\$ (122,807)</u> |
| <u>BEGINNING FUND BALANCE:-</u> | <u>1,086,691</u> |
| <u>ENDING FUND BALANCE:-</u> | <u>\$ 963,884</u> |

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

TOTAL NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS:-

(\$ 122,807)

Amounts Reported for Governmental Activities
in the Statement of Activities are Different
Because:

Capital Outlays are Reported in Governmental
Funds as Expenditures. However, in the
Statement of Activities, the Cost of Those
Assets is Allocated Over Their Estimated
Useful Lives as Depreciation Expense. This is
the Amount by Which Capital Outlays Exceed
Depreciation and Loss on Disposal of Assets
in the Period.

Depreciation Expense.....(\$ 60,080)

Capital Outlays..... 0

(60,080)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES:-

(\$ 182,887)

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
AS OF JUNE 30, 2013

FOOD SERVICE

A S S E T S A N D D E F E R R E D
O U T F L O W S O F R E S O U R C E S

CURRENT ASSETS:-

| | |
|---------------------------|-----------|
| Cash and Cash Equivalents | \$ 49,794 |
| Subsidy Receivable | 0 |

| | |
|-------------------------------|------------------|
| <u>TOTAL CURRENT ASSETS:-</u> | <u>\$ 49,794</u> |
|-------------------------------|------------------|

EQUIPMENT AND VEHICLE:-

| | |
|--------------------------------|----------|
| LESS: Accumulated Depreciation | (29,018) |
|--------------------------------|----------|

| | |
|------------------------------------|-------------|
| <u>NET EQUIPMENT AND VEHICLE:-</u> | <u>\$ 0</u> |
|------------------------------------|-------------|

| | |
|-----------------------|------------------|
| <u>TOTAL ASSETS:-</u> | <u>\$ 49,794</u> |
|-----------------------|------------------|

DEFERRED OUTFLOWS OF RESOURCES:-

| | |
|--|-------------|
| | <u>\$ 0</u> |
|--|-------------|

| | |
|--|------------------|
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 49,794</u> |
|--|------------------|

L I A B I L I T I E S , D E F E R R E D I N F L O W S O F
R E S O U R C E S , A N D N E T P O S I T I O N

CURRENT LIABILITIES:-

| | |
|---------------------|-----------|
| Accounts Payable | \$ 17,293 |
| Due to General Fund | 32,501 |

| | |
|------------------------------------|------------------|
| <u>TOTAL CURRENT LIABILITIES:-</u> | <u>\$ 49,794</u> |
|------------------------------------|------------------|

DEFERRED INFLOWS OF RESOURCES:-

| | |
|--|-------------|
| | <u>\$ 0</u> |
|--|-------------|

NET POSITION:-

| | |
|--|------|
| Invested in Capital Assets - Net of Debt | \$ 0 |
| Unrestricted | 0 |

| | |
|-----------------------------|-------------|
| <u>TOTAL NET POSITION:-</u> | <u>\$ 0</u> |
|-----------------------------|-------------|

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-

| | |
|--|------------------|
| | <u>\$ 49,794</u> |
|--|------------------|

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION

PROPRIETARY FUND TYPES

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

FOOD SERVICE

| | |
|---|--------------|
| <u>OPERATING REVENUES:-</u> | |
| Food Sales | \$ 6,347 |
| Interest | 4 |
| | <hr/> |
| <u>TOTAL OPERATING REVENUES:-</u> | \$ 6,351 |
| <u>COST OF SALES:-</u> | |
| Contracted Services | 129,488 |
| | <hr/> |
| <u>EXCESS (DEFICIT) DIRECT COST OF SALES:-</u> | \$ (123,137) |
| <u>OPERATING EXPENSES:-</u> | |
| Labor and Fringe Benefits | \$ 38,199 |
| Vehicle Operating | 3,893 |
| Depreciation | 2,585 |
| Interest | 107 |
| Travel | 101 |
| Supplies and Maintenance | 156 |
| | <hr/> |
| <u>TOTAL OPERATING EXPENSES:-</u> | \$ 45,041 |
| <u>OPERATING (LOSS):-</u> | \$ (168,178) |
| <u>NON-OPERATING REVENUES:-</u> | |
| Subsidies | \$ 153,228 |
| State Retirement Reimbursement | 2,440 |
| | <hr/> |
| <u>TOTAL NON-OPERATING REVENUES:-</u> | \$ 155,668 |
| <u>NET LOSS BEFORE OPERATING TRANSFER:-</u> | \$ (12,510) |
| <u>OPERATING FUND TRANSFER (CONTRIBUTION):-</u> | 12,510 |
| | <hr/> |
| <u>NET INCOME:-</u> | \$ 0 |
| <u>BEGINNING NET POSITION:-</u> | 0 |
| | <hr/> |
| <u>ENDING NET POSITION:-</u> | \$ 0 |

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPES

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

FOOD SERVICE

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-

CASH FLOWS FROM OPERATING ACTIVITIES -

| | |
|-------------------------------------|-----------|
| Cash Received from Sales | \$ 6,347 |
| Other Income Received | 4 |
| Cash Paid to Suppliers | (144,158) |
| Cash Paid for Operating Expenses | (4,150) |
| Cash Paid for Personnel Costs | (52,440) |
| Cash Paid for Interest Expense/Fees | (107) |

NET CASH FLOWS USED IN OPERATING ACTIVITIES:-

\$ (194,504)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -

| | |
|----------------------|------------|
| Subsidies Received | \$ 172,704 |
| State Reimbursements | 2,440 |

NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:-

\$ 175,144

CASH FLOWS USED IN FINANCING ACTIVITIES -

| | |
|-----------------|------------|
| Payment on Debt | \$ (3,305) |
|-----------------|------------|

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-

\$ (22,665)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:-

72,459

CASH AND CASH EQUIVALENTS AT END OF YEAR:-

\$ 49,794

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:-

| | |
|---|--------------|
| Operating Income (Loss) | \$ (168,178) |
| Increase (Decrease) in Due to Other Funds | (14,241) |
| Depreciation | 2,585 |
| Increase (Decrease) in Accounts Payable | (14,670) |

NET CASH FLOWS USED IN OPERATING ACTIVITIES:-

\$ (194,504)

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AS OF JUNE 30, 2013

| | <u>AGENCY FUNDS</u> | <u>PRIVATE PURPOSE TRUST SCHOLARSHIP FUNDS</u> |
|---|-------------------------|--|
| <u>ASSETS:-</u> | | |
| Cash and Cash Equivalents | \$ 7,889 | \$ 20,928 |
| <u>DEFERRED OUTFLOWS OF RESOURCES:-</u> | \$ 0 | \$ 0 |
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 7,889</u> | <u>\$ 20,928</u> |
| <u>LIABILITIES:-</u> | \$ 7,889 | \$ 0 |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | \$ 0 | \$ 0 |
| <u>NET POSITION:-</u> | | |
| Held in Trust for Scholarships | \$ 0 | \$ 20,928 |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:-</u> | <u>\$ 7,889</u> | <u>\$ 20,928</u> |

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE EDUCATION CENTER CHARTER SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>PRIVATE PURPOSE TRUST SCHOLARSHIP FUNDS</u> |
|-----------------------------------|--|
| <u>ADDITIONS:-</u> | |
| Gifts and Contributions | \$ 3,143 |
| Interest Earnings | 38 |
| | 3,181 |
| <u>TOTAL ADDITIONS:-</u> | <u>\$ 3,181</u> |
| <u>DEDUCTIONS:-</u> | |
| Scholarships Awarded | \$ 1,550 |
| | 1,550 |
| <u>CHANGES IN NET POSITION:-</u> | <u>\$ 1,631</u> |
| <u>NET POSITION - BEGINNING:-</u> | 19,297 |
| <u>NET POSITION - ENDING:-</u> | <u><u>\$ 20,928</u></u> |

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Keystone Education Center Charter School (Charter School) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructured much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

With the implementation of GASB Statement 34, the Charter School has prepared required supplementary information titled "Management's Discussion and Analysis" which precedes the basic financial statements.

The Charter School has adopted GASB Statement Number 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Statement also made changes to the definitions of the various types of governmental funds.

As a result of the adoption of this Statement, the Charter School reclassified governmental fund balances to conform to the GASB 54 categories. The adoption of this Statement resulted in reclassifications only. Results of operations or financial position were not affected.

In June 2011, GASB issued Statement Number 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", for periods beginning after December 15, 2011. The Charter School has adopted GASB 63 during fiscal year 2013. With adoption of the Statement, the Charter School had no reclassifications; however, it did make various heading and caption title changes throughout the report.

REPORTING ENTITY

Keystone Education Center Charter School is an independent public school established and operated under a charter issued by Keystone Education Center Charter School and Reynolds Area School District under the Pennsylvania Public School Code of 1949, as amended, and Act 22 of 1997. The Charter School provides educational services to at-risk youth who are residents of Pennsylvania in grades sixth (6th) through twelfth (12th), in accordance with the guidelines provided by the Pennsylvania Department of Education and operates under a five (5) member Board of Directors. The original charter was issued for the period July 1, 1997 to June 30, 2002, and may be renewed for five (5) year periods. The Charter School's current charter is for the period of June 30, 2012 to June 30, 2017, and provides educational services to include kindergarten (K) through twelfth (12th) grade.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity", established the criteria for determining the activities, organization, and functions of government to be included in the financial statements of a reporting entity. The criteria used in determining whether organizations should be included in the financial reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financing relationships.

The Charter School has evaluated its relationships with other entities to determine if the financial information of these entities should be included in the financial statements, or conversely, if the Charter School financial information should be included in these entities' financial statements. Based on this evaluation, these entities have not been included as a component unit of the Charter School's reporting entity, and the Charter School is not included as a component unit of any other entity because of the limited oversight responsibility and limited accountability for fiscal matters.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Charter School. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. "Program revenues" include: 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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", as are the proprietary fund and fiduciary fund financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources measurement focus" and the "modified accrual basis of accounting". Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be "available" when they are collectable within the current period or soon enough thereafter to pay

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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, early retirement, and postemployment healthcare benefits, are recorded only when payment is due.

FUND ACCOUNTING

The accounts of the Charter School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Major Governmental Funds:-

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

Major Enterprise Funds:-

- Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Additionally, the Charter School reports the following fund type:

- Fiduciary Funds - Fiduciary Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and, thus, do not involve measurement of results of operations. Funds included in this category include Student Activity Funds and the Memorial/Scholarship Funds.

The accrual basis of accounting is followed in both the government-wide and proprietary fund financial statements, whereby revenues are recognized in the period in which the revenues are earned and become measurable, and expenditures are recognized in the period incurred.

Proprietary funds distinguish "operating" revenues and expenses from "nonoperating" items. Operating revenues and expenses generally result from

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. However, no restricted resources are available.

BUDGETS AND BUDGETARY ACCOUNTING

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting. The budget, as presented in the financial statements, includes all budget modifications made during the year.

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 approved by the Board of Directors for the succeeding fiscal year by June 30. The approved budget must be submitted to the Pennsylvania Department of Education, Comptroller's Office within 15 days of adoption.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action.

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorized the Charter School to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances.

The general fund budget was prepared using estimates of the level of student enrollment. Actual enrollment was higher than anticipated and, consequently, revenues and expenditures exceed amounts budgeted. Budget amounts presented in the financial statements represent original budgeted amounts and no transfers have been made since amounts exceed the total budget.

An enterprise fund budget is not adopted.

CASH FLOWS

The Charter School has complied with Governmental Accounting Standards Board Statement Number 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", requirement. For purposes of the cash flows statement, the Charter School considers all highly liquid debt instruments purchased with an initial maturity of three (3) months or less, to be cash equivalents.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CAPITAL ASSETS

Capital assets, which include improvements, vehicles, and furniture and equipment, are reported in the government-wide financial statements. The Charter School defines capital assets as assets with an initial, individual, or group cost of more than \$ 1,500 and an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Improvements, vehicles, and furniture and equipment of the Charter School are depreciated using the straight-line method over the following estimated lives:

| <u>ASSET CLASS</u> | <u>YEARS</u> |
|--------------------------------|--------------|
| Site Improvements..... | 15 - 20 |
| Carpet Replacement..... | 5 - 7 |
| Outdoor Equipment..... | 15 - 20 |
| Machinery and Tools..... | 10 - 15 |
| Kitchen Equipment..... | 10 - 15 |
| Custodial Equipment..... | 5 - 10 |
| Furniture and Accessories..... | 15 - 20 |
| Business Machines..... | 5 - 10 |
| Communication Equipment..... | 5 - 10 |
| Computer Hardware..... | 3 - 5 |
| Computer Software..... | 5 - 10 |
| Audio/Visual Equipment..... | 7 - 10 |
| Musical Instruments..... | 10 - 15 |
| Library Books..... | 5 - 7 |
| Licensed Vehicles..... | 8 - 10 |
| Grounds Equipment..... | 10 - 15 |

Due to GASB 34 requirements regarding the treatment of fully depreciated assets during the year of implementation, lives for some assets do not conform to the above guidelines.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five (5) classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four (4) classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Charter School Board of Directors - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Charter School Board of Directors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the Charter School's "intent" to be used for specific purposes, but are neither restricted nor committed. The Charter School's Business Manager has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the School District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

MANAGEMENT ESTIMATES

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

FUNDING

Funding for the Charter School is provided primarily through tuition payments from attending children's resident school districts. Tuition payments are determined through a formula established by the Pennsylvania Department of Education and paid to the Charter School for each day of attendance.

Reynolds, Greenville, and Sharon School Districts comprise approximately 15 percent, 11 percent, and 26 percent, respectively, or approximately \$ 1,700,000 of tuition payments.

2. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Charter School to concentration of credit risk consist principally of cash, investments, and debt.

Beginning in 2013, the Federal Deposit Insurance Corporation (FDIC) insures all deposit accounts, including checking and savings accounts, money market deposit accounts, and certificates of deposit. The standard insurance amount is \$ 250,000 per depositor, per insured bank. In the normal course of business, the Charter School may have deposits in excess of federal insured coverage. As of June 30, 2013, the School District had \$ 565,000 in excess of FDIC insured limits as discussed in Note "3".

Noninterest-bearing cash transaction accounts, i.e., checking accounts at individual banks, are fully insured by the Federal Deposit Insurance Corporation (FDIC) for the period December 31, 2010 through December 31, 2012. After December 31, 2012, noninterest-bearing cash transaction accounts will be insured by FDIC up to \$ 250,000. Interest-bearing cash transaction accounts, i.e., money market checking accounts and certificates of deposit at individual banks, are currently insured by FDIC for up to \$ 250,000. This listed coverage is based upon the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 21, 2010. In the normal course of business, the Charter School may have deposits in excess of federal insurance coverage. As of June 30, 2013, the Charter School had approximately \$ 565,000 in excess of FDIC insured limits, as discussed in Note "3".

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

3. CASH AND TEMPORARY INVESTMENTS

The Charter School implemented Governmental Accounting Standards Board Statement Number 40, "Deposit and Investment Risk Disclosures". This Standard establishes and modifies disclosure requirements related to deposit risks (custodial credit and foreign currency risks) and investment risks (credit, interest rate, and foreign currency risks), as applicable to the Charter School.

The Charter School's cash and investments consist of deposits with financial institutions. The Charter School's investment policies are governed by state school code and Charter School Board resolution. Permissible investments include direct obligations of the United States Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations. Collateral is required for demand deposits and certificates of deposit, and at 100 percent of all amounts not covered by federal deposit insurance as required by Pennsylvania Pledge Act 72 (72 P.S. 3836-1 Et Seq of 1971). Obligations that may be pledged as collateral are obligations of the United States and its agencies.

DEPOSITS

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the statement of net assets as cash. The bank balances are categorized to give an indication of the level of risk assumed by the Charter School at year-end as follows:

Custodial Credit Risk - Deposits -

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's deposit policy for custodial credit risk is in accordance with the Public School Code of 1947. As of June 30, 2013, \$ 563,368 of the Charter School's bank balance of \$ 813,368 was exposed to custodial credit risk as follows:

| | |
|--|-------------------|
| Uninsured and Uncollateralized (Petty Cash)... | \$ 300 |
| Uninsured and Collateral Held by or For Pledging Bank Not in the Charter School's Name (But Subject to the Pennsylvania Pledge Act 72)..... | <u>563,368</u> |
| <u>TOTAL:-</u> | <u>\$ 563,668</u> |

4. RETIREMENT PLAN

Keystone Education Center Charter School has a contributory pension plan for all full-time employees which is funded and maintained through the Commonwealth of Pennsylvania's Public School Employees' Retirement System. Retirement expenses amounted to \$ 302,382 in 2013.

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

The Charter School pays the entire required contribution to the Plan, with the State reimbursing directly to the Charter School, rather than directly to the Plan. Retirement reimbursement revenues totalled \$ 200,706 in 2013.

The following information regarding the pension plan has been provided by the Public School Employees' Retirement System (PSERS) under the disclosure requirements of GASB Statement Number 27, "Accounting for Pensions by State and Local Governmental Employers".

PLAN DESCRIPTION

Name of Plan -

The Public School Employees' Retirement System of Pennsylvania (the System).

Type of Plan -

Governmental cost sharing multiple-employer defined benefit plan.

Benefits -

Retirement and disability, legislative mandated ad hoc cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants.

Authority -

The Public School Employees' Retirement Code (Act Number 96 of October 2, 1975, as amended) (24 Pennsylvania C.S. 8101-8535).

Annual Financial Report -

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Public School Employees' Retirement System, Diane J. Wert, Office of Financial Management, Post Office Box 125, Harrisburg, Pennsylvania 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm

FUNDING POLICY

Authority -

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Contribution Rates -

Member Contributions - Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.50 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

compensation. Those who became members for the first time on or after July 1, 2011, may choose between two classes of membership in PSERS, and therefore, two different base contribution rates.

New Members Electing Class T-E -

The base employee contribution rate is 7.5 percent with "shared risk" (see an explanation of shared risk on this page) contribution levels that may fluctuate between 7.5 and 9.5 percent.

New Members Electing Class T-F -

The base employee contribution rate is 10.3 percent (base rate) with "shared risk" (see an explanation of shared risk on this page) contribution levels that may fluctuate between 10.3 percent and 12.3 percent.

An Explanation of Shared Risk -

With a "shared risk" program, Class T-E and Class T-F members benefit when investments of the fund are doing well and share some of the risk when investments under perform. With a Class T-E or Class T-F membership, your contribution rate will stay within the specified range (Class T-E - 7.5 percent and 9.5 percent or Class T-F - 10.3 percent and 12.3 percent), but may increase or decrease by .5 percent within the specified range once every three years, starting July 1, 2015. Your member contribution rate will never go below the base rate or above the highest percentage rate. If, however, it is determined that PSERS is fully funded at the time of the comparison, your member contribution rate will revert to the base employee contribution rate for your membership class.

Employer Contributions -

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36 percent of covered payroll (11.5 percent for pension benefits and .86 percent for healthcare insurance premium assistance).

5. COMMITMENTS AND CONTINGENCIES

COMPENSATED ABSENCES

Employees of the Charter School are entitled to paid vacation, paid sick days, and personal days off depending on length of service and other factors. Vacation and sick days do not accumulate for a payoff at separation or at year-end and, accordingly, no liability has been recorded. The Charter School's policy is to recognize the costs of compensated absences when actually paid to employees.

The personal day leave calculated at June 30, 2013, is approximately \$ 3,000. Management considers this amount immaterial and, consequently, no amount has been recorded in the financial statements.

GRANT PROGRAMS

The Charter School participates in state and federal assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audit scopes of these program compliance audits

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

are different than the scope of financial audits performed by an outside, independent certified public accounting firm.

The Charter School is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

In the normal course of operations, the Charter School may be involved in various civil disputes. Management is of the opinion that any unfavorable outcome resulting from these actions, if any, would not have a material effect on the Charter School's financial position.

6. RELATED PARTY TRANSACTIONS

The Executive Director of the Charter School was involved in the formation of the Charter School through the Keystone Adolescent Center, Inc. Various members of the Executive Director's family are employed by the Charter School in various capacities including Director of Education, Director of Operations, Financial Director, and others. Payments to related parties for wages and benefits totalled approximately \$ 440,000 during fiscal year 2013.

The Executive Director is also the President of Keystone Adolescent Center, Inc., with which the Charter School shares space. As a result of an expense allocation survey conducted during the summer of 2005, the space costs for the High School was changed to 70 percent for the Charter School and 30 percent to the Keystone Adolescent Center, Inc., effective September 1, 2005. The allocations are based on total children hours per year used by each entity at the facilities.

In addition, the Executive Director is also President of Gentile Enterprises, which rents classroom space to the Charter School for its Middle School operations. Rent is determined by using the lower of two (2) appraisals performed by independent appraisers. The rent is allocated 60 percent for Keystone Adolescent Center, Inc., and 40 percent for the Charter School Middle School, with a monthly charge of \$ 10,820 for the two (2) buildings in total.

During fiscal year 2013, \$ 129,840 was recorded in the financial statements as rent expense under this arrangement. No rent for administrative office space at Keystone Adolescent Center, Inc., was charged during fiscal year 2013.

The Charter School also purchases meals prepared by Reynolds Area School District which are used in the food service program. Purchases during 2013 totalled \$ 129,488.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is as follows:

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Governmental Activities:-

| | <u>BALANCE</u> <u>JULY 1, 2012</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE</u> <u>JUNE 30, 2013</u> |
|----------------------------|---------------------------------------|------------------|------------------|--|
| <u>Capital Assets</u> | | | | |
| <u>Being Depreciated -</u> | | | | |
| Leasehold | | | | |
| Improvements....\$ | 82,745 | \$ | \$ | \$ 82,745 |
| Furniture and | | | | |
| Equipment..... | 422,186 | | | 422,186 |
| Vehicles..... | 121,350 | | | 121,350 |
| <u>TOTALS:-</u> | <u>\$ 626,281</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 626,281</u> |

| | | | | |
|---------------------------|---------------------|--------------------|-------------|---------------------|
| <u>Accumulated</u> | | | | |
| <u>Depreciation For -</u> | | | | |
| Leasehold | | | | |
| Improvements...(\$ | 39,847) | (\$ 4,785) | \$ | (\$ 44,632) |
| Furniture and | | | | |
| Equipment.....(| 257,789) | (42,737) | | (300,526) |
| Vehicles.....(| 91,343) | (12,558) | | (103,901) |
| <u>TOTAL</u> | | | | |
| <u>ACCUMULATED</u> | | | | |
| <u>DEPRECIATION:-</u> | <u>(\$ 388,979)</u> | <u>(\$ 60,080)</u> | <u>\$ 0</u> | <u>(\$ 449,059)</u> |

| | | | | |
|---------------------------|-------------------|--------------------|-------------|-------------------|
| <u>Governmental</u> | | | | |
| <u>Activities Capital</u> | | | | |
| <u>Assets, Net -</u> | <u>\$ 237,302</u> | <u>(\$ 60,080)</u> | <u>\$ 0</u> | <u>\$ 177,222</u> |

Business-Type Activities:-

| | | | | |
|----------------------------|------------------|-------------|-------------|------------------|
| <u>Capital Assets</u> | | | | |
| <u>Being Depreciated -</u> | | | | |
| Equipment.....\$ | 1,800 | \$ | \$ | \$ 1,800 |
| Vehicle..... | 27,218 | | | 27,218 |
| <u>TOTALS:-</u> | <u>\$ 29,018</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 29,018</u> |

| | | | | |
|---------------------------|--------------------|-------------------|-------------|--------------------|
| <u>Accumulated</u> | | | | |
| <u>Depreciation For -</u> | | | | |
| Equipment.....(\$ | 1,800) | \$ | \$ | (\$ 1,800) |
| Vehicle.....(| 24,633) | (2,585) | | (27,218) |
| <u>TOTALS:-</u> | <u>(\$ 26,433)</u> | <u>(\$ 2,585)</u> | <u>\$ 0</u> | <u>(\$ 29,018)</u> |

| | | | | |
|------------------------|-----------------|-------------------|-------------|-------------|
| <u>Business-Type</u> | | | | |
| <u>Activities</u> | | | | |
| <u>Capital Assets,</u> | | | | |
| <u>Net:-</u> | <u>\$ 2,585</u> | <u>(\$ 2,585)</u> | <u>\$ 0</u> | <u>\$ 0</u> |

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Depreciation expense was charged to functions of the Charter School, as follows:

| | |
|-----------------------------------|------------------|
| <u>Governmental Activities:-</u> | <u>\$ 60,080</u> |
| <u>Business-Type Activities:-</u> | |
| Food Service..... | <u>\$ 2,585</u> |

8. DEBT

A line-of-credit facility is available for \$ 250,000. The Charter School did not utilize the line-of-credit in fiscal year 2013. Interest expense totalled \$ - 0 - for both fiscal years 2013 and 2012.

Also, during fiscal year 2008, the Charter School borrowed from a bank \$ 17,217 for a vehicle purchase for the cafeteria at 6.99 percent interest. The Charter School paid \$ 3,305 and \$ 3,717 against this loan and interest expense totalling \$ 107 and \$ 373 during fiscal years 2013 and 2012, respectively. This loan was fully collateralized by the vehicle. The loan was paid-off in full during fiscal year 2013.

9. SUBSEQUENT EVENTS

The School District has adopted FASB ASC 855-10, "Subsequent Events", which requires an entity to recognize in the financial statements the effects of significant, material subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets. For nonrecognized subsequent events that must be disclosed to keep the financial statements from being misleading, an entity is required to disclose the nature of the event, as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, FASB ASC 855-10 requires an entity to disclose the date through which subsequent events have been evaluated. The Charter School has evaluated subsequent events through the issuance of its statements on December 4, 2013.

Black, Bashor & Porsch, LLP

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Jack F. Kuchcinski, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Keystone Education Center Charter School
60 South Race Street
Greenville, Pennsylvania 16125

**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"**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Keystone Education Center Charter School, Pennsylvania, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Keystone Education Center Charter School, Pennsylvania, basic financial statements, and have issued our report thereon dated December 4, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in

internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
December 4, 2013

Black, Bashor & Porsch, LLP

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Keystone Education Center Charter School
60 South Race Street
Greenville, Pennsylvania 16125

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Keystone Education Center Charter School, Pennsylvania, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement" that could have a direct and material effect on each of the Keystone Education Center Charter School, Pennsylvania, federal programs for the year ended June 30, 2013. The Keystone Education Center Charter School, Pennsylvania, major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Keystone Education Center Charter School, Pennsylvania, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the

types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Keystone Education Center Charter School, Pennsylvania, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Keystone Education Center Charter School, Pennsylvania, compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Keystone Education Center Charter School, Pennsylvania, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Keystone Education Center Charter School, Pennsylvania, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Keystone Education Center Charter School, Pennsylvania, internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Keystone Education Center Charter School, Pennsylvania, 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
December 4, 2013

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Keystone Education Center Charter School, Pennsylvania.
2. No significant deficiencies relating to the audit of the financial statements is reported in the 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".
3. No instances of noncompliance material to the financial statements of the Keystone Education Center Charter School, Pennsylvania, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance for Each Major Federal Program, and Report on Internal Control Over Compliance.
5. The Auditors' Report on Compliance for the major federal award programs for the Keystone Education Center Charter School, Pennsylvania, expresses an unqualified opinion.
6. Audit findings relative to the major federal award program for the Keystone Education Center Charter School, Pennsylvania, are reported in Part C of this schedule.
7. The program tested as a major program included:

NAME

FEDERAL C.F.D.A NUMBER

Title I Part A Cluster -

84.010

8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. The Keystone Education Center Charter School was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

KEYSTONE EDUCATION CENTER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

| | <u>SOURCE</u> <u>CODE</u> | <u>FEDERAL</u> <u>C.F.D.A.</u> <u>NUMBERS</u> | <u>PASS THROUGH</u> <u>GRANTOR'S</u> <u>NUMBERS</u> | <u>GRANT PERIOD</u> <u>BEGINNING/ENDING</u> | <u>PROGRAM OR</u> <u>AWARD</u> <u>AMOUNT</u> | <u>TOTAL</u> <u>RECEIVED</u> <u>FOR THE YEAR</u> | <u>ACCRUED OR</u> <u>(DEFERRED)</u> <u>REVENUE</u> <u>JULY 1, 2012</u> | <u>REVENUE</u> <u>RECOGNIZED</u> | <u>EXPENDITURES</u> | <u>ACCRUED OR</u> <u>(DEFERRED)</u> <u>REVENUE</u> <u>JUNE 30, 2013</u> |
|--|------------------------------|---|---|--|--|--|---|-------------------------------------|---------------------------|--|
| <u>U.S. DEPARTMENT OF AGRICULTURE:-</u> | | | | | | | | | | |
| <u>PASSED THROUGH THE PENNSYLVANIA</u> | | | | | | | | | | |
| <u>DEPARTMENT OF EDUCATION -</u> | | | | | | | | | | |
| <u>Nutrition Cluster (B) -</u> | | | | | | | | | | |
| Severe Need Breakfast Program... | I | 10.553 | 104432830 | 07/01/11 - 06/30/12 | \$ 32,579 | \$ 5,178 | \$ 5,178 | \$ | \$ | \$ 0 |
| Severe Need Breakfast Program... | I | 10.553 | 104432830 | 07/01/12 - 06/30/13 | 37,104 | 37,104 | | 37,104 | 37,104 | 0 |
| <u>SUBTOTAL C.F.D.A. NUMBER 10.553:-</u> | | | | | | \$ 42,282 | \$ 5,178 | \$ 37,104 | \$ 37,104 | \$ 0 |
| National School Lunch Program... | I | 10.555 | 104432830 | 07/01/11 - 06/30/12 | 96,575 | \$ 13,095 | \$ 13,095 | \$ | \$ | \$ 0 |
| National School Lunch Program... | I | 10.555 | 104432830 | 07/01/12 - 06/30/13 | 108,424 | 108,424 | | 108,424 | 108,424 | 0 |
| Value of U.S.D.A. Donated Commodities (Non-cash Assistance National School Lunch Program..... I 10.555 104432830 07/01/12 - 06/30/13 1,464 1,464 1,464 1,464 0 | | | | | | | | | | |
| <u>SUBTOTAL C.F.D.A. NUMBER 10.555:-</u> | | | | | | \$ 122,983 | \$ 13,095 | \$ 109,888 | \$ 109,888 | \$ 0 |
| <u>TOTAL CHILD NUTRITION CLUSTER:-</u> | | | | | | \$ 165,265 | \$ 18,273 | \$ 146,992 | \$ 146,992 | \$ 0 |
| <u>National School Lunch Program</u> | | | | | | | | | | |
| <u>(State Matching Funds)..... S N/A 104432830 07/01/11 - 06/30/12 5,050 \$ 703 \$ 703 \$ 5,530 \$ 5,530 0</u> | | | | | | | | | | |
| <u>(State Matching Funds)..... S N/A 104432830 07/01/12 - 06/30/13 5,530 5,530 5,530 5,530 0</u> | | | | | | | | | | |
| <u>(State Standards Incentive Funds)..... S N/A 104432830 07/01/11 - 06/30/12 1,067 149 149 0</u> | | | | | | | | | | |
| <u>School Breakfast Program</u> | | | | | | | | | | |
| <u>(State Standards Incentive Funds)..... S N/A 104432830 07/01/11 - 06/30/12 195 32 32 0</u> | | | | | | | | | | |
| <u>Severe Need Breakfast Program... S N/A 104432830 07/01/11 - 06/30/12 1,951 320 320 0</u> | | | | | | | | | | |
| <u>Severe Need Breakfast Program... S N/A 104432830 07/01/12 - 06/30/13 2,170 2,170 2,170 2,170 0</u> | | | | | | | | | | |
| <u>SUBTOTAL STATE FUNDS:-</u> | | | | | | \$ 8,904 | \$ 1,204 | \$ 7,700 | \$ 7,700 ⁽¹⁾ | \$ 0 |
| <u>TOTAL U.S. DEPARTMENT OF AGRICULTURE:-</u> | | | | | | \$ 174,169 | \$ 19,477 | \$ 154,692 | \$ 154,692 | \$ 0 |
| <u>U.S. DEPARTMENT OF EDUCATION:-</u> | | | | | | | | | | |
| <u>OFFICE OF ELEMENTARY AND SECONDARY EDUCATION -</u> | | | | | | | | | | |
| <u>PASSED THROUGH PENNSYLVANIA</u> | | | | | | | | | | |
| <u>DEPARTMENT OF EDUCATION -</u> | | | | | | | | | | |
| <u>Title I, Part A Cluster:-</u> | | | | | | | | | | |
| Title I Grants to Local Educational Agencies..... | I | 84.010 | 104432830 | 07/01/12 - 06/30/13 | 344,221 | \$ 291,018 | \$ | \$ 344,221 | \$ 344,221 | \$ 53,203 |
| Title I Grants to Local Educational Agencies..... | I | 84.010 | 104432830 | 07/01/11 - 06/30/12 | 381,728 | 39,213 | 39,213 | | | 0 |
| <u>SUBTOTAL C.F.D.A. #84.010:-</u> | | | | | | \$ 330,231 | \$ 39,213 | \$ 344,221 | \$ 344,221 ⁽²⁾ | \$ 53,203 |

Black, Bashor & Porsch, LLP
 CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE EDUCATION CENTER CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>SOURCE</u> <u>CODE</u> | <u>FEDERAL</u> <u>C.F.D.A.</u> <u>NUMBERS</u> | <u>PASS THROUGH</u> <u>GRANTOR'S</u> <u>NUMBERS</u> | <u>GRANT PERIOD</u> <u>BEGINNING/ENDING</u> | <u>PROGRAM OR</u> <u>AWARD</u> <u>AMOUNT</u> | <u>TOTAL</u> <u>RECEIVED</u> <u>FOR THE YEAR</u> | <u>ACCRUED OR</u> <u>(DEFERRED)</u> <u>REVENUE</u> <u>JULY 1, 2012</u> | <u>REVENUE</u> <u>RECOGNIZED</u> | <u>EXPENDITURES</u> | <u>ACCRUED OR</u> <u>(DEFERRED)</u> <u>REVENUE</u> <u>JUNE 30, 2013</u> |
|---|------------------------------|---|---|--|--|--|---|-------------------------------------|---------------------|--|
| Technology State Grants Note (C)..... | I | 84.318 | 104432830 | 07/01/11 - 06/30/12 | 40,000 | 4,667 | 4,667 | | | 0 |
| Rural Education..... | I | 84.358 | 5358A113728 | 07/01/12 - 09/30/13 | 23,675 | 16,601 | | 23,675 | 23,675 | 7,074 |
| Improving Teacher Quality State Grants..... | I | 84.367 | 104432830 | 07/01/12 - 06/30/13 | 9,697 | 9,726 | | 9,697 | 9,697 | (29) |
| <u>TOTAL U.S. DEPARTMENT OF</u> <u>EDUCATION:-</u> | | | | | | <u>\$ 361,225</u> | <u>\$ 43,880</u> | <u>\$ 377,593</u> | <u>\$ 377,593</u> | <u>\$ 60,248</u> |
| <u>TOTAL FEDERAL ASSISTANCE:-</u> | | | | | | <u>\$ 535,394</u> | <u>\$ 63,357</u> | <u>\$ 532,285</u> | <u>\$ 532,285</u> | <u>\$ 60,248</u> |

MAJOR PROGRAMS:-

Total Expenditures.....\$ 532,285
 LESS: State Matching Funds (1).....(7,700)

TOTAL FEDERAL EXPENDITURES:- \$ 524,585

TEST OF 25% RULE:-

Title I, Part A Cluster (2).....\$ 344,221
TOTAL FEDERAL EXPENDITURES:- \$ 524,585 = 66%

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Keystone Education Center Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(B) Cluster as defined by Circular Number A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

(C) The accrued revenue balance at July 1, 2012, was adjusted to actual for the Technology State Grants - Federal C.F.D.A. Number 84.318. The actual amount received was less than what was accrued at June 30, 2012, and this difference is not expected to be received.

SOURCE CODES:
 I - Indirect Federal Funding
 D - Direct Federal Funding
 S - State Funding

KEYSTONE EDUCATION CENTER CHARTER SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

(UNAUDITED)

| | <u>BUDGETED</u> | | <u>VARIANCE</u> |
|--|---------------------|---------------------|-------------------|
| | <u>AMOUNTS</u> | <u>ACTUAL</u> | <u>WITH FINAL</u> |
| | | | <u>BUDGET</u> |
| | | | <u>POSITIVE</u> |
| | | | <u>NEGATIVE</u> |
| <u>REVENUES:-</u> | | | |
| Local Revenues | \$ 122,154 | \$ 109,531 | \$ (12,623) |
| State Program Revenues | 228,553 | 241,037 | 12,484 |
| Federal Program Revenues | 386,868 | 377,593 | (9,275) |
| Incoming Transfers from Other Local Educational Agencies | 3,230,000 | 3,241,726 | 11,726 |
| <u>TOTAL REVENUES:-</u> | <u>\$ 3,967,575</u> | <u>\$ 3,969,887</u> | <u>\$ 2,312</u> |
| <u>EXPENDITURES:-</u> | | | |
| Regular Programs | \$ 2,128,382 | \$ 1,938,008 | \$ 190,374 |
| Special Programs | 954,622 | 805,641 | 148,981 |
| Pupil Personnel Services | 166,151 | 145,192 | 20,959 |
| Instructional Staff Services | 159,519 | 142,976 | 16,543 |
| Administrative Services | 435,500 | 379,029 | 56,471 |
| Pupil Health | 90,378 | 76,485 | 13,893 |
| Business Services | 178,391 | 171,941 | 6,450 |
| Operation and Maintenance of Plant Services | 234,055 | 218,151 | 15,904 |
| Student Transportation Services | 162,220 | 171,570 | (9,350) |
| Student Activities | 6,120 | 4,146 | 1,974 |
| <u>TOTAL EXPENDITURES:-</u> | <u>\$ 4,515,338</u> | <u>\$ 4,053,139</u> | <u>\$ 462,199</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES:-</u> | <u>\$ (547,763)</u> | <u>\$ (83,252)</u> | <u>\$ 464,511</u> |
| <u>OTHER FINANCING SOURCES (USES):-</u> | | | |
| Fund Transfers | (34,030) | (12,510) | 21,520 |
| Refund of Prior Year Revenues | 0 | (27,045) | (27,045) |
| <u>NET CHANGE IN FUND BALANCE:-</u> | <u>\$ (581,793)</u> | <u>\$ (122,807)</u> | <u>\$ 458,986</u> |
| <u>BEGINNING FUND BALANCE:-</u> | <u>640,000</u> | <u>1,086,691</u> | <u>446,691</u> |
| <u>ENDING FUND BALANCE:-</u> | <u>\$ 58,207</u> | <u>\$ 963,884</u> | <u>\$ 905,677</u> |

Note: There were no budget transfers during fiscal year 2013.

GENERAL FUND

STATEMENTS OF ASSETS AND DEFERRED OUTFLOWS OF RESOURCES,
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

AS OF JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|--|-----------------------------|-----------------------------|
| <u>A S S E T S A N D D E F E R R E D</u> <u>O U T F L O W S O F R E S O U R C E S</u> | | |
| Cash and Short-Term Investments | \$ 722,867 | \$ 923,338 |
| <u>Receivables -</u> | | |
| Due from Other Funds | 32,501 | 59,252 |
| Intergovernmental Receivables | 860,810 | 629,203 |
| | <u> </u> | <u> </u> |
| <u>TOTAL ASSETS:-</u> | <u>\$ 1,616,178</u> | <u>\$ 1,611,793</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | <u> </u> | <u> </u> |
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 1,616,178</u> | <u>\$ 1,611,793</u> |
| <u>L I A B I L I T I E S , D E F E R R E D I N F L O W S O F</u> <u>R E S O U R C E S , A N D F U N D B A L A N C E</u> | | |
| Accounts Payable | \$ 170,419 | \$ 90,970 |
| Accrued Salaries and Benefits | 481,875 | 434,132 |
| Due to Other Governmental Units | 0 | 0 |
| | <u> </u> | <u> </u> |
| <u>TOTAL LIABILITIES:-</u> | <u>\$ 652,294</u> | <u>\$ 525,102</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | <u> </u> | <u> </u> |
| <u>General Fund Balance -</u> | | |
| Beginning Fund Balance | \$ 1,086,691 | \$ 1,382,467 |
| Revenues | 3,969,887 | 4,085,204 |
| | <u> </u> | <u> </u> |
| <u>TOTAL BEGINNING FUND BALANCE AND REVENUES:-</u> | <u>\$ 5,056,578</u> | <u>\$ 5,467,671</u> |
| Expenditures | 4,092,694 | 4,380,979 |
| | <u> </u> | <u> </u> |
| <u>ENDING FUND BALANCE:-</u> | <u>\$ 963,884</u> | <u>\$ 1,086,692</u> |
| | <u> </u> | <u> </u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:-</u> | <u>\$ 1,616,178</u> | <u>\$ 1,611,794</u> |

GENERAL FUND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2012 ACTUAL | BUDGET | 2013 | |
|--|---------------------|---------------------|---------------------|--|
| | | | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| <u>REVENUES FROM LOCAL SOURCES:-</u> | | | | |
| Interest Earnings | \$ 2,050 | \$ 2,060 | \$ 1,069 | \$ (991) |
| Contributions and Donations | 10,000 | 10,000 | 2,119 | (7,881) |
| IDEA Fund Grant | 110,094 | 110,094 | 106,343 | (3,751) |
| <u>TOTAL REVENUES FROM LOCAL SOURCES:-</u> | <u>\$ 122,144</u> | <u>\$ 122,154</u> | <u>\$ 109,531</u> | <u>\$ (12,623)</u> |
| <u>REVENUES FROM STATE SOURCES:-</u> | | | | |
| Retirement | \$ 150,818 | \$ 181,247 | \$ 198,266 | \$ 17,019 |
| School Health | 4,799 | 4,799 | 4,421 | (378) |
| Rent Subsidy | 36,603 | 42,507 | 38,350 | (4,157) |
| Technology Grant | 5,000 | 0 | 0 | 0 |
| <u>TOTAL REVENUES FROM STATE SOURCES:-</u> | <u>\$ 197,220</u> | <u>\$ 228,553</u> | <u>\$ 241,037</u> | <u>\$ 12,484</u> |
| <u>REVENUES FROM FEDERAL SOURCES:-</u> | | | | |
| Small Rural Schools | \$ 24,646 | \$ 24,646 | \$ 23,675 | \$ (971) |
| Title I | 381,728 | 352,293 | 344,221 | (8,072) |
| Title II | 49,929 | 9,929 | 9,697 | (232) |
| <u>TOTAL REVENUES FROM FEDERAL SOURCES:-</u> | <u>\$ 456,303</u> | <u>\$ 386,868</u> | <u>\$ 377,593</u> | <u>\$ (9,275)</u> |
| <u>INCOMING TRANSFERS:-</u> | | | | |
| Received from Other LEA's - Education | \$ 3,309,537 | \$ 3,230,000 | \$ 3,241,726 | \$ 11,726 |
| <u>TOTAL REVENUES:-</u> | <u>\$ 4,085,204</u> | <u>\$ 3,967,575</u> | <u>\$ 3,969,887</u> | <u>\$ 2,312</u> |

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2012 ACTUAL | 2013 | | VARIANCE FAVORABLE (UNFAVORABLE) |
|------------------------------------|---------------------|---------------------|---------------------|--|
| | | BUDGET | ACTUAL | |
| <u>INSTRUCTION:-</u> | | | | |
| <u>REGULAR PROGRAMS -</u> | | | | |
| <u>Elementary/Secondary -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 1,266,460 | \$ 1,185,684 | \$ 1,135,653 | \$ 50,031 |
| Personnel Services - | | | | |
| Benefits | 438,842 | 571,400 | 421,925 | 149,475 |
| Purchased Professional and | | | | |
| Technical Services | 20,372 | 35,673 | 25,795 | 9,878 |
| Purchased Property Services | 9,378 | 17,590 | 11,079 | 6,511 |
| Other Purchased Services | 145,051 | 185,149 | 265,248 | (80,099) |
| Supplies | 123,034 | 120,886 | 78,308 | 42,578 |
| Property | 0 | 12,000 | 0 | 12,000 |
| <u>TOTAL REGULAR PROGRAMS:-</u> | <u>\$ 2,003,137</u> | <u>\$ 2,128,382</u> | <u>\$ 1,938,008</u> | <u>\$ 190,374</u> |
| <u>SPECIAL PROGRAMS -</u> | | | | |
| <u>Learning Support - Public -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 640,053 | \$ 647,354 | \$ 567,295 | \$ 80,059 |
| Personnel Services - | | | | |
| Benefits | 163,057 | 228,154 | 176,682 | 51,472 |
| Purchased Professional and | | | | |
| Technical Services | 15,369 | | 14,217 | (14,217) |
| Purchased Property Services | 7,074 | | 7,538 | (7,538) |
| Other Purchased Services | 109,424 | | 6,132 | (6,132) |
| Supplies | 92,815 | 79,114 | 33,777 | 45,337 |
| <u>TOTAL SPECIAL PROGRAMS:-</u> | <u>\$ 1,027,792</u> | <u>\$ 954,622</u> | <u>\$ 805,641</u> | <u>\$ 148,981</u> |
| <u>TOTAL INSTRUCTION:-</u> | <u>\$ 3,030,929</u> | <u>\$ 3,083,004</u> | <u>\$ 2,743,649</u> | <u>\$ 339,355</u> |
| <u>SUPPORT SERVICES:-</u> | | | | |
| <u>PUPIL PERSONNEL -</u> | | | | |
| <u>Guidance Services -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 118,200 | \$ 125,000 | \$ 119,408 | \$ 5,592 |
| Personnel Services - | | | | |
| Benefits | 24,983 | 41,151 | 25,784 | 15,367 |
| <u>TOTAL PUPIL PERSONNEL:-</u> | <u>\$ 143,183</u> | <u>\$ 166,151</u> | <u>\$ 145,192</u> | <u>\$ 20,959</u> |

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | <u>2012</u> <u>ACTUAL</u> | <u>2013</u> | | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|---------------------------------------|------------------------------|-------------------|-------------------|---|
| | | <u>BUDGET</u> | <u>ACTUAL</u> | |
| <u>INSTRUCTIONAL STAFF -</u> | | | | |
| <u>Director of Education -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 90,346 | \$ 94,000 | \$ 90,154 | \$ 3,846 |
| Personnel Services - | | | | |
| Benefits | 30,706 | 33,024 | 32,778 | 246 |
| Purchased Professional and | | | | |
| Technical Services | 33,659 | 32,495 | 20,044 | 12,451 |
| <u>TOTAL INSTRUCTIONAL STAFF:-</u> | <u>\$ 154,711</u> | <u>\$ 159,519</u> | <u>\$ 142,976</u> | <u>\$ 16,543</u> |
| <u>ADMINISTRATION -</u> | | | | |
| <u>Legal Services -</u> | | | | |
| Purchased Professional and | | | | |
| Technical Services | \$ 0 | \$ 10,000 | \$ 0 | \$ 10,000 |
| <u>Office of the Superintendent -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | 119,683 | 131,600 | 122,062 | 9,538 |
| Personnel Services - | | | | |
| Benefits | 23,207 | 28,754 | 26,441 | 2,313 |
| Other Purchased Services | 729 | 676 | 833 | (157) |
| Supplies | 788 | 517 | 217 | 300 |
| <u>Office of the Principal -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | 187,408 | 196,000 | 186,739 | 9,261 |
| Personnel Services - | | | | |
| Benefits | 29,931 | 57,067 | 34,534 | 22,533 |
| Other Purchased Services | 4,963 | 8,121 | 7,001 | 1,120 |
| Supplies | 1,810 | 2,765 | 1,202 | 1,563 |
| <u>TOTAL ADMINISTRATION:-</u> | <u>\$ 368,519</u> | <u>\$ 435,500</u> | <u>\$ 379,029</u> | <u>\$ 56,471</u> |
| <u>PUPIL HEALTH -</u> | | | | |
| <u>Nursing Services -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 57,433 | \$ 62,000 | \$ 54,665 | \$ 7,335 |
| Personnel Services - | | | | |
| Benefits | 20,101 | 25,942 | 20,463 | 5,479 |
| <u>Medical Services -</u> | | | | |
| Purchased Professional and | | | | |
| Technical Services | 0 | 250 | 0 | 250 |
| Other Purchased Services | 0 | 100 | 0 | 100 |

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2012 ACTUAL | 2013 | | VARIANCE FAVORABLE (UNFAVORABLE) |
|-------------------------------------|-------------------|-------------------|-------------------|--|
| | | BUDGET | ACTUAL | |
| Supplies | 2,342 | 2,086 | 1,357 | 729 |
| <u>TOTAL PUPIL HEALTH:-</u> | <u>\$ 79,876</u> | <u>\$ 90,378</u> | <u>\$ 76,485</u> | <u>\$ 13,893</u> |
| <u>BUSINESS -</u> | | | | |
| <u>Business Services -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 63,041 | \$ 66,800 | \$ 62,954 | \$ 3,846 |
| Personnel Services - | | | | |
| Benefits | 13,688 | 14,710 | 15,667 | (957) |
| Purchased Professional and | | | | |
| Technical Services | 17,900 | 18,500 | 17,850 | 650 |
| Other Objects | 70 | 250 | 0 | 250 |
| <u>Payroll Services -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | 60,231 | 64,000 | 60,154 | 3,846 |
| Personnel Services - | | | | |
| Benefits | 13,380 | 14,131 | 15,316 | (1,185) |
| <u>TOTAL BUSINESS:-</u> | <u>\$ 168,310</u> | <u>\$ 178,391</u> | <u>\$ 171,941</u> | <u>\$ 6,450</u> |
| <u>OPERATION AND MAINTENANCE OF</u> | | | | |
| <u>PLANT SERVICES -</u> | | | | |
| Personnel Services - | | | | |
| Salaries | \$ 18,331 | \$ 19,260 | \$ 18,260 | \$ 1,000 |
| Personnel Services - | | | | |
| Benefits | 2,475 | 4,143 | 2,824 | 1,319 |
| Purchased Professional and | | | | |
| Technical Services | 5,805 | 6,438 | 8,098 | (1,660) |
| Purchased Property Services | 163,890 | 163,373 | 156,275 | 7,098 |
| Supplies | 40,603 | 40,841 | 32,694 | 8,147 |
| Property | 0 | 0 | 0 | 0 |
| <u>TOTAL OPERATION AND</u> | | | | |
| <u>MAINTENANCE OF PLANT</u> | | | | |
| <u>SERVICES:-</u> | <u>\$ 231,104</u> | <u>\$ 234,055</u> | <u>\$ 218,151</u> | <u>\$ 15,904</u> |
| <u>STUDENT TRANSPORTATION</u> | | | | |
| <u>SERVICES -</u> | | | | |
| Vehicle Operating Services - | | | | |
| Other Purchased Services | \$ 149,766 | \$ 142,200 | \$ 149,857 | \$ (7,657) |

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2012 ACTUAL | BUDGET | 2013 | |
|--|---------------------|---------------------|---------------------|--|
| | | | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| <u>Vehicle Servicing and Maintenance Services -</u> | | | | |
| Purchased Property Services | 4,630 | 5,750 | 3,348 | 2,402 |
| Supplies | 15,629 | 14,270 | 18,365 | (4,095) |
| <u>TOTAL STUDENT TRANSPORTATION SERVICES:-</u> | <u>\$ 170,025</u> | <u>\$ 162,220</u> | <u>\$ 171,570</u> | <u>\$ (9,350)</u> |
| <u>TOTAL SUPPORT SERVICES:-</u> | <u>\$ 1,315,728</u> | <u>\$ 1,426,214</u> | <u>\$ 1,305,344</u> | <u>\$ 120,870</u> |
| <u>OPERATION OF NON-INSTRUCTION SERVICES:-</u> | | | | |
| <u>STUDENT ACTIVITIES -</u> | | | | |
| <u>School Sponsored Student Activities -</u> | | | | |
| Other Purchased Services | \$ 3,301 | \$ 4,045 | \$ 1,865 | \$ 2,180 |
| Supplies | 1,713 | 2,075 | 2,281 | (206) |
| <u>TOTAL OPERATION OF NON-INSTRUCTION SERVICES:-</u> | <u>\$ 5,014</u> | <u>\$ 6,120</u> | <u>\$ 4,146</u> | <u>\$ 1,974</u> |
| <u>OTHER FINANCING SOURCES (USES):-</u> | | | | |
| Cafeteria Fund Transfers | \$ 20,255 | \$ 34,030 | \$ 12,510 | \$ 21,520 |
| Refund of Prior Year Revenue | 9,053 | 0 | 27,045 | (27,045) |
| <u>TOTAL OTHER FINANCING SOURCES (USES):-</u> | <u>\$ 29,308</u> | <u>\$ 34,030</u> | <u>\$ 39,555</u> | <u>\$ (5,525)</u> |
| <u>TOTAL EXPENDITURES:-</u> | <u>\$ 4,380,979</u> | <u>\$ 4,549,368</u> | <u>\$ 4,092,694</u> | <u>\$ 456,674</u> |

CAFETERIA FUNDBALANCE SHEETSAS OF JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| <u>A S S E T S A N D D E F E R R E D</u> <u>O U T F L O W S O F R E S O U R C E S</u> | | |
| <u>CURRENT ASSETS:-</u> | | |
| Cash | \$ 49,794 | \$ 72,459 |
| Subsidy Receivable | 0 | 19,476 |
| <u>TOTAL CURRENT ASSETS:-</u> | <u>\$ 49,794</u> | <u>\$ 91,935</u> |
| <u>EQUIPMENT:-</u> | | |
| Equipment | \$ 1,800 | \$ 1,800 |
| Vehicle | 27,218 | 27,218 |
| LESS: Accumulated Depreciation | (29,018) | (26,433) |
| <u>NET EQUIPMENT:-</u> | <u>\$ 0</u> | <u>\$ 2,585</u> |
| <u>TOTAL ASSETS:-</u> | <u>\$ 49,794</u> | <u>\$ 94,520</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF</u> <u>RESOURCES:-</u> | <u>\$ 49,794</u> | <u>\$ 94,520</u> |
| <u>L I A B I L I T I E S , D E F E R R E D I N F L O W S O F</u> <u>R E S O U R C E S , A N D F U N D B A L A N C E</u> | | |
| <u>CURRENT LIABILITIES:-</u> | | |
| Accounts Payable | \$ 17,293 | \$ 31,963 |
| Due to General Fund | 32,501 | 59,252 |
| Note Payable | 0 | 3,305 |
| <u>TOTAL CURRENT LIABILITIES:-</u> | <u>\$ 49,794</u> | <u>\$ 94,520</u> |
| <u>NOTES PAYABLE:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>TOTAL LIABILITIES:-</u> | <u>\$ 49,794</u> | <u>\$ 94,520</u> |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>RETAINED EARNINGS:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF</u> <u>RESOURCES, AND FUND BALANCES:-</u> | <u>\$ 49,794</u> | <u>\$ 94,520</u> |

CAFETERIA FUND

STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|
| <u>OPERATING REVENUES:-</u> | | |
| Lunch Sales | \$ 6,347 | \$ 6,150 |
| Interest Earnings | 4 | 9 |
| | <u> </u> | <u> </u> |
| <u>TOTAL OPERATING REVENUES:-</u> | <u>\$ 6,351</u> | <u>\$ 6,159</u> |
| <u>COST OF SALES:-</u> | | |
| Purchased Meals | \$ 129,488 | \$ 118,946 |
| | <u> </u> | <u> </u> |
| <u>EXCESS OPERATING REVENUES (UNDER) DIRECT</u> <u>COST OF SALES:-</u> | <u>\$ (123,137)</u> | <u>\$ (112,787)</u> |
| <u>OPERATING EXPENSES:-</u> | | |
| Labor and Fringe Benefits | \$ 38,199 | \$ 38,089 |
| Vehicle Operating | 3,893 | 3,881 |
| Supplies/Maintenance | 156 | |
| Depreciation | 2,585 | 3,443 |
| Interest | 107 | 373 |
| Travel | 101 | 0 |
| Bank Fees | 0 | 138 |
| | <u> </u> | <u> </u> |
| <u>TOTAL OPERATING EXPENSES:-</u> | <u>\$ 45,041</u> | <u>\$ 45,924</u> |
| <u>OPERATING (LOSS):-</u> | <u>\$ (168,178)</u> | <u>\$ (158,711)</u> |
| <u>NON-OPERATING REVENUES (EXPENSES):-</u> | | |
| Federal and State Subsidies | \$ 153,228 | \$ 136,611 |
| State Retirement Reimbursement | 2,440 | 1,845 |
| | <u> </u> | <u> </u> |
| <u>TOTAL NON-OPERATING REVENUES (EXPENSES):-</u> | <u>\$ 155,668</u> | <u>\$ 138,456</u> |
| <u>NET (LOSS) BEFORE INTERFUND OPERATING</u> <u>TRANSFERS:-</u> | <u>\$ (12,510)</u> | <u>\$ (20,255)</u> |
| <u>OPERATING TRANSFERS FROM GENERAL FUND:-</u> | <u>12,510</u> | <u>20,255</u> |
| <u>NET INCOME:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>BEGINNING RETAINED EARNINGS:-</u> | <u>0</u> | <u>0</u> |
| <u>ENDING RETAINED EARNINGS:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |

ACTIVITIES FUND

STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE

AS OF JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|--|-----------------|-----------------|
| <u>A S S E T S</u> | | |
| <u>CASH:-</u> | | |
| Student Council - Senior High | \$ 6,162 | \$ 6,161 |
| Yearbook | 4 | 4 |
| Intramural Boosters | 858 | 858 |
| Shelter Activity | 524 | 705 |
| Gettysburg Fundraiser | 341 | 341 |
| | <hr/> | <hr/> |
| <u>TOTAL ASSETS:-</u> | <u>\$ 7,889</u> | <u>\$ 8,069</u> |
| <u>L I A B I L I T I E S</u> | | |
| <u>LIABILITIES:-</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| <u>F U N D B A L A N C E</u> | | |
| <u>FUND BALANCE:-</u> | | |
| Beginning Fund Balance | \$ 8,069 | \$ 7,165 |
| <u>ADD: Revenues -</u> | | |
| Student Council - Senior High | \$ 0 | \$ 1,902 |
| Shelter Activity - Pop Income | 972 | 1,554 |
| | <hr/> | <hr/> |
| <u>TOTAL REVENUES:-</u> | <u>\$ 972</u> | <u>\$ 3,456</u> |
| <u>LESS: Expenditures -</u> | | |
| Student Council - Senior High | \$ 0 | \$ 1,147 |
| Shelter Activity - Pop Expense | 1,152 | 1,405 |
| | <hr/> | <hr/> |
| <u>TOTAL EXPENDITURES:-</u> | <u>\$ 1,152</u> | <u>\$ 2,552</u> |
| <u>ENDING FUND BALANCE:-</u> | <u>\$ 7,889</u> | <u>\$ 8,069</u> |
| <u>TOTAL LIABILITIES AND ENDING FUND BALANCE:-</u> | <u>\$ 7,889</u> | <u>\$ 8,069</u> |

SCHOLARSHIP FUNDSTATEMENTS OF ASSETS AND DEFERRED OUTFLOWS OF RESOURCES,
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCEAS OF JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| <u>A S S E T S A N D D E F E R R E D</u> <u>O U T F L O W S O F R E S O U R C E S</u> | | |
| <u>ASSETS:-</u> | | |
| Cash | \$ 20,928 | \$ 19,297 |
| <u>DEFERRED OUTFLOWS OF RESOURCES:-</u> | \$ 0 | \$ 0 |
| <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:-</u> | <u>\$ 20,928</u> | <u>\$ 19,297</u> |
| <u>L I A B I L I T I E S , D E F E R R E D I N F L O W S O F</u> <u>R E S O U R C E S , A N D F U N D B A L A N C E</u> | | |
| <u>LIABILITIES:-</u> | \$ 0 | \$ 0 |
| <u>DEFERRED INFLOWS OF RESOURCES:-</u> | \$ 0 | \$ 0 |
| <u>FUND BALANCE:-</u> | | |
| Beginning Fund Balance | \$ 19,297 | \$ 16,574 |
| <u>ADD: Revenues -</u> | | |
| Donations | \$ 3,143 | \$ 4,494 |
| Interest | 38 | 79 |
| <u>TOTAL REVENUES:-</u> | <u>\$ 3,181</u> | <u>\$ 4,573</u> |
| <u>LESS: Expenditures -</u> | | |
| Scholarship Awards | \$ 1,550 | \$ 1,850 |
| <u>TOTAL EXPENDITURES:-</u> | <u>\$ 1,550</u> | <u>\$ 1,850</u> |
| <u>ENDING FUND BALANCE:-</u> | <u>\$ 20,928</u> | <u>\$ 19,297</u> |
| <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND ENDING FUND BALANCE:-</u> | <u>\$ 20,928</u> | <u>\$ 19,297</u> |

Keystone Education Center Charter School has not yet received the formal Federal Programs Consolidated Review Report from the June 10, 2014, review; however, we did not have any citations nor do we need to do any corrective action plan.



Executive Summary BSE Compliance Monitoring Review of the Keystone Education Center CS

PART I SUMMARY OF FINDINGS

A. Review Process

Prior to the Bureau's monitoring the week of May 10, 2011, the Keystone Education Center CS was formally notified of the dates the onsite review would be conducted. Notice and invitation to comment was also provided to the Local Task Force on Right-to-Education. The charter school was informed of its responsibility to compile various reports, written policies, and procedures to document compliance with requirements.

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

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

B. General Findings

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

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

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

C. Overall Findings

1. FACILITATED SELF ASSESSMENT (FSA)

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

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

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

2. FILE REVIEW (Student case studies)

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

The status of compliance of the Keystone Education Center CS is as follows:

| Sections of the FILE REVIEW | In Compliance | Out of Compliance | NA |
|--|----------------------|--------------------------|------------|
| Essential Student Documents Are Present and Were Prepared Within Timelines | 87 | 1 | 72 |
| Evaluation/Reevaluation: Process and Content | 227 | 1 | 552 |
| Individualized Education Program: Process and Content | 534 | 1 | 265 |
| Procedural Safeguards: Process and Content | 117 | 0 | 3 |
| TOTALS | 965 | 3 | 892 |

3. TEACHER AND PARENT INTERVIEWS

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

| | # Yes Responses | # No Responses | # of Other Responses |
|---|------------------------|-----------------------|-----------------------------|
| Program Implementation: General Ed Teacher Interviews | 240 | 7 | 93 |
| Program Implementation: Special Ed Teacher Interviews | 321 | 3 | 126 |
| Program Implementation: Parent Interviews | 135 | 11 | 82 |
| TOTALS | 696 | 21 | 301 |

4. STUDENT INTERVIEWS

Results of the student interviews are reflected on the Charter School Corrective Action Verification/Compliance and Improvement Planning document.

5. CLASSROOM OBSERVATIONS

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

| | # Yes Responses | # No Responses | # of Other Responses |
|------------------------|------------------------|-----------------------|-----------------------------|
| Classroom Observations | 40 | 0 | 16 |

6. EDUCATIONAL BENEFIT REVIEW

| | In Compliance | Out of Compliance |
|----------------------------|----------------------|--------------------------|
| Educational Benefit Review | X | |

PART II CORRECTIVE ACTION PROCESS

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

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

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

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

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

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

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