

Lehigh Valley Charter High School for the Arts

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

675 East Broad Street
Bethlehem, PA 18018
(610)868-2971

Phase:

Phase 2

CEO Name:

Diane LaBelle

CEO E-mail address:

dlabelle@charterarts.org

Governance and Staff

Leadership Changes

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

The Strategic Planning Process of the Board of Directors continued to implement changes outlined in the Strategic Plan by replacing the Vice Principal position with a Dean of Academic Affairs, Curriculum and Instruction, and a Dean of Student Services. As the school prepares to move into a new facility, the new administrative structure will better support the new school. The Board of Directors remains the same.

Board of Trustees Meeting Schedule

| Location | Date and Time |
|--|----------------------|
| Lehigh Valley Charter High School for the Arts | 8/28/2014 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 10/9/2014 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 12/11/2014 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 2/12/2015 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 4/9/2015 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 5/14/2015 6:00 PM |
| Lehigh Valley Charter High School for the Arts | 6/11/2015 6:00 PM |

Professional Staff Member Roster

There are no professional staff members.

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

PDF 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 | 1.00 | 1.00 | | | | 1.00 |

| | | | | | | |
|---|-------|-------|---|---|-------|-------|
| Principal | 1.00 | 1.00 | | | | 1.00 |
| Assistant Principal | 2.00 | 2.00 | | | 1.00 | 1.00 |
| Classroom Teacher (including Master Teachers) | 32.00 | 25.00 | | | 7.00 | 25.00 |
| Specialty Teacher (including Master Teachers) | | | | | | |
| Special Education Teacher (including Master Teachers) | 2.00 | 2.00 | | | | 2.00 |
| Special Education Coordinator | 1.00 | 1.00 | | | 1.00 | |
| Counselor | 3.00 | 3.00 | | | 1.00 | 2.00 |
| Psychologist | | | | | | |
| School Nurse | 1.00 | 1.00 | | | 1.00 | |
| Totals | 43.00 | 36.00 | 0 | 0 | 11.00 | 32.00 |

Further explanation:

This narrative is empty.

Fiscal Matters

Major Fundraising Activities

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

Major fund raising activities have consisted of Gala and Fashion Show Events, Parent Appeal, and End of Year Appeal activities.

Fiscal Solvency Policies

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

Updates have been made to Charter Arts' 600 series policies. They are uploaded for review.

Fiscal Solvency Policies

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

Files uploaded:

- 628. ASSET MANAGEMENT.pdf
- 623. DEBT MANAGEMENT.pdf
- 622. GASB STATEMENT 34.pdf
- 620. FUND BALANCE.pdf
- 619. SCHOOL AUDIT.pdf
- 618. SPECIAL PURPOSE FUNDS.pdf
- 617. PETTY CASH.pdf
- 616. PAYMENT OF CLAIMS.pdf
- 615. PAYROLL DEDUCTIONS.pdf
- 614. PAYROLL AUTHORIZATION.pdf
- 612. Purchases Not Budgeted.pdf
- 611. Purchases Budgeted.pdf
- 610. Purchases Subject to Bid.pdf
- 609. Investment of School Funds.pdf
- 608. Bank Accounts.pdf
- 607. TUITION INCOME.pdf
- 604. Budget Disclosure.pdf
- 603. Budget Preparation.pdf
- 602. Budget Planning.pdf
- 601. Objectives.pdf

Accounting System

Changes to the accounting system the charter school uses:

N/A

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: Gillahan, Hutchinson and Freeh
 Date of Last Audit: 08/21/2013
 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:

The audit for school year 2013-2014 will occur at the end of August 2014.

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: 02/12/2013
School Year Reviewed: 2012-2013

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

PDF 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 |
|------------------------|-----------------|--------------------|
| Secretary | Charter Arts | 100 |

Special Education Contracted Services

| Title | Amt. of Time per Week | Operator | Number of Students |
|--------------------------------|------------------------------|--------------------|---------------------------|
| School Psychologist | 2 Days | Outside Contractor | 45 |
| Speech and Language Specialist | 15 Minutes | Outside Contractor | 10 or fewer |

Special Education Cyclical Monitoring

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

10/18/2012
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:

The fixed assets that were acquired by the charter school during the past fiscal year were:

- Milwaukee Panel Saw
- Yamaha Toms
- Zone Director WIFI Controller
- IMAC Computer for Music Lab

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

\$16,215.85

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:

Charter Arts Foundation purchased land on 3rd and Polk Street's in Bethlehem to build a new 87,000 square foot school building for the Lehigh Valley Charter High School for the Arts. Expected occupancy for the new school is scheduled for September 2015.

Memorandums of Understanding

| Organization | Purpose |
|-----------------------------|---|
| Bethlehem Police Department | Responsibilities for police regarding school safety and searches. |
| Bethlehem YMCA | Shelter staff and students in case of emergency. |

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 Mario Acerra on 7/24/2014

President, Board of Trustees

Affirmed by Diane LaBelle on 7/24/2014

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 Mario Acerra on 7/24/2014

President, Board of Trustees

Affirmed by Diane LaBelle on 7/24/2014

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 Mario Acerra on 7/24/2014

President, Board of Trustees

Affirmed by Diane LaBelle on 7/24/2014

Chief Executive Officer

CERTIFICATION VERIFICATION FORM

PDE-414

Complete the following information for all professional staff members.

| Staff No. | Name of employee (List all names in alphabetical order) | PA Certified Yes/No | Areas of Certification Type of Certificate | Grades Teaching or Serving | All Areas of Assignment Subject Areas Teaching or Services Provided | Number of Hours Worked in Assignmmt | Percentage of Time in Certified Position | Percentage of Time in Areas Not Certified |
|-----------|---|---------------------|--|----------------------------|---|-------------------------------------|--|---|
| 1 | ABRAHAM, ASHLEY | Yes | English, Communication | 9-12 | English, Communication | 37.5 | 100 | 0 |
| 2 | ANDERSON, BENJAMIN | Yes | Social Studies | 9-12 | Social Studies | 15 | 100 | 0 |
| 3 | AYERS, PHYLLIS | Yes | Special Education | 9-12 | Special Education | 37.5 | 100 | 0 |
| 4 | BARDALES, MAGNA | Yes | Spanish | 9-12 | Spanish | 37.5 | 100 | 0 |
| 5 | BAUER, ANDREW | Yes | Music | 9-12 | Music | 37.5 | 100 | 0 |
| 6 | BERRY, AMY | No | No Certification | 9-12 | Dance | 37.5 | 0 | 100 |
| 7 | BICKERT, KELLY | Yes | English, Communication | 9-12 | Theatre | 37.5 | 100 | 0 |
| 8 | BOUGHER, JULIE | Yes | Music | 9-12 | Music | 7.5 | 100 | 0 |
| 9 | CASILIO, MEGAN | Yes | Math | 9-12 | Math | 37.5 | 100 | 0 |
| 10 | COMSTOCK, CARISE | Yes | Principal | 9-12 | Dean | 37.5 | 100 | 0 |
| 11 | COVELLE, STEPHANIE | Yes | Guidance | 9-12 | Guidance | 37.5 | 100 | 0 |
| 12 | EVANS, CYNTHIA | Yes | Math | 9-12 | Math | 37.5 | 100 | 0 |
| 13 | FEHLINGER-RICKER, SHARON | Yes | Principal | 9-12 | Principal | 37.5 | 100 | 0 |
| 14 | FOWLER, JODI | Yes | English, Communication | 9-12 | English, Communication | 37.5 | 100 | 0 |
| 15 | FREDERICK, JESSICA | Yes | Science | 9-12 | Science | 37.5 | 100 | 0 |
| 16 | FRITCHMAN, ALLISON | Yes | Special Education | 9-12 | Figure Skating | 37.5 | 0 | 100 |
| 17 | GARNER, MELISSA | Yes | French | 9-12 | French | 20 | 100 | 0 |
| 18 | HAMME, PATRICIA | Yes | School Nurse | 9-12 | School Nurse | 22.5 | 100 | 0 |
| 19 | HILL, JAMIE | Yes | Math | 9-12 | Math | 37.5 | 100 | 0 |
| 20 | HORVATH, JASON | Yes | Art | 9-12 | Art | 37.5 | 100 | 0 |
| 21 | HORVATH, STEPHANIE | Yes | Science | 9-12 | Science | 37.5 | 100 | 0 |
| 22 | HUBER, TARA | Yes | English, Communication | 9-12 | English, Communication | 18.75 | 100 | 0 |
| 23 | KURCZ, MARYANN | Yes | Principal | 9-12 | Vice Principal | 37.5 | 100 | 0 |
| 24 | LEREW, CHRISTINE | Yes | Music | 9-12 | Music | 37.5 | 100 | 0 |
| 25 | MACBETH, DAVID | Yes | Music | 9-12 | Music | 37.5 | 100 | 0 |
| 26 | MANISCALCO, KIMBERLY | No | No Certification | 9-12 | Dance | 37.5 | 0 | 100 |
| 27 | MAST, RAINA | Yes | Spanish | 9-12 | Spanish | 37.5 | 100 | 0 |
| 28 | MORRIS, CHRISTOPHER | Yes | English, Communication | 9-12 | Theatre | 37.5 | 100 | 0 |
| 29 | NESFEDER, AMY | Yes | Social Studies | 9-12 | Social Studies | 37.5 | 100 | 0 |
| 30 | PANCOAST, BETHANY | Yes | Special Education | 9-12 | Special Education | 37.5 | 100 | 0 |
| 31 | REINHARD, LORIE | No | No Certification | 9-12 | Art | 37.5 | 0 | 100 |
| 32 | RITTER, MARY | Yes | Science | 9-12 | Science | 37.5 | 100 | 0 |
| 33 | ROTHMAN, JOY | Yes | Guidance | 9-12 | Guidance | 37.5 | 100 | 0 |
| 34 | RUDY, MICHAEL | Yes | Math | 9-12 | Math | 37.5 | 100 | 0 |
| 35 | SAMIT, MARISSA | Yes | Guidance | 9-12 | Guidance | 37.5 | 100 | 0 |
| 36 | SANDS, JONATHAN | Yes | Social Studies | 9-12 | Social Studies | 37.5 | 100 | 0 |

| | | | | | | | | |
|----|------------------|-----|------------------------|------|------------------------|------|-----|-----|
| 37 | SHUMAN, TIM | Yes | Social Studies | 9-12 | Social Studies | 37.5 | 100 | 0 |
| 38 | WAGNER, DIANE | No | No Certification | 9-12 | Theatre | 37.5 | 0 | 100 |
| 39 | WALSH, PAUL | Yes | English, Communication | 9-12 | English, Communication | 37.5 | 100 | 0 |
| 40 | WEAVER, JENNIFER | No | No Certification | 9-12 | Dance | 37.5 | 0 | 100 |
| 41 | WEIR, AMANDA | Yes | Special Education | 9-12 | Special Education | 37.5 | 100 | 0 |
| 42 | WELLS, MATTHEW | Yes | Music | 9-12 | Music | 22.5 | 100 | 0 |

Total Number of Administrators (do not include CEO) 3

Total Number of Teachers 35 Counselors 3 School Nurses 1 Others 0

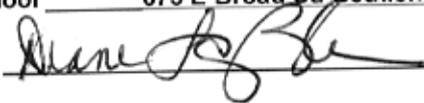
Total Number of Professional Staff 41

PA Department of Education, 333 Market Street, Harrisburg, PA 17126-0333

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

Name of School Lehigh Valley Charter High School for the Arts

Address of School 675 E Broad St. Bethlehem, Pa 18018

CEO Signature 

REVENUES

| | | | |
|-------------|------|--|------------|
| 6000 | | REVENUE FROM LOCAL SOURCES | |
| 6500 | | EARNINGS ON INVESTMENTS | 658.98 |
| | 6510 | Interest on Investments and Interest-Bearing Checking Accounts | 0.03 |
| | 6520 | Dividends on Investments | 138.81 |
| | 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 | 7,272.02 |
| | 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 | 48,382.61 |
| | 6710 | Admissions | 4,843.63 |
| | 6720 | Bookstore Sales | |
| | 6730 | Student Organization Membership Dues and Fees | 2,311.24 |
| | 6740 | Fees | 35,954.98 |
| | 6750 | Student Activity - Special Events | 33,095.40 |
| | 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 | 40,655.08 |
| | 6830 | Revenues from Intermediary Sources - Federal Funds | |
| | 6890 | Other Revenues from Intermediary Sources | |
| 6900 | | OTHER REVENUE FROM LOCAL SOURCES | |
| | 6910 | Rentals | 184,543.83 |
| | 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 | 1,615.00 |
| | 6942 | Summer School Tuition | |
| | 6943 | Adult Education Tuition | 4,998,539.99 |
| | 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 | 24,697.56 |
| | 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 | 9,288.66 |
| 6990 | | Refunds and Other Miscellaneous Revenue | |
| | 6991 | Refunds of a Prior Year Expenditure | 64,398.71 |
| | 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) | 40,000.00 |
| | 7320 | Rental and Sinking Fund Payments / Building Reimbursement Subsidy | 9,131.70 |
| | 7330 | Health Services (Medical, Dental, Nurse, Act 25) | |
| | 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 | 222,384.61 |
| | 7820 | State Share of Retirement Contributions | |
| 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 | |
| | 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 | 61,368.00 |
| | 8510 | Individuals with Disabilities Education Act (IDEA) and No Child Left Behind (NCLB) | |
| | 8520 | Vocational Education | |
| | 8530 | Child Nutrition Program | |
| | 8540 | Nutrition Education and Training | |
| | 8560 | Federal Block Grants | |
| | 8570 | Unassigned | |
| | 8580 | Child Care and Development Block Grants | |
| | 8590 | Unassigned | |

| | | | |
|------|------|--|------------|
| 8600 | | RESTRICTED GRANTS-IN-AID FROM THE FEDERAL GOVERNMENT THROUGH THE COMMONWEALTH FOR DRIVER EDUCATION, ADULT EDUCATION, CETA, HEADSTART, ENERGY CONSERVATION, WORKFORCE INVESTMENT ACT AND OTHER PROGRAMS | |
| | 8610 | Homeless Assistance Act | |
| | 8620 | Adult Basic Education | |
| | 8640 | Headstart | |
| | 8650 | Unassigned | |
| | 8660 | Workforce Investment Act (WIA) | |
| | 8670 | Unassigned | |
| | 8680 | Unassigned | |
| | 8690 | Other Restricted Federal Grants-in-Aid through the Commonwealth | |
| | | | 0.46 |
| 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 | 104,000.66 |
| | 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 | | | 5,893,281.96 |

**REPORT ON
LEHIGH VALLEY CHARTER HIGH
SCHOOL FOR THE ARTS
BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013**

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS

General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2013

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LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS

General Purpose Financial Statements

For the Fiscal Year Ended June 30, 2013

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FINANCIAL SECTION

October 11, 2013

Board of Directors
Lehigh Valley Charter High School
for the Arts
675 E. Broad Street
Bethlehem, PA 18018

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lehigh Valley Charter High School for the Arts, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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 Lehigh Valley Charter High School for the Arts at June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 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 the 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 purposes of forming opinions on the financial statements that collectively comprise the Lehigh Valley Charter High School for the Arts' financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and related 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 the basis of accounting described in the notes to the financial statements. 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 October 11, 2013, on our consideration of Lehigh Valley Charter High School for the Arts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lehigh Valley Charter High School for the Arts' internal control over financial reporting and compliance.

Respectfully submitted,

October 11, 2013

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Bethlehem, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

The discussion and analysis of the Lehigh Valley Charter High School for the Arts' financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the financial performance as a whole; however, readers should also review the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is a component of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and the Management's Discussion and Analysis – for State and Local Governments issued in 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Lehigh Valley Charter High School for the Arts Mission Statement

The Lehigh Valley Charter High School for the Arts provides a rich and comprehensive educational program for students with talents and potential in dance, instrumental music, vocal music, theatre, figure skating or visual art. This REGIONAL model enables each student to maximize his or her special talents. Our graduates will increase the quality of their life, the lives of people who surround them, and the respective communities of the Lehigh Valley.

Lehigh Valley Performing Arts History

Founded by Dr. Thomas Lubben and a group of dedicated community partners, Charter Arts opened in September 2003 with 217 students. Ten years later, we have full enrollment of 447 students. In 2006, the Middle States Association recommended full accreditation to Charter Arts for our academic program.

Financial Highlights

- Total general fund revenues of \$5,396,891 due primarily from tuition from participating School Districts.
- At the close of the current fiscal year, the School reports an ending fund balance of \$747,378.

FINANCIAL STATEMENTS

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of Lehigh Valley Charter High School for the Arts. The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

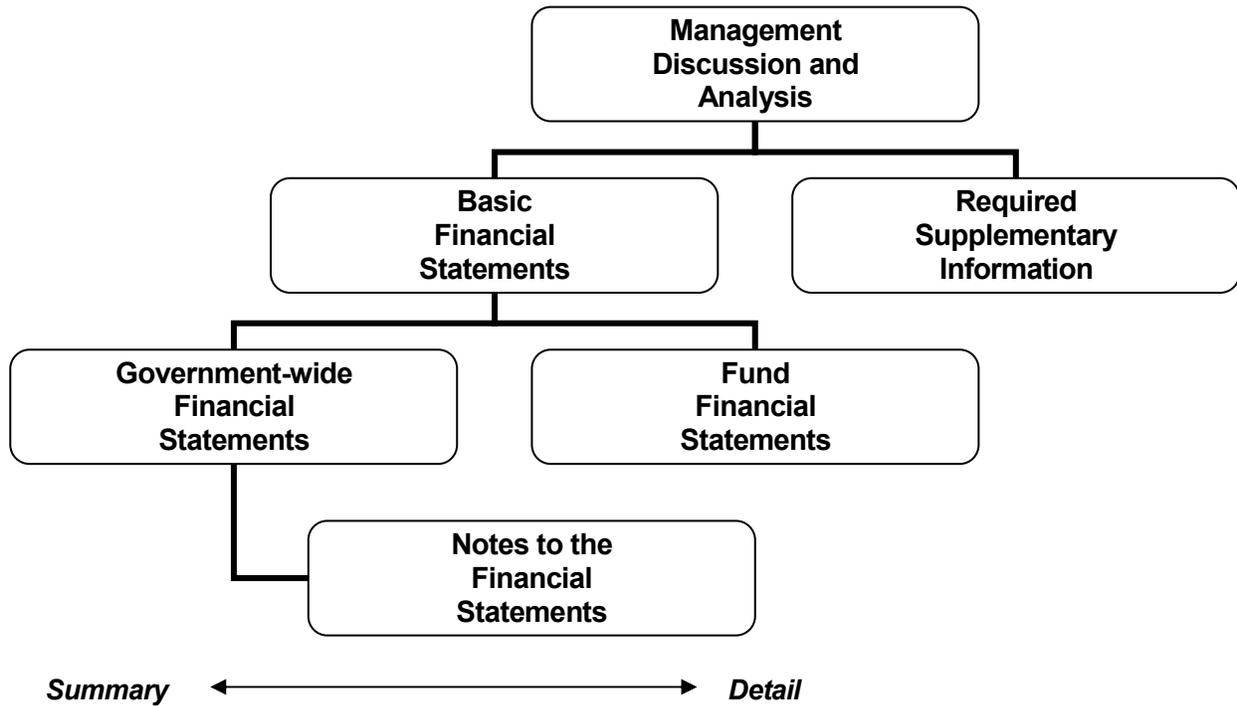
The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how the School's services were financed in the short term as well as what remains for future spending.

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

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another.

Figure A- 1 - Required Components of Lehigh Valley Charter Financial Report



LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

Figure A-2 summarizes the major features of the financial statements, including the portion of the Program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure 2 - Major Features of Lehigh Valley Charter High School for the Arts' Government-Wide and Fund Financial Statements

| | Fund Statements | | | |
|--|--|--|---|--|
| | Government-wide Statements | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire School (except fiduciary funds) | The activities of the School that are not proprietary or fiduciary, such as education, administration and community services | Activities the School operates similar to private business – The School does not have any proprietary funds | Instances in which the School is the trustee or agent to someone else's resources – The School has an Activity Fund and a Scholarship Fund |
| Required financial statements | Statement of net position, Statement of activities. | Balance Sheet, Statement of revenues, expenditures, and changes in fund balance | Statement of net position, Statement of revenues, expenses and changes in net position, Statement of cash flows | Statement of fiduciary net position, Statement of changes in fiduciary net position (if applicable) |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term |
| Type of inflow-outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements, as presented, comprise four components: Management's Discussion and Analysis (this section), the Basic Financial Statements, Supplementary Information and Single Audit Requirements (if applicable).

Government-Wide Financial Statements

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

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the function of the School that is principally supported by subsidies from school districts whose constituents attend the School.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental type entities, utilizes fund accounting to demonstrate compliance with finance-related legal requirements. The School financial statements present two governmental funds – the general fund and a blended component unit presented as a capital projects fund.

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They 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 fund statements provide a detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's total net position was \$4,919,904 at June 30, 2013.

Table 1 - Net Position - Fiscal Year Ended June 30, 2013

| | 2013 | | | 2012 | | |
|--|-------------------------|--------------------------|---------------------|-------------------------|--------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 4,128,925 | \$ - | \$ 4,128,925 | \$ 847,368 | \$ - | \$ 847,368 |
| Non current assets | 726,117 | - | 726,117 | 498,860 | - | 498,860 |
| Total Assets | 4,855,042 | - | 4,855,042 | 1,346,228 | - | 1,346,228 |
| Deferred Outflows of Resources | 64,867 | - | 64,867 | | | |
| Current and other liabilities | 480,883 | - | 480,883 | 232,317 | - | 232,317 |
| Long-term liabilities | 70,307 | - | 70,307 | 65,635 | - | 65,635 |
| Total Liabilities | 551,190 | - | 551,190 | 297,952 | - | 297,952 |
| Deferred Inflows of Resources | 7,389 | - | 7,389 | | | |
| Net Position | | | | | | |
| Invested in capital assets, net of related debt | 724,407 | - | 724,407 | 374,057 | - | 374,057 |
| Capital Projects | 2,736,592 | - | 2,736,592 | - | - | - |
| Restricted | 27,370 | - | 27,370 | 48,432 | - | 48,432 |
| Unrestricted | 872,961 | - | 872,961 | 625,787 | - | 625,787 |
| Total Net Position | \$ 4,361,330 | \$ - | \$ 4,361,330 | \$ 1,048,276 | \$ - | \$ 1,048,276 |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School's activities that are supported by other general revenues.

Table 2 takes the information from that Statement and rearranges it slightly so one can see the total revenues for the year.

Table 2 - Changes in Net Position – Fiscal Year Ended June 30, 2013

| | 2013 | | | 2012 | | |
|------------------------------------|---------------------------------|---------------------------------|---------------------|---------------------------------|---------------------------------|-------------------|
| | Govern- mental Activities | Business- Type Activities | Total | Govern- mental Activities | Business- Type Activities | Total |
| Program Revenues: | | | | | | |
| Program Revenue | \$ 4,719,001 | \$ - | \$ 4,719,001 | \$ 4,523,879 | \$ - | \$ 4,523,879 |
| Charges for services | 128,715 | - | 128,715 | 135,813 | - | 135,813 |
| Operating Grants and contributions | 333,160 | - | 333,160 | 276,243 | - | 276,243 |
| Capital Grants and contributions | - | - | - | 10,000 | - | 10,000 |
| General revenue | 129,776 | - | 129,776 | 288,707 | - | 288,707 |
| Transfers | 72 | - | 72 | (2,532) | - | (2,532) |
| Other Contributions | 3,400,293 | - | 3,400,293 | - | - | - |
| Total Revenues | 8,711,017 | - | 8,711,017 | 5,232,110 | - | 5,232,110 |
| Expenses: | | | | | | |
| Instruction | 2,759,216 | - | 2,759,216 | 2,661,549 | - | 2,661,549 |
| Instructional student support | 339,152 | - | 339,152 | 314,261 | - | 314,261 |
| Administrative support | 1,147,377 | - | 1,147,377 | 951,179 | - | 951,179 |
| Operations and maintenance | 880,987 | - | 880,987 | 864,139 | - | 864,139 |
| Transportation | 8,743 | - | 8,743 | 3,388 | - | 3,388 |
| Student activities | 70,391 | - | 70,391 | 37,130 | - | 37,130 |
| Community services | 3,609 | - | 3,609 | 3,147 | - | 3,147 |
| Interest on long term debt | 989 | - | 989 | 2,524 | - | 2,524 |
| Unallocated depreciation | 187,499 | - | 187,499 | 193,445 | - | 193,445 |
| Total Expenses | 5,397,963 | - | 5,397,963 | 5,030,762 | - | 5,030,762 |
| Change in Net Position | \$ 3,313,054 | \$ - | \$ 3,313,054 | \$ 201,348 | \$ - | \$ 201,348 |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013

Table 3 shows the School's largest functions – instructional programs, instructional student support, administrative, and operation and maintenance of plant, among others, with each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, contributions, and charges for services to show the remaining financial needs supported by local education agency revenue and other miscellaneous revenues.

Table 3 - Governmental Activities – Fiscal Year Ended June 30, 2013

| <u>Functions/Programs</u> | 2013 | | 2012 | |
|--------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 2,759,216 | \$ (2,461,949) | \$ 2,661,549 | \$ (2,451,298) |
| Instructional Student Support | 339,152 | (329,437) | 314,261 | (295,051) |
| Administrative & Bus. Support Svcs. | 1,147,377 | (1,147,377) | 951,179 | (924,403) |
| Operation & Maint. of Plant | 880,987 | (834,952) | 864,139 | (815,203) |
| Pupil Transportation | 8,743 | (8,743) | 3,388 | (3,388) |
| Student Activities | 70,391 | 38,467 | 37,130 | 79,753 |
| Community Services | 3,609 | (3,609) | 3,147 | (3,147) |
| Interest on Long-term Debt | 989 | (989) | 2,524 | (2,524) |
| Unallocated Depreciation Expense | 187,499 | (187,499) | 193,445 | (193,445) |
| Total Governmental Activities | \$ 5,397,963 | \$ (4,936,088) | \$ 5,030,762 | \$ (4,608,706) |

Government Fund

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

The School's governmental funds, reported an ending fund balance of \$3,483,970. For the year ended June 30, 2013, the School's revenues of \$5,397,963, exceeded expenditures of \$5,319,963 by \$78,000.

Governmental Fund Budgetary Highlights

The actual revenues exceeded budgeted revenues. The actual expenses did not exceed the expenses anticipated in the budget. The result of these variances was a current year overall positive budget variance of \$215,936.

**LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Management's Discussion And Analysis (MD&A)
Required Supplementary Information (RSI)
For the Year Ended June 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the School's investment in capital assets for its governmental activities totaled \$726,117. This investment in capital assets includes furniture, equipment, leasehold improvements and construction in progress.

The School invested \$414,756 in additions to capital assets during the year.

Table 4 - Capital Assets Net of Depreciation – Governmental Activities

| | 2013 | 2012 |
|--------------------------|---------------------------------|---------------------------------|
| | Govern- mental Activities | Govern- mental Activities |
| Construction-in-Progress | \$ 407,702 | \$ - |
| Leasehold Improvements | 232,648 | 369,690 |
| Furniture and Equipment | 85,767 | 129,170 |
| TOTAL | \$ 726,117 | \$ 498,860 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School does not anticipate any change in programs due to economic factors or budget concerns.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE SCHOOL

No future events that will financially impact the School are anticipated at this time.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report should be addressed to the Chief Executive Officer, Lehigh Valley Charter High School for the Arts, 675 E. Broad Street, Bethlehem, PA 18018.

FINANCIAL STATEMENTS

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Net Position
As of June 30, 2013

| | PRIMARY GOVERNMENT |
|---|------------------------------------|
| | GOVERNMENTAL ACTIVITIES |
| ASSETS | |
| CURRENT ASSETS: | |
| Cash and Cash Equivalents | \$ 3,579,756 |
| Investments | 5,357 |
| Inventory | 4,640 |
| Due From Other Governments | 215,134 |
| Pledges Receivables (Net of Allowance) | 231,035 |
| Other Receivables | 12,778 |
| Prepaid Expenditures | 10,376 |
| Security Deposit | 69,849 |
| TOTAL CURRENT ASSETS | 4,128,925 |
| ----- | |
| NON-CURRENT ASSETS: | |
| Construction in Progress | 407,702 |
| Leasehold Improvements (Net of Depreciation) | 232,648 |
| Furniture and Equipment (Net of Depreciation) | 85,767 |
| TOTAL NON-CURRENT ASSETS | 726,117 |
| TOTAL ASSETS | \$ 4,855,042 |
| | |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 64,867 |
| LIABILITIES | |
| CURRENT LIABILITIES: | |
| Due to Other Governments | \$ 26,614 |
| Accounts Payable | 85,000 |
| Current Portion of Long-Term Obligations | 7,233 |
| Accrued Salaries and Benefits | 230,476 |
| Payroll Deductions and Withholdings | 131,560 |
| Other Current Liabilities | - |
| TOTAL CURRENT LIABILITIES | 480,883 |
| NON-CURRENT LIABILITIES: | |
| Long-Term Portion of Compensated Absences | 70,307 |
| Other Long Term Liabilities | - |
| TOTAL LIABILITIES | \$ 551,190 |
| | |
| DEFERRED INFLOWS OF RESOURCES | \$ 7,389 |
| NET POSITION | |
| Invested in Capital Assets, Net of Related Debt | 724,407 |
| RESTRICTED FOR: | |
| Capital Projects | 2,736,592 |
| Other Restrictions | 27,370 |
| Unrestricted | 872,961 |
| TOTAL NET POSITION | \$ 4,361,330 |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Activities
For the Fiscal Year Ended June 30, 2013

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|--|---------------------|-------------------------|-----------------------------|--|--|-----------------------------|-----------------------|
| | | CHARGES FOR SERVICES | GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| Instruction | \$ 2,759,216 | \$ 17,272 | \$ 279,995 | \$ - | \$ (2,461,949) | \$ - | \$ (2,461,949) |
| Instructional Student Support | 339,152 | - | 9,715 | - | (329,437) | - | (329,437) |
| Admin. & Fin'l Support Services | 1,147,377 | - | - | - | (1,147,377) | - | (1,147,377) |
| Oper. & Maint. of Plant Svcs. | 880,987 | 2,585 | 43,450 | - | (834,952) | - | (834,952) |
| Pupil Transportation | 8,743 | - | - | - | (8,743) | - | (8,743) |
| Student Activities | 70,391 | 108,858 | - | - | 38,467 | - | 38,467 |
| Community Services | 3,609 | - | - | - | (3,609) | - | (3,609) |
| Interest on Long-Term Debt | 989 | - | - | - | (989) | - | (989) |
| Unallocated Depreciation Expense | 187,499 | - | - | - | (187,499) | - | (187,499) |
| TOTAL GOVERNMENTAL ACTIVITIES | 5,397,963 | 128,715 | 333,160 | - | (4,936,088) | - | (4,936,088) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | |
| None | - | - | - | - | - | - | - |
| TOTAL PRIMARY GOVERNMENT | \$ 5,397,963 | \$ 128,715 | \$ 333,160 | \$ - | \$ (4,936,088) | \$ - | \$ (4,936,088) |
| GENERAL REVENUES | | | | | | | |
| Grants, Subsidies, & Contributions | | | | | \$ 3,400,293 | \$ - | \$ 3,400,293 |
| Investment Earnings | | | | | 3,613 | - | 3,613 |
| Miscellaneous Income | | | | | 126,235 | - | 126,235 |
| Local Education Agencies | | | | | 4,719,001 | - | 4,719,001 |
| Special Item - Gain (Loss) on Sale of Investments | | | | | - | - | - |
| Extraordinary Items | | | | | - | - | - |
| TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS | | | | | 8,249,142 | - | 8,249,142 |
| CHANGE IN NET POSITION | | | | | 3,313,054 | - | 3,313,054 |
| NET POSITION - BEGINNING | | | | | 1,048,276 | - | 1,048,276 |
| NET POSITION - ENDING | | | | | \$ 4,361,330 | \$ - | \$ 4,361,330 |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Balance Sheet – Governmental Funds
As of June 30, 2013

| | <u>GENERAL FUND</u> | <u>CAPITAL PROJECT FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|-------------------------|---------------------------------|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 785,574 | \$ 2,794,182 | \$ 3,579,756 |
| Investments | 5,357 | - | 5,357 |
| Inventory | 4,640 | - | 4,640 |
| Due from Other Funds | - | - | - |
| Due from Other Governments | 215,134 | - | 215,134 |
| Pledges Receivable | - | 2,814 | 2,814 |
| Other Receivables | 12,693 | 85 | 12,778 |
| Prepaid Expenditures | 74,158 | 1,085 | 75,243 |
| Security Deposit | 69,849 | - | 69,849 |
| TOTAL ASSETS | \$ 1,167,405 | \$ 2,798,166 | \$ 3,965,571 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| LIABILITIES: | | | |
| Due to Other Governments | \$ 26,614 | - | \$ 26,614 |
| Due to Other Funds | - | - | - |
| Accounts Payable | 23,426 | 61,574 | 85,000 |
| Current Portion of Long-Term Debt | 561 | - | 561 |
| Accrued Salaries and Benefits | 230,476 | - | 230,476 |
| Payroll Deductions and Withholdings | 131,561 | - | 131,561 |
| Deferred Revenues | 7,389 | - | 7,389 |
| Other Current Liabilities | - | - | - |
| TOTAL LIABILITIES | 420,027 | 61,574 | 481,601 |
| FUND BALANCES: | | | |
| Nonspendable | 74,158 | 1,085 | 75,243 |
| Restricted | 27,370 | 2,735,507 | 2,762,877 |
| Committed | - | - | - |
| Assigned | 259,987 | - | 259,987 |
| Unassigned | 385,863 | - | 385,863 |
| TOTAL FUND BALANCES | 747,378 | 2,736,592 | 3,483,970 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,167,405 | \$ 2,798,166 | \$ 3,965,571 |

The accompanying notes are an integral part of this financial statement.

**LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Reconciliation of the Governmental Funds – Balance Sheet
To the Statement of Net Position
As of June 30, 2013**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,483,970

**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 the assets is \$2,589,253 and the accumulated depreciation is \$1,863,136. 726,117

Long-term pledges receivable are not expected to be paid in the current period and therefore are not reported as a receivable in the general fund. 228,222

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the general fund. Long-term liabilities at year end consist of:

| | | |
|------------------------|----------|----------|
| | (1,710) | |
| Loan/Lease Obligations | (75,269) | (76,979) |
| Compensated Absences | | |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 4,361,330**

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

| | GENERAL FUND | CAPITAL PROJECT FUND | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------------|---------------------------------|---|
| REVENUES | | | |
| Local Sources | \$ 5,109,664 | \$ 3,085,832 | \$ 8,195,496 |
| State Sources | 220,036 | - | 220,036 |
| Federal Sources | 67,191 | - | 67,191 |
| TOTAL REVENUES | <u>5,396,891</u> | <u>3,085,832</u> | <u>8,482,723</u> |
| EXPENDITURES | | | |
| Instruction | 2,764,426 | 1,172 | 2,765,598 |
| Support Services | 2,448,399 | 21,802 | 2,470,201 |
| Operation of Non-Instructional Services | 74,000 | | 74,000 |
| Capital Outlay | 8,500 | 399,202 | 407,702 |
| Refund of Prior Year Receipts | - | | - |
| Debt Service | 24,088 | - | 24,088 |
| TOTAL EXPENDITURES | <u>5,319,413</u> | <u>422,176</u> | <u>5,741,589</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>77,478</u> | <u>2,663,656</u> | <u>2,741,134</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Fund Transfers In | 1,522 | - | 1,522 |
| Fund Transfers Out | (1,000) | (450) | (1,450) |
| Gain/Loss on Sale of Investments | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>522</u> | <u>(450)</u> | <u>72</u> |
| SPECIAL/EXTRAORDINARY ITEMS | | | |
| Special Items | - | | - |
| Extraordinary Items | - | | - |
| NET CHANGE IN FUND BALANCE | 78,000 | 2,663,206 | 2,741,206 |
| FUND BALANCES - BEGINNING | <u>669,378</u> | <u>73,386</u> | <u>742,764</u> |
| FUND BALANCES - ENDING | <u>\$ 747,378</u> | <u>\$ 2,736,592</u> | <u>\$ 3,483,970</u> |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
To the Statement of Activities
For the Year Ended June 30, 2013

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 2,741,206**

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

Governmental funds report capital outlays 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 exceeded depreciation in the current period.

| | | |
|------------------------|----------------|---------|
| Depreciation expense | \$ 187,499 | |
| less - capital outlays | <u>414,756</u> | 227,257 |

| | |
|---|---------|
| Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 228,222 |
|---|---------|

| | |
|---|---------|
| Donors who made pledges that are not due within the current period are not reported as revenue in the governmental funds but are reported as revenue in the statement of net assets | 228,222 |
|---|---------|

| | |
|--|----------------|
| In the statement of activities, certain operating expenses--compensated absences--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. | <u>(6,725)</u> |
|--|----------------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,313,054**

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Net Position
Fiduciary Funds
As of June 30, 2013

| | PRIVATE PURPOSE TRUST | PENSION AND OTHER EMPLOYEE BENEFIT TRUST | AGENCY FUNDS |
|---------------------------|--------------------------------------|---|-------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,427 | \$ - | \$ 21,958 |
| Investments | - | - | - |
| Due from Other Funds | - | - | - |
| Other Receivables | - | - | 165 |
| Prepaid Expenses | - | - | 45 |
| Other Current Assets | - | - | - |
| TOTAL ASSETS | <u>\$ 1,427</u> | <u>\$ -</u> | <u>\$ 22,168</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ - | \$ - | \$ 500 |
| Due to Other Funds | - | - | - |
| Due to Student Clubs | - | - | 21,668 |
| Due to Taxing Authorities | - | - | - |
| Due to Other Governments | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>22,168</u> |
| NET POSITION | | | |
| Restricted | - | - | - |
| Unrestricted | 1,427 | - | - |
| TOTAL NET POSITION | <u>\$ 1,427</u> | <u>\$ -</u> | <u>-</u> |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Changes in Net Position
Fiduciary Funds
As of June 30, 2013

| | PRIVATE PURPOSE TRUST | PENSION AND OTHER EMPLOYEE BENEFIT TRUST |
|---|--------------------------------------|---|
| | <u> </u> | <u> </u> |
| ADDITIONS | | |
| Donations | \$ 800 | \$ - |
| Transfers from Other Funds | <u> -</u> | <u> -</u> |
| TOTAL ADDITIONS | <u> 800</u> | <u> -</u> |
| DEDUCTIONS | | |
| Printing Expense | - | |
| Awards | <u> 2,050</u> | <u> -</u> |
| TOTAL DEDUCTIONS | <u> 2,050</u> | <u> -</u> |
| CHANGE IN NET POSITION | (1,250) | - |
| NET POSITION - BEGINNING OF YEAR | <u> 2,677</u> | <u> -</u> |
| NET POSITION - END OF YEAR | <u><u> 1,427</u></u> | <u><u> -</u></u> |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2013

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) | BUDGET TO GAAP DIFFERENCE | ACTUAL AMOUNTS GAAP BASIS |
|--|------------------|------------------|-----------------------------|---|---------------------------------|---------------------------------|
| | ORIGINAL | FINAL | | | | |
| REVENUES | | | | | | |
| Local Sources | 4,712,980 | \$ 4,712,980 | \$ 5,109,664 | \$ 396,684 | \$ - | \$ 5,109,664 |
| State Sources | 228,658 | 228,658 | 220,036 | (8,622) | - | 220,036 |
| Federal Sources | 122,173 | 122,173 | 67,191 | (54,982) | - | 67,191 |
| TOTAL REVENUES | <u>5,063,811</u> | <u>5,063,811</u> | <u>5,396,891</u> | <u>333,080</u> | <u>-</u> | <u>5,396,891</u> |
| EXPENDITURES | | | | | | |
| Regular Programs | 2,657,339 | 2,557,339 | 2,553,078 | 4,261 | - | 2,553,078 |
| Special Education | 220,373 | 215,373 | 211,348 | 4,025 | - | 211,348 |
| Homebound Instruction | 1,451 | 1,451 | - | 1,451 | - | - |
| Guidance Services | 242,729 | 242,729 | 240,571 | 2,158 | - | 240,571 |
| Psychological Services | 35,200 | 25,200 | 22,139 | 3,061 | - | 22,139 |
| Speech & Audiology Services | 5,500 | 5,500 | 3,056 | 2,444 | - | 3,056 |
| Support Services - Instructional Staff | 13,400 | 9,500 | 6,918 | 2,582 | - | 6,918 |
| Board Services | 2,100 | 2,100 | 1,122 | 978 | - | 1,122 |
| Legal Services | 12,000 | 21,000 | 20,954 | 46 | - | 20,954 |
| Office of the Executive Director Services | 122,042 | 120,642 | 120,510 | 132 | - | 120,510 |
| Community Relations Services | - | - | - | - | - | - |
| Office of the Principal Services | 229,944 | 229,944 | 226,310 | 3,634 | - | 226,310 |
| Pupil Health Services | 65,212 | 65,612 | 65,596 | 16 | - | 65,596 |
| Support Services - Business | 664,130 | 664,130 | 655,838 | 8,292 | - | 655,838 |
| Operation of Building Services | 1,034,423 | 981,023 | 980,175 | 848 | - | 980,175 |
| Student Transportation Services | 4,100 | 8,400 | 8,743 | (343) | - | 8,743 |
| Support Services - Central | - | 97,000 | 96,467 | 533 | - | 96,467 |
| Student Activities | 9,000 | 71,000 | 70,391 | 609 | - | 70,391 |
| Community Services | 4,320 | 4,320 | 3,609 | 711 | - | 3,609 |
| Facilities Acquisition, Construction and Improvement | 18,000 | 18,000 | 8,500 | 9,500 | - | 8,500 |
| Debt Service | 24,088 | 24,088 | 24,088 | - | - | 24,088 |
| Refund of Prior Year Receipts | - | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>5,365,351</u> | <u>5,364,351</u> | <u>5,319,413</u> | <u>44,938</u> | <u>-</u> | <u>5,319,413</u> |
| Excess of Revenues over Expenditures | (301,540) | (300,540) | 77,478 | 378,018 | - | 77,478 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Fund Transfers In | 163,604 | 163,604 | 1,522 | (162,082) | - | 1,522 |
| Fund Transfers Out | - | (1,000) | (1,000) | - | - | (1,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>163,604</u> | <u>162,604</u> | <u>522</u> | <u>(162,082)</u> | <u>-</u> | <u>522</u> |
| Special Items | - | - | - | - | - | - |
| Extraordinary Items | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | <u>(137,936)</u> | <u>(137,936)</u> | <u>78,000</u> | <u>215,936</u> | <u>-</u> | <u>78,000</u> |
| FUND BALANCE - JULY 1, 2012 | <u>137,936</u> | <u>137,936</u> | <u>669,378</u> | <u>531,442</u> | <u>-</u> | <u>669,378</u> |
| FUND BALANCE - JUNE 30, 2013 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 747,378</u> | <u>\$ 747,378</u> | <u>\$ -</u> | <u>\$ 747,378</u> |

The accompanying notes are an integral part of this financial statement.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Note 1 – Background and Summary of Significant Accounting Policies

A. *Background and Reporting Entity*

Lehigh Valley Charter High School for the Arts (the School) is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997, whereby a charter is granted for a four-year period and may be renewed for additional five-year periods upon expiration. The School began operations in September 2003. For the year ended June 30, 2013, the School included grades 9-12.

Lehigh Valley Charter High School for the Arts is a charter school which has financial accountability and control over all activities related to the students' education. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School.

As required by generally accepted accounting principles, these financial statements are to present the Lehigh Valley Charter High School for the Arts (the primary government) and organizations for which the primary government is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization and the School financially benefits from the organization, or (2) the School is legally entitled to or can otherwise access the organization's resources, the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization, or the School is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School in that the School approves their budget. The Lehigh Valley Charter High School for the Arts has one component unit. The Lehigh Valley Performing Arts Foundation is reported as a blended component unit of the School due to the School's appointing of the majority of the Foundation board combined with the financial benefit the School is expected to receive. A blended component unit is reported as if it was part of the School. Since the Foundation does not qualify as a special revenue fund it has been reported as a capital project fund due to the current capital projects focus of the Foundation.

B. *Basis of Presentation*

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

C. *Government-wide and Fund Financial Statements*

The government-wide financial statements (the statement of net assets and the statement of activities) report on the School as a whole. The statement of activities demonstrates the degree to which the direct expenses of the School's function are offset by program revenues. These statements include the Government activities of the School except for fiduciary funds.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements:

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

The statement of net position presents the financial condition of the governmental activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School with certain limited exceptions. The comparison of direct expenses with program revenues identified the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The School reports the following major governmental funds:

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

Capital Project Fund – The Capital Project Fund is the operations of the Lehigh Valley Performing Arts Foundation. According to the Governmental Accounting Standards Board, when a component unit, despite being legally separate from the primary government is so intertwined with the primary government that they are, in substance, the same as the primary government they should be reported as part of the primary government. This method of combining the two entities is known as blending. The Foundation is a nonprofit corporation shown as a blended component unit of the School. In addition, separate financial statements are compiled for the Lehigh Valley Performing Arts Foundation and can be obtained by contacting the Foundation at 675 East Broad Street, Bethlehem, PA 18018.

Fiduciary Funds Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

under a trust agreement for individuals, private organizations, or other School's and are therefore not available to support the School's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School has two (2) fiduciary funds which consist of an activity fund and a scholarship fund.

E. Method of Accounting

The School has adopted the standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of activities and changes in net position. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These calculations are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The School's restricted net position represent contributions that are donor restricted for special purposes and federal grants.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

F. Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting of its financial statements.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2012-13 budget transfers.

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the School's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred.

G. Use of Estimates

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

H. Cash

The School's cash is considered to be cash on hand, bank deposits and a money market mutual fund.

I. Investments

In accordance with the Governmental Accounting Standards Board, investments are stated at fair value except:

- a) Money Market investments are recorded at amortized cost.

J. Receivables

Receivables primarily consist of amounts due from Pennsylvania Department of Education for federal and state subsidy programs, amounts due from LEAs for services provided, and pledges made by donors for the construction of a school building. Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of June 30, 2013, a \$25,670 allowance for doubtful accounts was deemed warranted on pledges receivable as of June 30, 2013.

K. Capital Assets

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. All assets purchased with a useful life greater than one year and costing more than \$1,000 are capitalized per board policy. The board policy does not include textbooks. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets. The estimated useful life of the leasehold improvements and equipment is between five and ten years.

L. Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. The School did not have any unrelated business taxable income in the fiscal year presented.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

M. Compensated Absences

The School reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For the governmental fund, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using currently expendable available financial resources.

N. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets.

O. Reclassification

Certain amounts have been reclassified to conform to the June 30, 2013, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements on the modified accrual basis of accounting.

P. Net Position

Net position represents the difference between assets plus deferred inflows and liabilities plus deferred outflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Fund Balance

The Governmental Accounting Standards Board has established accounting and financial reporting standards for all governments that report governmental funds. They established criteria for classifying fund balances into the following specifically defined classifications:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

that imposed the constraint originally. The School's highest level of decision making is the Board of Directors.

- **Assigned** fund balance comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The School has chosen to express this intent through board action and has not delegated this authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

A. *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

The governmental fund balance sheet includes a reconciliation between "fund balance -total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds".

The details of this \$(76,979) difference are:

| | |
|--|---------------------------|
| Lease-Purchase Obligations | \$ (1,710) |
| Compensated Absences | <u>(75,269)</u> |
| Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities" | <u><u>\$ (76,979)</u></u> |

B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and School-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.

- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

| | TOTAL GOVERN- MENTAL FUNDS | LONG- TERM REVENUES/ EXPENSES | CAPITAL RELATED ITEMS | LONG-TERM DEBT TRANSACTIONS | TOTAL FOR STATEMENT OF ACTIVITIES |
|--|---|--|--------------------------------------|--|--|
| REVENUES AND OTHER SOURCES | | | | | |
| LOCAL SOURCES: | | | | | |
| Interest and Investment Earnings | \$ 3,613 | \$ - | \$ - | \$ - | \$ 3,613 |
| Rentals | 2,585 | | | | 2,585 |
| Fundraising | 128,264 | | | | 128,264 |
| Revenues from Student Activities | 56,544 | | | | 56,544 |
| Miscellaneous | 18,016 | - | - | - | 18,016 |
| Contributions and Donations | 3,204,340 | - | 228,222 | - | 3,432,562 |
| Charges for Services | 17,272 | - | - | - | 17,272 |
| Local Education Agencies | 4,719,001 | - | - | - | 4,719,001 |
| INTERMEDIATE SOURCES: | | | | | |
| Charges for Services | - | - | - | - | - |
| Operating and Capital Grants and Contributions | 45,933 | - | - | - | 45,933 |
| STATE SOURCES: | | | | | |
| Operating and Capital Grants and Contributions | 220,036 | - | - | - | 220,036 |
| FEDERAL SOURCES: | | | | | |
| Operating and Capital Grants and Contributions | 67,191 | - | - | - | 67,191 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | - |
| Gain/Loss on Sale of Investments | - | - | - | - | - |
| TOTAL REVENUES | 8,482,795 | - | 228,222 | - | 8,711,017 |
| EXPENDITURES/EXPENSES | | | | | |
| Instruction | 2,765,598 | 672 | (7,054) | - | 2,759,216 |
| Instructional Student Support | 338,280 | 872 | - | - | 339,152 |
| Admin. & Fin'l Support Services | 1,143,003 | 4,374 | - | - | 1,147,377 |
| Oper. & Maint. of Plant Svcs. | 980,175 | 807 | - | (99,995) | 880,987 |
| Facilities Acquisition, Construction & Improvement | 407,702 | - | (407,702) | - | - |
| Pupil Transportation | 8,743 | - | - | - | 8,743 |
| Student Activities | 70,391 | - | - | - | 70,391 |
| Community Services | 3,609 | - | - | - | 3,609 |
| Capital Outlay | - | - | - | - | - |
| Debt Service | 24,088 | - | - | (23,099) | 989 |
| Refund of Prior Year Receipts | - | - | - | - | - |
| Transfers Out | - | - | - | - | - |
| Depreciation - Unallocated | - | - | 187,499 | - | 187,499 |
| TOTAL EXPENDITURES/EXPENSES | 5,741,589 | 6,725 | (227,257) | (123,094) | 5,397,963 |
| NET CHANGE FOR THE YEAR | \$ 2,741,206 | \$ (6,725) | \$ 455,479 | \$ 123,094 | \$ 3,313,054 |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Note 3 - Stewardship, Compliance, and Accountability

A. Compliance with finance related legal and contractual provisions

The School has no material violations of finance related legal and contractual provisions.

B. Deficit fund balance or net assets of individual funds

No individual fund contains a deficit fund balance or net position at June 30, 2013.

C. Excess of expenditures over appropriations in individual funds

No individual fund, which has a legally adopted budget, had an excess of expenditures over appropriations.

D. Budgetary Compliance

The School's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The School does not have any outstanding encumbrances at June 30, 2013.

Note 4 - Detailed Notes on All Funds and Account Groups

Assets

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2013, \$3,442,964 of the School's bank balance of \$3,693,057 was exposed to custodial credit risk as:

| | | |
|--|----|---------------------|
| Uninsured and uncollateralized | \$ | - |
| Collateralized with securities held by the pledging financial institution | | - |
| Uninsured and collateral held by the pledging bank's trust department not in the School's name | | 3,437,607 |
| TOTAL | | \$ 3,437,607 |

Reconciliation to Financial Statements

| | | |
|---|----|---------------------|
| Uncollateralized Amount above | \$ | 3,437,607 |
| Plus: Insured Amount | | 255,450 |
| Deposits in Transit | | 721 |
| Undeposited Funds | | - |
| Less: Outstanding Checks | | (109,230) |
| Carrying Amount - Cash Balances | | 3,584,548 |
| Plus: Petty Cash | | 500 |
| Investment in Mutual Fund Considered Cash Equivalent | | 65 |
| Less: Certificate of Deposit Considered Investment by School Code | | (5,357) |
| TOTAL CASH PER FINANCIAL STATEMENTS | | \$ 3,579,756 |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Investments

Permitted investments for Pennsylvania Schools are defined in the Public School Code of 1949 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

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

| <i>Investment</i> | Maturities | Fair Value |
|---------------------------------------|-------------------|-------------------|
| Prime Fund - Capital Reserves Class | | \$ 65 |
| Certificate of Deposit - Embassy Bank | | 5,357 |
| TOTAL | | \$ 5,422 |

Interest Rate Risk

The Charter High School's investment shall be sufficiently liquid to meet all operating requirements that are reasonably anticipated. Preservation of capital shall be ensured through the mitigation of interest rate risk.

Credit Risk

The Charter High School has no investment policy that would limit its investment choices to certain credit ratings. The School does ensure preservation of capital through mitigation of credit risk. As of June 30, 2013, the rating for the mutual fund was not available.

Concentration of Credit Risk

The Charter High School places no limit on the amount the Charter High School may invest in any one issuer. Of the Charter High School's investments, 99% is in a certificate of deposit at Embassy Bank and the remaining balance is in a money market fund with Signator Investors, Inc.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Charter High School will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Charter High School has no investments subject to custodial credit risk.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Reconciliation to Financial Statements

| | | |
|---|-----------|--------------|
| Total Investments Above | \$ | 5,422 |
| Less: Money Market Fund Considered Cash Equivalents | | (65) |
| Total Investments Per Financial Statements | \$ | 5,357 |

Receivables

Receivables as of year end for the school's governmental activities including the applicable allowances for uncollectible accounts are:

| | | Governmental Activities |
|--|-----------|------------------------------------|
| RECEIVABLES: | | |
| Pledges Receivable | \$ | 256,705 |
| Other Receivables | | 12,778 |
| Intergovernmental | | 215,134 |
| GROSS RECEIVABLES | | 484,617 |
| Less: Allowance for Uncollectibles Pledges | | (25,670) |
| NET RECEIVABLES | \$ | 458,947 |

Capital Assets

Capital asset balances and activity for the year ending June 30, 2013, were:

| | <u>BEGINNING BALANCE</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>ENDING BALANCE</u> |
|--|------------------------------|--------------------------|--------------------|---------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Capital Assets not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 407,702 | \$ - | \$ 407,702 |
| TOTAL CAPITAL ASSETS NOT DEPRECIATED | <u>-</u> | <u>407,702</u> | <u>-</u> | <u>407,702</u> |
| Capital Assets being depreciated: | | | | |
| Leasehold Improvements | \$ 1,403,195 | \$ 5,895 | \$ - | \$ 1,409,090 |
| Furniture and Equipment | 771,302 | 1,159 | - | 772,461 |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED | <u>2,174,497</u> | <u>7,054</u> | <u>-</u> | <u>2,181,551</u> |
| Less Accumulated Depreciation for: | | | | |
| Leasehold Improvements | (1,033,505) | (138,201) | - | (1,171,706) |
| Furniture and Equipment | (642,132) | (49,298) | - | (691,430) |
| TOTAL ACCUMULATED DEPRECIATION | <u>(1,675,637)</u> | <u>(187,499)</u> | <u>-</u> | <u>(1,863,136)</u> |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION | <u>498,860</u> | <u>(180,445)</u> | <u>-</u> | <u>318,415</u> |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION | <u>\$ 498,860</u> | <u>\$ 227,257</u> | <u>\$ -</u> | <u>\$ 726,117</u> |

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

***DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

| | | |
|---|----|--------------------------|
| Regular Programs | \$ | - |
| Other Programs | | - |
| Special Education | | - |
| Guidance Services | | - |
| Psychological Services | | - |
| Social Services | | - |
| Support Services - Instructional Staff | | - |
| Support Services - Administration | | - |
| Board Services | | - |
| Legal Services | | - |
| Office of the Executive Director Services | | - |
| Community Relations Services | | - |
| Office of the Principal Services | | - |
| Pupil Health Services | | - |
| Support Services - Business | | - |
| Operation of Building Services | | - |
| Student Transportation Services | | - |
| Support Services - Central | | - |
| System-Wide Technology Services | | - |
| Human Resources | | - |
| Temporary Services | | - |
| Student Activities | | - |
| Depreciation - Unallocated | | 187,499 |
| TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES | | <u>\$ 187,499</u> |

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The School has the following items that qualify for reporting in this category:

| | | |
|---------------------------------|----|-------------------------|
| Prepaid Rent | \$ | 60,314 |
| Non-Refundable Prepaid Expenses | | 4,553 |
| TOTAL | | <u>\$ 64,867</u> |

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position for fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unearned revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

| | | |
|---------------------------------|----|-------|
| Unearned Summer Academy Tuition | \$ | 7,389 |
|---------------------------------|----|-------|

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Short-Term Debt

Interfund Receivables and Payables

There were no Interfund receivables and payables in existence at June 30, 2013:

Interfund Transfers

The Charter High School made the following Interfund transfers during the fiscal year ended June 30, 2013:

| | TRANSFER IN | TRANSFER OUT |
|----------------------|--------------------|---------------------|
| General Fund | \$ 1,522 | \$ 1,000 |
| Capital Project Fund | - | 450 |
| Activity Fund | 1,000 | 1,072 |
| TOTAL | \$ 2,522 | \$ 2,522 |

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2013, were:

| | BEGINNING BALANCE | ADDITIONS | REDUCTIONS | ENDING BALANCE | AMOUNTS DUE WITHIN ONE YEAR |
|------------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| General Obligation Debt: | | | | | |
| Equipment Loan | \$ 24,808 | \$ - | \$ 23,098 | \$ 1,710 | \$ 1,710 |
| Leasehold Improvement Debt | 99,995 | - | 99,995 | - | - |
| Other Liabilities: | | | | | |
| Vested Employee Benefits: | | | | | |
| Sick Days | 69,094 | - | 6,736 | 75,830 | 5,523 |
| Total Other Liabilities | 193,897 | - | 129,829 | 77,540 | 7,233 |
| TOTAL GOVERNMENTAL ACTIVITY | | | | | |
| LONG-TERM LIABILITIES | \$ 193,897 | \$ - | \$ 129,829 | \$ 77,540 | \$ 7,233 |

All debt service payments are made from the general fund.

Total interest paid was \$989.

Line-of-Credit

In June 2009, the Charter High School entered into an agreement with PNC bank for a line-of-credit in the amount of \$300,000. Interest on the line of credit is payable at one percent above the bank's prime rate. At June 30, 2013, \$300,000 was unused.

Promissory Note - KNBT

On July 11, 2003, the Charter High School financed the purchase of equipment in the amount of \$176,788 with a promissory note from Keystone Savings Bank. The original maturity date of this note was July 11,

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

2008. It was refinanced on July 28, 2008 with a note from KNBT, a division of National Penn Bank, in the amount of \$102,000. Interest is charged at 6.82% per annum; and the note is payable in 60 monthly installments, including principal and interest, of \$2,007.34. The new note is scheduled to mature on July 11, 2013. The outstanding debt service requirements at June 30, 2013 are:

| FISCAL YEAR | PRINCIPAL | INTEREST | TOTAL |
|--------------------------|-----------------|-------------|-----------------|
| 2013-14 | \$ 1,710 | \$ - | \$ 1,710 |
| TOTAL OUTSTANDING | \$ 1,710 | \$ - | \$ 1,710 |

Lease Commitments

East Broad Building Lease

On May 30, 2003, the Charter High School entered into a ten year lease agreement with 220 Ingraham Operating Corporation, the lease commenced September 1, 2003 and ends August 31, 2013, for the building located at East Broad and Wood Street in Bethlehem, Pennsylvania. The operating lease provides that the Charter High School pay an annual rent of \$419,095 subject to an annual increase of 3.6% over the prior year's rent, as stated in the lease. In October 2004 the Charter High School amended the original lease to include additional space. The amendment provided that the Charter High School pay additional monthly rent of \$702.67 for the period November 1, 2004 through August 31, 2005 and \$1,985 monthly for the period September 1, 2005 through August 1, 2006. For each succeeding year of the lease, the payment for the additional space will be subject to an annual increase of 3.6%, over the prior year's rent. The Charter High School amended the lease agreement a second time on November 13, 2009, to include additional space. The second amendment provided that the Charter High School pay additional monthly rent of \$750 for the period of December 1, 2009 through August 31, 2013. The Charter High School amended the lease agreement a third time on May 1, 2013. The third amendment extended the term of the lease by two years and will now expire on August 31, 2015. Rent for the period from September 1, 2013 through August 31, 2014 is \$51,381 per month and \$53,231 per month from September 1, 2014 through August 31, 2015.

The remaining payments on these leases as of June 30, 2013 are:

| FISCAL YEAR | AMOUNT |
|--------------------------|---------------------|
| 2013-14 | \$ 616,572 |
| 2014-15 | 635,072 |
| 2015-16 | 106,462 |
| TOTAL OUTSTANDING | \$ 1,358,106 |

Steel Ice Center Ice Arena Lease

Beginning in August 2007, the Charter High School entered into a lease with Beth Skate, LLC. for rental of the Steel Ice Center Ice Arena. The Charter High School agreed to pay \$20,000 each fiscal year for rental time specified in the lease agreement. The Charter High School also agreed to an additional \$1,000 per year for each enrolled student over twenty students. The lease is discussed and agreed upon yearly. The lease payments for the current fiscal year totaled \$20,000.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Compensated Absences

Sick-Pay

Under the School's existing contract, full-time employees are paid for unused sick days at a rate of half the current substitute rate. The employee must be in good standing at the time of leaving. The School maintains records of each employee's accumulated sick days under the existing employment agreement. In accordance with GASB Statement No. 16, \$561 is the portion reflected as a general fund liability that will use current available financial resources and \$5,523 is shown as a current liability in the governmental activities column of the government-wide statement of net position. The remaining future obligation of \$70,307 is shown on the government-wide statement of net position as a long-term liability in the governmental activities column.

Vacation Leave

Under the School's current contract, teachers and ten month directors do not receive vacation days. Full-time twelve month employees receive vacation days each year, but they must be used within the year. They do not receive compensation for unused vacation days.

Defined Benefit Pension Plans

Plan Description

| | |
|---------------------------------|--|
| <i>Name of Plan:</i> | Public School Employees' Retirement System (the System). |
| <i>Type of Plan:</i> | Governmental cost-sharing multiple-employer 401 (a) defined-benefit plan. |
| <i>Benefits:</i> | Retirement and disability, legislatively mandated <i>ad hoc</i> cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants. |
| <i>Authority:</i> | The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-9102). |
| <i>Annual Financial Report:</i> | The System issues a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 N. 5 th Street, Harrisburg, PA 17108-1905 or by emailing Beth at bgirman@pa.gov . The CAFR is also available on the Publications page of the PSERS website, www.psers.state.pa.us . |

Funding Policy

| | |
|--------------------------|---|
| <i>Authority:</i> | The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. |
|--------------------------|---|

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Contribution Rates:

Member Contributions

- Active members, who joined the System prior to July 22, 1983, contributed at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions: 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% of covered payroll. The 12.36% rate is composed of a pension contribution rate of 11.50% for pension benefits and 0.86% for healthcare insurance premium assistance.

The employer's current year covered payroll was \$2,729,156 and total payroll was \$2,770,557.

The total employee and employer contributions for this current year were \$188,599 and \$337,419, respectively.

Note 5 – Risk Management

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. The School's workers compensation policy is a ratio respectively rated policy. The final premium is based on actual payroll for the policy year and is determined by the insurance company. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the previous three years.

Note 6 – Local Educational Agencies Revenue

Charter schools are funded by the local public school districts in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. The annual rate is paid monthly by each

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

sending school district and is prorated if a student enters or leaves during the year. Total tuition revenue from other local education agencies was \$4,719,001.

Note 7 – Government Grants and Reimbursement Programs

The School participates in numerous state and federal grant and reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs and reimbursement programs for social security taxes, retirement expense, facility lease costs and health services are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants and reimbursement programs, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013, may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 8 - Contingencies

From time to time the Organization is a party to legal proceedings including claims involving employment and other matters. The Organization carries insurance coverage against all such claims. Any such claims are vigorously defended by the Organization and its indemnities. Management believes that such legal proceedings to which it may become party to would not have a material adverse affect upon its financial position or results of operations. According to the School's legal council, as of June 30, 2013 there was no pending or threatened litigation.

Note 9 – Restricted net Assets

Invested in Capital Assets, Net of Related Debt

The component of this restriction in the governmental activities column is total capital assets (net of depreciation) of \$726,117 less related debt of \$1,710.

Other Restrictions

Donors have restricted \$27,370 for various purposes as detailed in Note 10.

Note 10 – Governmental Fund Balances

Detailed information about aggregated fund balances:

Nonspendable Fund Balance

| | |
|------------------|------------------|
| Prepaid Expenses | <u>\$ 75,243</u> |
|------------------|------------------|

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2013

Restricted Fund Balances

The restricted fund balance represents contributions that are donor restricted for specific purposes;

| | <u>General Fund</u> | <u>Capital Project Fund</u> |
|--------------------------------|-------------------------|---------------------------------|
| Assemblies | \$ 6,380 | \$ - |
| Technology Purchases | 1,484 | - |
| Master Classes & Student Trips | 19,137 | - |
| Exchange Student Expenses | 369 | - |
| New Building Construction | - | 2,735,507 |
| TOTAL | \$ 27,370 | \$ 2,735,507 |

Committed Fund Balances

The Committed fund balance includes amounts that can only be used for specific purposes determined by a formal action of the board. The board did not commit any portion of the fund balance as of June 30, 2013.

Assigned Fund Balances

The assigned fund balance reflects the School's intent to use the money for a specific purpose but is not considered restricted or committed.

| | |
|-------------------------------------|-------------------|
| Committed to General Fund Use | \$ 159,987 |
| Committed to Development Fund Use | 100,000 |
| Total Committed Fund Balance | \$ 259,987 |

The School's highest level of decision making is the Board of Directors.

A resolution of the Board of Directors is required to establish modify or rescind a fund balance commitment or assignment.

Note 11 – Subsequent Events

Subsequent events have been evaluated through October 11, 2013, which is the date the financial statements were issued.

Subsequent to June 30, 2013, the School received correspondence from one of the sending school districts regarding their intent to bill the school for home school extra-curricular participation by one of the students attending the Lehigh Valley Charter High School for the Arts. Charter Arts has been advised by their solicitor that this is not a valid charge. The amount in question is below the level of materiality for these financial statements and due to this, combined with the solicitor's advice, no liability has been recorded in these statements.

October 11, 2013

Board of School Directors
Lehigh Valley Charter High School for the Arts
675 E. Broad Street
Bethlehem, PA 18018

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of The Lehigh Valley Charter High School for the Arts, as of and for the year ended June 30, 2013, which collectively comprise the Lehigh Valley Charter High School for the Arts basic financial statements and have issued our report thereon dated October 11, 2013. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Lehigh Valley Charter High School for the Arts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lehigh Valley Charter High School for the Arts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lehigh Valley Charter High School for the Arts' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lehigh Valley Charter High School for the Arts' 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. We noted certain matters that we reported to the management of the Lehigh Valley Charter High School for the Arts in a separate letter dated October 11, 2013.

This report is intended solely for the information and use of management, the Board of School Directors, and federal and state agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

October 11, 2013

S U P P L E M E N T A R Y I N F O R M A T I O N

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2013

REVENUES

LOCAL SOURCES:

| | | |
|--|----|-----------|
| Interest/Dividends | \$ | 1,552 |
| Rentals | | 2,585 |
| Fundraising | | 123,503 |
| Revenues from Student Activities | | 56,544 |
| Revenue Received from Intermediate Sources - Federal | | 45,933 |
| Revenue Received from Other LEAs | | 4,719,001 |
| Tuition Received Directly From Students | | 17,272 |
| Contributions | | 125,330 |
| Donations - In Kind Services | | - |
| Refund of Prior Year Expenditures | | - |
| Miscellaneous | | 17,944 |

TOTAL LOCAL SOURCE REVENUE \$ 5,109,664

STATE SOURCES:

| | |
|--------------------|---------|
| Rentals | 43,450 |
| Health Services | 7,869 |
| Retirement Revenue | 168,717 |
| Other State Grants | - |

TOTAL STATE SOURCE REVENUE 220,036

FEDERAL SOURCES:

| | |
|----------|--------|
| Title I | 58,741 |
| Title II | 8,450 |
| Access | - |

TOTAL FEDERAL SOURCE REVENUE 67,191

TOTAL REVENUES \$ 5,396,891

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2013

EXPENDITURES

| | | |
|--|----|-----------|
| Regular Programs | \$ | 2,553,078 |
| Special Education | | 211,348 |
| Homebound Instruction | | - |
| Guidance Services | | 240,571 |
| Psychological Services | | 22,139 |
| Speech & Audiology Services | | 3,056 |
| Support Services - Instructional Staff | | 6,918 |
| Board Services | | 1,122 |
| Legal Services | | 20,954 |
| Office of the Executive Director Services | | 120,510 |
| Community Relations Services | | - |
| Office of the Principal Services | | 226,310 |
| Pupil Health Services | | 65,596 |
| Support Services - Business | | 655,838 |
| Operation of Building Services | | 980,175 |
| Student Transportation | | 8,743 |
| Support Services - Central | | 96,467 |
| Student Activities | | 70,391 |
| Community Services | | 3,609 |
| Facilities Acquisition, Construction and Improvement | | 8,500 |
| Debt Service | | 24,088 |
| Refund of Prior Year Receipts | | - |

TOTAL EXPENDITURES \$ 5,319,413

EXCESS OF REVENUES
OVER EXPENDITURES \$ **77,478**

OTHER FINANCING SOURCES (USES)

| | | |
|---|----|---------------|
| Activity Fund Transfers in | \$ | 1,072 |
| Scholarship Fund Transfers out | | (1,000) |
| Foundation Fund Transfers in | | 450 |
| TOTAL OTHER FINANCING SOURCES (USES) | | \$ 522 |

FUND BALANCE - JULY 1, 2012 669,378

FUND BALANCE - JUNE 30, 2013 **\$ 747,378**

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Project Fund
For the Year Ended June 30, 2013

REVENUES

LOCAL SOURCES:

| | |
|--------------------|------------------|
| Interest/Dividends | \$ 2,061 |
| Fundraising | 4,761 |
| Contributions | <u>3,079,010</u> |

TOTAL LOCAL SOURCE REVENUE \$ 3,085,832

TOTAL REVENUES \$ 3,085,832

EXPENDITURES

| | |
|--|----------------|
| Regular Programs | 1,172 |
| Support Services - Business | 629 |
| Support Services - Central | 21,173 |
| Facilities Acquisition, Construction and Improvement | <u>399,202</u> |

TOTAL EXPENDITURES \$ 422,176

**EXCESS OF REVENUES
OVER EXPENDITURES** **\$ 2,663,656**

OTHER FINANCING (USES)

| | |
|----------------------------|-----------------|
| General Fund Transfers out | \$ <u>(450)</u> |
|----------------------------|-----------------|

TOTAL OTHER FINANCING (USES) \$ (450)

FUND BALANCE - JULY 1, 2012 73,386

FUND BALANCE - JUNE 30, 2013 **\$ 2,736,592**

LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
All Divisions of the General Fund
For the Year Ended June 30, 2013

| REVENUES & OTHER FINANCING SOURCES | GENERAL PROGRAM | DEVELOPMENT PROGRAM | ELIMINATE INTRAFUND ACCOUNTS | TOTAL GENERAL FUND |
|--|----------------------------|--------------------------------|---|-----------------------------------|
| REVENUES | | | | |
| Local Sources | \$ 133,951 | \$ 256,712 | \$ - | \$ 390,663 |
| Receipts from Member Districts | 4,719,001 | - | - | 4,719,001 |
| State Sources | 220,036 | - | - | 220,036 |
| Federal Sources | 67,191 | - | - | 67,191 |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from Extended Term Financing | - | - | - | - |
| Sale of Fixed Assets | - | - | - | - |
| Intrafund Transfers In | 46,226 | 284 | 44,988 | 1,522 |
| | - | - | - | - |
| TOTAL REVENUES & OTHER FIN. SOURCES | 5,186,405 | 256,996 | 44,988 | 5,398,413 |
| EXPENDITURES AND OTHER FINANCING USES | | | | |
| EXPENDITURES | | | | |
| Instruction | \$ 2,744,276 | \$ 20,150 | - | \$ 2,764,426 |
| Instructional Student Support | 252,314 | 85,966 | - | 338,280 |
| Admin. & Fin'l Support Services | 1,121,201 | - | - | 1,121,201 |
| Oper. & Maint. of Plant Svcs. | 980,175 | - | - | 980,175 |
| Facilities Acquisition, Construction and Improvement | 8,500 | - | - | 8,500 |
| Pupil Transportation | 8,743 | - | - | 8,743 |
| Student Activities | 7,005 | 63,386 | - | 70,391 |
| Community Services | 3,489 | 120 | - | 3,609 |
| Refund of Prior Year Receipts | - | - | - | - |
| OTHER FINANCING USES | | | | |
| Debt Service | 24,088 | - | - | 24,088 |
| Transfers Out | - | 45,988 | 44,988 | 1,000 |
| Gain/Loss on Sale of Investments | - | - | - | - |
| | - | - | - | - |
| TOTAL EXPENDITURES & OTHER FINANCING USES | 5,149,791 | 215,610 | 44,988 | 5,320,413 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES | 36,614 | 41,386 | - | 78,000 |
| FUND BALANCES - BEGINNING | 512,686 | 156,692 | - | 669,378 |
| FUND BALANCES - ENDING | \$ 549,300 | \$ 198,078 | \$ - | \$ 747,378 |

No. 619

SECTION: FINANCES

TITLE: SCHOOL AUDIT

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

| | |
|--|---|
| <p>1. Purpose SC 408, 2401 65 P.S. Sec. 67.701 Pol. 801</p> <p>2. Authority SC 437, 2401, 2408, 2441</p> | <p style="text-align: center;">619. SCHOOL AUDIT</p> <p>The Board recognizes the importance of the public's right to have access to the public records of the school, including public financial records. The Board also recognizes the importance of accurate, professionally-performed and legally compliant financial audits.</p> <p>The Board shall comply with all Pennsylvania and federal laws regarding transparency, public access to records and financial audits. The public has the right under law to inspect and procure copies of school audits.</p> <p>The Board shall employ an independent, certified public accounting firm to conduct an annual school 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 of the United States. The completed annual audit shall be presented to the Board for its review and approval.</p> <p>The Board recognizes its obligation to represent the best interests of all of its constituents. Therefore, the Board shall make the results of the school's independent certified public accountant's audit, the Pennsylvania Department of the Auditor General's audit and audits conducted by various federal agencies available upon request.</p> <p>The Board recognizes that certain information shall not be made available to the public, such as:</p> <ol style="list-style-type: none"> 1. Personnel records. 2. Student records. 3. Labor relations negotiations records. 4. Property acquisition negotiation information. 5. Records regarding actions of a criminal justice nature. 6. Other records not considered public records. |
|--|---|

| | |
|---|--|
| <p>3. Delegation of Responsibility SC 218</p> | <p>The Executive Director/CEO shall file, annually by October 31, a financial report with the Pennsylvania Department of Education (PDE), consistent with the Pennsylvania School Code. The Executive Director/CEO and Board Secretary shall, annually, by December 31, submit a signed statement to PDE certifying that the financial statements of the school have been properly audited pursuant to law, and that in the independent auditor’s opinion, the financial information submitted in the annual financial report is materially consistent with the audited financial statements.</p> <p>If the financial information submitted to PDE in the annual financial report is not materially consistent with the audited financial statements, the Executive Director/CEO shall submit a revised financial report to PDE by no later than December 31 of that year, consistent with the requirements set forth in the Pennsylvania School Code.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 408, 437, 504, 511, 1337, 2401, 2408, 2432, 2441</p> <p>Right-to-Know Law – 65 P.S. Sec. 67.101 et seq.</p> <p>Board Policy – 801</p> |
|---|--|

No. 619

SECTION: FINANCES

TITLE: SCHOOL AUDIT

ADOPTED:

REVISED:

THE
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FOR THE **ARTS**

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| | |
|--|---|
| <p>1. Purpose SC 408, 2401 65 P.S. Sec. 67.701 Pol. 801</p> <p>2. Authority SC 437, 2401, 2408, 2441</p> | <p style="text-align: center;">619. SCHOOL AUDIT</p> <p>The Board recognizes the importance of the public's right to have access to the public records of the school, including public financial records. The Board also recognizes the importance of accurate, professionally-performed and legally compliant financial audits.</p> <p>The Board shall comply with all Pennsylvania and federal laws regarding transparency, public access to records and financial audits. The public has the right under law to inspect and procure copies of school audits.</p> <p>The Board shall employ an independent, certified public accounting firm to conduct an annual school 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 of the United States. The completed annual audit shall be presented to the Board for its review and approval.</p> <p>The Board recognizes its obligation to represent the best interests of all of its constituents. Therefore, the Board shall make the results of the school's independent certified public accountant's audit, the Pennsylvania Department of the Auditor General's audit and audits conducted by various federal agencies available upon request.</p> <p>The Board recognizes that certain information shall not be made available to the public, such as:</p> <ol style="list-style-type: none"> 1. Personnel records. 2. Student records. 3. Labor relations negotiations records. 4. Property acquisition negotiation information. 5. Records regarding actions of a criminal justice nature. 6. Other records not considered public records. |
|--|---|

| | |
|---|--|
| <p>3. Delegation of Responsibility SC 218</p> | <p>The Executive Director/CEO shall file, annually by October 31, a financial report with the Pennsylvania Department of Education (PDE), consistent with the Pennsylvania School Code. The Executive Director/CEO and Board Secretary shall, annually, by December 31, submit a signed statement to PDE certifying that the financial statements of the school have been properly audited pursuant to law, and that in the independent auditor’s opinion, the financial information submitted in the annual financial report is materially consistent with the audited financial statements.</p> <p>If the financial information submitted to PDE in the annual financial report is not materially consistent with the audited financial statements, the Executive Director/CEO shall submit a revised financial report to PDE by no later than December 31 of that year, consistent with the requirements set forth in the Pennsylvania School Code.</p> <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 408, 437, 504, 511, 1337, 2401, 2408, 2432, 2441</p> <p>Right-to-Know Law – 65 P.S. Sec. 67.101 et seq.</p> <p>Board Policy – 801</p> |
|---|--|

No. 618

SECTION: FINANCES

TITLE: SPECIAL PURPOSE FUNDS

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
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618. SPECIAL PURPOSE FUNDS

1. Purpose

The student activities fund, as authorized by the Board, is to serve as a collecting and disbursing agency for extra-curricular activities and school related programs. The purpose of this policy is to set forth reasonable rules and regulations regarding the management, supervision, control, financing, and restrictions of activities related to each program operated by the school, including raising and disbursing funds.

2. Authority
SC 511

Section 511 of the School Code of the Commonwealth of Pennsylvania provides for the operation and regulation of student activities.

Student activities funds will be administered in accordance with Board Policy and specific written procedures developed by the school administrators. These procedures will provide direction in the areas of:

1. Management.
2. General operating procedures.
3. Accounting procedures.

Student activities funds will be used to promote general welfare, education and morale of all the students currently in school and to finance the normal, legitimate extra-curricular activities of the various individual student activity groups. Student activity funds shall be used for student activity purposes and for those students currently in school, particularly when those students have contributed to the cumulation of the funds. Student activity funds cannot be used to circumvent other management or purchasing decisions made for the school. No salaries are to be paid from student activities funds. Funds may be expended for contracted services as related to particular events and might include, but not limited to, security police, bands, disc jockeys, etc.

The operation and control of these student activities shall be vested in the members thereof, and their properly chosen officers and faculty advisors, to the maximum degree possible. Supervision will be exercised by school officials.

Funds not derived from school approved student activities must be recorded elsewhere and shall not be commingled with student activity funds; for example, faculty, PTO, booster organizations, or other outside organization funds will not be recorded in these funds.

No principal, faculty advisor or other school employee will maintain a checking account or other cash fund for approved student activities without the knowledge and permission of the Director of Finance and Administration.

These funds will be controlled by central administration while collected and disbursed under the general direction of the principal and/or the group's faculty advisor; however, the advisor must include in the decision making process to expend these monies, the students who are responsible for generating the revenue for approved projects. Evidence of this shared decision making must be available by way of the student group's minutes, memo, by-laws, etc.

Organizational Responsibilities

1. Board is responsible for establishment of policies in conformance with state law.
2. Executive Director/CEO, as chief school administrator, is responsible for implementing policies and establishing administrative regulations for student activities funds.
3. Principal or his/her designee is responsible for working with students, implementing policies and regulations, administering fiscal procedures, and providing proper documentation for activity fund transactions.
4. Business office is responsible for prescribing and implementing appropriate accounting procedures, maintaining appropriate fiscal records, and for internal auditing procedures of student activities funds.
5. Faculty advisors are responsible for working with students in each specific activity and for carrying out administrative regulations.
6. Students who choose to participate in various activities should be involved in the fiscal management of those activities. This is a learning activity from which the student may benefit. Each activity group will elect/appoint a student

president and student treasurer to work with the faculty advisor in carrying out financial procedures that are established.

Accounting Procedures

The STUDENT ACTIVITY FUND for the school will operate with a single account broken into classes for each individual activity or club. Each specific classification will be operated by student organizations and classes under the supervision of faculty advisors.

Double entry accounting procedures will be used. The school will use the following:

1. Cash Receipts Journal - All receipts are recorded in detail by account numbers or organizational name. Recorded receipts should be compared with deposits and adjusted when needed. Credits are distributed to detail accounts by activities.
2. Cash Disbursements Journal - All disbursements (by check only) should be entered in this journal. Charges are distributed to detail accounts by activities.
3. General Journal - Noncash entries and adjustments are recorded in the general journal. All entries must be made to both debit and credit accounts in double entry bookkeeping.
4. General Ledger - The general ledger is comprised of individual accounts on which debits and credits from the cash receipts journal, cash disbursements journal, and general journal are recorded.

Operational Procedures

1. Use of Activities Funds - The student activity fund will not be used for small cash and check needs of other funds and organizations. Charter Arts Student Activity Funds should be used solely for their intended purposes. The size of the account should be limited to a reasonable amount and large accumulations of money should not be encouraged. Exceptions would only be acceptable when the students involved, generating the revenue, approve the accumulation of monies for specific purposes as decided by these same individuals and approved by the principal.

2. Initiating Accounts/Inactivating Accounts - New programs, clubs, or student activities within the school may be added as new classes with a Student Activities Fund with the approval of the principal and the Board. New classes should not be established solely for individual charitable drives. Requests to principals should be in writing and occur only after a need for the new class arises. The principal may inactivate, after 18 months, any inactive account which has a zero balance or no longer functions. The appropriate faculty advisor may request the principal to inactivate a class. This request, in writing, should also state the planned disposition of any money or materials which remain in the inactivated account. Where possible, students involved in generating the revenues should be involved in the decision as to the disposition of that money.
3. Cash Payments - All payments for activity fund purchases should be made by check. No expenses should be paid in cash directly from dues, collections, sales or other cash receipts.
4. Signature on Checks - Two (2) signatures will be required on all checks. These 2 signatures will be from either the Executive Director/CEO, Director of Finance, Business Manager, Board President, or the Board Treasurer. The persons signing checks shall require a preapproved purchase order properly approved by the Executive Director/CEO, Principal, and the student advisor, before signing the check. The Business Manager has the responsibility of assuring sufficient funds in the specific account before signing the check.
5. Interest Income - All interest earned must remain in the Student Activities Fund and cannot be dispersed to other accounts.
6. Internal Controls
 - a. Receipts shall be written for faculty advisor or student treasurer within 1 business day of receipt of money at the Business Office so its arrival is established for accounting and insurance purposes. Subsequent verification by initialing receipt shall be accomplished by the Business Manager.
 - b. Cash receipts should be deposited daily in the bank when possible.

- c. School safes or locked cabinets should be used for protecting money during the day. Amounts kept in school safes overnight should be minimal.
- d. Large sale receipts from school events should be deposited in an overnight bank depository rather than in the school.

Loans and Purchases

Student activity funds shall not be used to make loans for any purpose. Student activity funds will not be used to make purchases for an individual or other organization. It is unlawful to use STUDENT ACTIVITY FUNDS to make privileged or tax-free purchases for any school employee or other person.

Requisition Vouchers

Purchases shall be initiated by a purchase order. The purchase order will be numbered with space for delivery address, date, quantity, description of items or service being acquired, unit cost, total cost, balance in the specific account, and signature of the staff advisor, Business Manager, Principal, and Executive Director/CEO. Purchases will not be made or authorized without first having sufficient funds in that specific account to cover the purchase in full.

Bidding

Section 511 of the School Code requires that purchases of materials or supplies by any organization, club, class or group in excess of \$1,000 shall be made upon solicitation of three or more quotations or bids. Purchases must be made from the lowest responsible bidder on the basis of price, quality, and service. Services such as those of prom, hotels and music groups are not subject to bidding. Purchases of materials such as rings, yearbooks, and pictures if made directly by the students and not transactions going through the STUDENT ACTIVITY FUNDS, will not require bidding. If they are purchased through the STUDENT ACTIVITY FUNDS, bidding is required. Long-term contracts may be desirable and service should certainly be considered when reviewing the bids.

Contracts

Student groups may obligate themselves by contracts for materials, equipment, or services with the approval of the faculty advisor and the principal, provided that legal requirements for bidding and school policies are followed. Contracts, presented by vendors such as musical groups and yearbook publishers, should be reviewed by the Director of Finance and Administration and/or designee, as well as by the principal.

Petty Cash

The STUDENT ACTIVITY FUNDS will not have any petty cash funds.

Unused Funds

When the interest of membership in a student activity funded by the students themselves, declines to the point where activity ceases and there is a financial balance in the account, the organization will be given 18 months to make a decision about the disposition of the funds. The funds can be used toward the purchase of assets for the school or another educationally related purpose. If the school activity is unable to reach a decision because of lack of student involvement, the principal will organize a committee consisting of representatives from the Student Government Association and faculty advisors who in turn will make and document the decision as to the disposition of these funds.

Graduating classes will also be given a reasonable period of time after graduation to make a decision about the disposition of their unused class account balance. This time period is not to exceed 18 months from the date of graduation. The funds can be used toward the purchase of assets for the school or for another educational program designated by the graduating class and approved by the former advisor and principal. The funds cannot be transferred to their own class bank account for class reunions, etc. Every effort will be made to expend the funds prior to graduation but in no case will these funds be retained beyond 18 months from the date of graduation. If the appropriate members of the graduating class cannot make a decision as to the disposition of funds, the principal will organize a committee as stated in paragraph one above and decide upon the disposition of these funds.

| | |
|-----------------|---|
| <p>Pol. 229</p> | <p><u>Scholarship Funds</u></p> <p>Scholarships and memorial funds will not be accounted for under STUDENT ACTIVITY FUNDS.</p> <p><u>Tickets</u></p> <p>Prenumbered documents and tickets are recommended for programs conducted by school activities. The numbers must be used to control ticket distribution without charge, sold at reduced prices, and sold at full price. A person independent of the ticket sellers must control ticket numbers.</p> <p><u>Fund Raising</u></p> <p>Fund raising projects range from in-school sales of store items, food, dances, and entertainment to out-of-school sales of advertisements, gift items, candy, fruit, magazines, programs, car washes, concession sales, and innumerable others. The principal and faculty advisors must determine which fund raising projects are appropriate for which student activities. Projects must be established in advance of approvals for fund raisers. The principal will make the final decision after reviewing input from the advisors and in consultation with the Executive Director/CEO and/or his/her designee.</p> <p><u>Sales Tax</u></p> <p>Pennsylvania sales tax must be collected and remitted when applicable.</p> <p><u>Auditing</u></p> <p>Auditing is of two types, internal audit controls and external audits.</p> <p>Internal audits are to be performed by Business Office personnel, and shall have a day-to-day checking of receipts, invoices, and procedures. Negative balances in specific or individual accounts will not be tolerated.</p> <p>External audits must be performed according to Section 2401 of the School Code. These audits must be performed by certified public accountants.</p> |
|-----------------|---|

Periodically, the Division of School Audits, Office of the Auditor General, conducts audits of all school funds for each school year. School audits are performed to determine compliance with state laws and regulations and with the school's own policies. The Auditor General may cite schools/districts for improper procedures and inform the Board of School Directors and the Pennsylvania Department of Education which may take appropriate action.

School Code
440.1, 504, 511

Board Policy
808

No. 617

SECTION: FINANCES

TITLE: PETTY CASH

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

| | |
|--|--|
| <p>1. Purpose</p> <p>2. Authority</p> <p>3. Delegation of Responsibility</p> <p>Pol. 811</p> <p>Board Policy 811</p> | <p style="text-align: center;">617. PETTY CASH</p> <p>Petty cash funds may be used for designated purposes so long as such funds are subject to adequate controls and safeguards.</p> <p>The Board authorizes the establishment of petty cash funds in the school.</p> <p>Each responsible person shall ensure that:</p> <ol style="list-style-type: none"> 1. Petty cash funds are spent only for designated purposes for which the fund was established. 2. Each request for funds is made in writing with any confirming papers attached and is signed by the requestor. 3. Funds are not used to circumvent the regular budgeting or purchasing procedure. 4. The petty cash box is secured daily. <p>The person responsible for each petty cash fund shall prepare a total of the disbursement slips on a periodic basis and submit such documentation to the Director of Finance and Administration with a voucher requesting replenishment in a like amount.</p> <p>All petty cash funds will be closed out for audit at the end of the school year.</p> <p>Petty cash funds may not be used to accommodate the cashing of personal checks.</p> |
|--|--|

No. 616

SECTION: FINANCES

TITLE: PAYMENT OF CLAIMS

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

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616. PAYMENT OF CLAIMS

1. Purpose

It is the purpose of the Board to effect the prompt payment of bills, but at the same time to ensure that due care has been taken in the review of such bills.

2. Authority
SC 439, 607,
1155

Each bill or obligation of this Board must be fully itemized, verified and passed upon by the Board Finance Committee.

3. Delegation of
Responsibility

It shall be the responsibility of the Business Manager or designee upon receipt of an invoice to verify that the purchase invoice is in order, the goods were received in acceptable condition or services were satisfactorily rendered, funds are available to cover the payment, the expenditure is one for which the Board has provided for, and the invoice is for the amount contracted.

Should the invoice vary from the acknowledged purchase order or contract, the Business Manager or designee shall document on the invoice the reason for such variance.

All claims for payment shall be available to the Board for review.

SC 439

The Director of Finance and Administration shall prepare a check for payment, and cancel the commitment placed against the appropriate account.

SC 427, 433

All checks approved by the Board shall contain at least two (2) original signatures by the President, Treasurer, Executive Director/CEO, Director of Finance and Administration, or the Business Manager.

No check shall be made out to cash, except petty cash and person responsible.

| | |
|--|---|
| <p>72 P.S. 7204(12)</p> <p>School Code 608, 610, 625, 687(d)</p> | <p><u>Sales Tax</u></p> <p>The school is exempt from sales tax on the purchase of tangible personal property or services which are sold or used by the school. The sales tax exemption letter issued by the Department of Revenue is used by the school to effect certain controls with respect to the use of this letter in compliance with the Department of Revenue's regulations. This exemption letter will be used when buying property or services for use by the school.</p> |
|--|---|

No. 615

SECTION: FINANCES

TITLE: PAYROLL DEDUCTIONS

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

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615. PAYROLL DEDUCTIONS

1. Purpose

The Board may at its discretion act on behalf of individual employees to deduct a certain amount from the employee's paycheck and remit an equal amount to an agent designated by the employee. It is the purpose of this policy to designate those purposes not otherwise mandated by law for which the Board is willing to act on behalf of the employee.

2. Authority
SC 513

No deduction may be made from the wages of an employee except for federal or state income tax, PA unemployment, county tax, municipal or school tax, social security, School Employees' Retirement Fund, court ordered involuntary deductions or wage attachments without proper authorization by the employee.

3. Responsibility

The Board authorizes deductions from an employee's paycheck upon proper authorization on the appropriate school form for the following purposes:

1. Earned Income Tax.
2. Credit Union Payments.
3. Insurance programs approved by the school.
4. Tax Sheltered Annuities approved by the school.
5. United Way.

School Code
513

No. 614

SECTION: FINANCES

TITLE: PAYROLL AUTHORIZATION

ADOPTED:

REVISED:

THE
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614. PAYROLL AUTHORIZATION

1. Purpose

Employment of all permanent, daily substitute, temporary, and part-time school personnel must be approved by the Board. Authorization to pay such personnel follows therefrom.

2. Delegation of Responsibility

Actions by the Board to employ or to re-employ on a contractual basis (i.e., for a fixed period of time) must include the name of the individual, the position title, the salary to be paid over the term of the contract, the period of employment, position classification and budget category to which the wages are to be charged.

Actions by the Board to employ daily substitutes, temporary or part-time personnel (i.e., by the hour or day) must include the name of the individual, the position title, the rate of pay, the position classification, school or vacation assignment, period of time during which such authorization is valid, and the budget category to which the wages are to be charged.

The Board shall note in its minutes all actions with regard to resignation, retirement, or discharge of all employees or the nonretention of a temporary professional employee. Each such action shall include the name of the employee, the date upon which salary or wages will terminate and the position formerly held.

3. Guidelines

Daily sign-in and sign-out procedures adequate to meet wage and hour requirements and Board policy are required of all employees. Salary or wages may be withheld for unapproved time off in accordance with Board policy by the Executive Director/CEO in consultation with the Director of Finance and Administration.

Overtime can only be scheduled and paid when previously authorized by the immediate supervisor and subsequently approved by the Executive Director/CEO or his/her designee. The Executive Director/CEO or his/her designee shall be responsible for signing all payrolls.

No. 612

SECTION: FINANCES

TITLE: PURCHASES NOT BUDGETED

ADOPTED:

REVISED:

THE
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CHARTER HIGH SCHOOL
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612. PURCHASES NOT BUDGETED

1. Purpose
SC 609

The laws of the State and the interests of the community require fiscal responsibility by the Board in the operation of the school. Appropriate fiscal controls are hereby adopted to insure that public funds are not disbursed in amounts in excess of the appropriations provided within a category.

2. Authority
SC 609, 687(d)

When funds are not available for a proposed appropriation, a legal transfer from one class of expenditure to another may be made in the last nine months of the fiscal year by the Board if it is apparent that the necessary surplus funds do exist in another appropriation and if the procedures specified in the School Code are followed. Otherwise, no such transfer shall be made except by resolution of the Board receiving the affirmative vote of two-thirds of the members thereof.

3. Guidelines

Under normal conditions, planned purchases that would exceed the amount appropriated may be placed following the Board's normal policy (Pol. 611) by the Business Manager.

In the event of emergency, which exists whenever the time required for the Board to act, in accordance with regular procedures, would endanger life or property or threaten continuance of existing school classes, a purchase order may be authorized by the Executive Director/CEO or designee.

Any expenditure in excess of appropriation made in conformance with this policy shall be reported to the Finance Committee with a recommendation of funds to be transferred to cover said purchase.

School Code
609, 687(d)

Board Policy
611

No. 611

SECTION: FINANCES

TITLE: PURCHASES BUDGETED

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

611. PURCHASES BUDGETED

1. Purpose
SC 751

It is the policy of the Board that when funds are available all purchases contemplated within the current budget and not subject to bid be made in a manner that ensures the best interests of the school.

2. Authority
SC 807.1

All purchases that are within budgetary limits and were originally contemplated within the budget may be made upon authorization of the Director of Finance and Administration.

All purchase order requests must be referred to the Executive Director/CEO, Principal, Business Manager or designee. Purchase orders shall be typed prior to ordering such supplies or services and delivered for authorization to the above listed personnel.

SC 511(e), 807.1
Act 38 of 1990

Written or telephonic price quotations shall be required from at least three (3) responsible contractors for the supplies, equipment or services desired, when the contemplated expenditure is less than \$18,500 (\$18,500 in cooperative purchases). A written record shall be made of these quotations and shall contain the date of the quotation, name of contractor, contractor's representative, the construction, reconstruction, repair, maintenance or work of the quotation. The written price quotations, records or telephonic price quotations and memoranda shall be kept on file for a period of three (3) years.

3. Guidelines

In the interests of economy, fairness and efficiency in its business dealings, the Board requires that items commonly used in the school be standardized whenever possible. No purchase request will be honored unless made on a school approved purchase order form that has the necessary approvals. Upon the placement of a purchase order, the Business Manager shall encumber the expenditure against a specific budget line item to guard against the creation of liabilities in excess of appropriations.

No. 610

SECTION: FINANCES

TITLE: PURCHASES
SUBJECT TO BID

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

610. PURCHASES SUBJECT TO BID

1. Purpose

It is the policy of the Board to obtain competitive bids for products and services where such bids are required by law or where such bids may be believed to bring about a cost saving to the school.

2. Authority
SC 807.1

Furniture, equipment, textbooks, school supplies and other appliances (herein called "supplies") to be purchased by the school, unless exempt by statute, costing more than \$10,000 but less than \$18,500, may be let on written or telephonic quotations. However, if it is not possible to obtain three (3) quotations, a memo must be kept on file for three (3) years showing that fewer than three (3) qualified contractors exist in the market area.

SC 751

All contracts for construction, reconstruction, repairs, maintenance or work on any school building as property (herein called "work"), unless exempt by statute, having a cost or value of more than \$10,000 but not more than \$18,500 may be let on written or telephonic quotations. However, if it is not possible to obtain three (3) quotations, a memo must be kept on file for three (3) years showing that fewer than three (3) qualified contractors exist in the market area.

Necessary emergency repairs and replacements may be completed after solicitation of competitive bids from at least three (3) responsible bidders and upon approval of any of these bids by the Secretary of Education.

Less than \$10,000 worth of work may be done with school employees.

3. Responsibility

Bid specifications shall be prepared by the Board Secretary, Director of Finance and Administration, or his/her designee.

Bids shall be opened publicly before one or more witnesses at a previously designated time and place. Contracts shall be awarded to the lowest responsible bidder upon resolution of the Board, unless the Board chooses to reject all bids.

Each bid shall be accompanied by a certified check, bank cashier's check, money order, or bid bond, payable to Lehigh Valley Charter High School for the Arts, in the amount of ten percent (10%) of the total amount of the bid, to be retained by the school

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| SC 751 | <p>if the successful bidder fails to enter into contract within ten (10) days after the award. The Board Secretary, Director of Finance and Administration, or his/her designee shall be permitted to waive or modify the bid security requirement when there is an advantage to the school through increased competition between vendors.</p> <p>The Board also recognizes that emergencies may occur when imminent danger exists to persons or property or the continuance of existing school classes is threatened, and time for bidding cannot be provided because of the need for immediate action.</p> |
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No. 609

SECTION: FINANCES

TITLE: INVESTMENT OF SCHOOL FUNDS

ADOPTED:

REVISED:

THE LEHIGH VALLEY CHARTER HIGH SCHOOL FOR THE ARTS

675 East Broad Street, Bethlehem, PA 18018 phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

609. INVESTMENT OF SCHOOL FUNDS

1. Purpose

It shall be the policy of the Board to optimize its return through investment of cash balances in such a way as to minimize non invested balances and to maximize the return on investments.

The primary objectives of investment activities, in priority order, shall be:

Legality - All investments shall be made in accordance with Section 440.1 of the Public School Code of 1949, as amended.

Safety - Safety of principal shall never be compromised. Preservation of principal shall be ensured through minimizing credit risk and interest rate risk, and by thorough investigation and knowledge of all investment providers and professionals.

Liquidity - Investments shall remain sufficiently liquid to meet all anticipated cash flow requirements. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.

Yield - Investments shall be made with the objective of attaining a market average rate of return throughout the budget and economic cycles, taking into account credit risk and maturities.

2. Authority SC 440.1, 621, 622, 623

All school funds shall be invested in accordance with this policy and a Board approved annual investment plan. This includes all funds which are property of the school or held by the school as fiduciary, including the general fund, debt service fund, capital reserve funds, internal service funds and all other such funds.

3. Definitions

Short-term - an obligation with a maturity of twelve (12) months or less from the time the investment is made.

Long-term - an obligation with a maturity exceeding twenty- four (24) months from the time the investment is made.

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| <p>4. Delegation of Responsibility SC 440.1</p> <p>SC 440.1 72 P.S. Sec. 3836 et seq</p> | <p>Mid-range - an obligation with a maturity between short-term and long-term.</p> <p>Concentration of credit risk - the risk associated with the consolidation of investments in a single pool, institution, or instrument.</p> <p>Credit risk - the risk of loss of principal or interest due to the failure of the issuer of the obligation.</p> <p>Custodial credit risk - the risk of loss associated with consolidation of investments with a single institution where the school may rely on the institution to hold investments on behalf of the school or through collateral action when the instruments are not in the school name.</p> <p>Foreign currency risk - the risk associated with investment in foreign currency that is subject to market fluctuation and associated currency conversion.</p> <p>Interest rate risk - the risk that the market value of the investment will fall due to changes in general interest rates.</p> <p>Investment Officer - the Treasurer, Executive Director/CEO, Director of Finance and Administration, Business Manager, or other officer designated by the Board to have responsibility for management of the school’s annual investment plan. At any time another Investment Officer has not been designated by the Board, or the designated Investment Officer is unavailable, the Treasurer shall have authority to act as Investment Officer.</p> <p>An annual review of the investment program shall be prepared by the Director of Finance and Administration or designee, in conjunction with the Executive Director/CEO, based upon the anticipated cash flow of all school funds, i.e. general, capital reserve, debt service, etc. The investment program shall be submitted to the Board no later than sixty (60) days after adoption of the annual budget.</p> <p>The designated individual responsible for investments shall report monthly to the Board the following:</p> <ol style="list-style-type: none"> 1. Amount of funds invested. 2. Interest earned and received to date. |
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| | <ol style="list-style-type: none"> 3. Types and amounts of each investment and the interest rate on each. 4. Names of the institutions where investments are placed. 5. Current market value of the funds invested. 6. Collateralization of deposits exceeding insurance limits. 7. Other information as required by the Board. <p>The Board directs the Executive Director/CEO to establish administrative regulations that will ensure compliance with this policy, including a disclosure form for designated individuals involved in the investment process and/or required written statements for advisors and bidders.</p> <p>5. Guidelines SC 440.1</p> <p>School funds shall be invested only in investments authorized under Section 440.1 of the Public School Code of 1949, as amended.</p> <p>All securities shall be purchased in the name of the school, and custody of the securities shall be specified within the school's investment program.</p> <p>17 CFR Part 270</p> <p>An exception to purchases in the name of the school is permitted for the purchase of shares of an investment company that is or conducts business voluntarily in compliance with applicable law.</p> <p>SC 440.1</p> <p>All investment advisors or bidders shall verify in writing that they have received a copy of this Board policy. Such written statement shall indicate that they have read and understand this policy and all applicable laws related to school investments, along with their intent to comply fully with these requirements.</p> <p>The school shall require all investment advisors/bidders to submit annually any or all of the following, as appropriate:</p> <ol style="list-style-type: none"> 1. Audited financial statements. 2. Proof of National Association of Securities Dealers (NASD) certification. 3. Proof of state registration. |
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| <p>65 Pa. C.S.A. Sec. 1101 et seq</p> <p>Pol. 619</p> <p>53 Pa. C.S.A. Sec. 8001 et seq</p> <p>SC 218, 440.1 GASB Stmt 40</p> | <p>4. Rating from a recognized rating agency.</p> <p><u>Disclosure</u></p> <p>Designated officers and employees involved in the school's investment process shall disclose any personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.</p> <p><u>Audit</u></p> <p>The Board directs that all investment records be subject to annual audit by the school's independent auditors.</p> <p>The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.</p> <p>It shall be the responsibility of the investment advisor and/or bidder to maintain necessary documents to permit independent audit of the school's investments.</p> <p><u>Bond Proceeds</u></p> <p>Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by the solicitor and/or bond counsel and the Board.</p> <p>Investment transactions arising from bond proceeds shall be reported monthly to the Board, in accordance with policy.</p> <p><u>Compliance With GAAP</u></p> <p>The following is intended to guide school investments as limited by law:</p> <ol style="list-style-type: none"> 1. School funds shall not be invested in foreign currency and shall have no related risk that would require disclosure pursuant to GASB Statement 40. 2. School investments shall limit the exposure to loss of principal due to market changes in interest rates. |
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| <p>SC 440.1 72 P.S. Sec. 3836 et seq</p> | <p>3. School investments in authorized instruments that are not backed by the “full faith and credit” of the federal or state government shall be limited to those with the highest credit rating available for such instruments issued by a recognized organization.</p> <p>If, after purchase, the rating of any instrument is reduced and no longer in compliance with Board policy, the individual responsible for school investments shall advise the Board at the earliest opportunity of such action and make recommendations for altering investments.</p> <p>4. When school funds are invested in any one (1) issuer other than designated depository accounts (which includes external investment pools), and securities issued or explicitly guaranteed by the U.S. Government (owned directly by the school), the amount of the investment shall be unlimited, but the Board shall be notified of such investment monthly.</p> <p>5. For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity.</p> <p><u>Protection Of Bank Balances In Excess Of FDIC Limits</u></p> <p>When school cash is deposited in an authorized depository, if the cash balance exceeds the insurance limits, school funds shall be collateralized pursuant to Act 72 of the 1971 requirements.</p> <p>It shall be the responsibility of the Treasurer, Executive Director/CEO, Director of Finance and Administration, and/or the Business Manager to verify with the depository the value of the instrument(s) based on the instrument being “marked to market.”</p> <p>Verification of the value of the collateral instrument(s) shall occur monthly.</p> <p>Following a review of valuation, the Treasurer, Executive Director/CEO, Director of Finance and Administration, and/or the Business Manager may request an additional review by the school’s investment advisors or financial consultant, and shall require additional collateral if the existing collateral has declined in value and exposes the school to potential loss of principal. The Board shall be advised of the status of the valuation review and any additional collateral at the first meeting following the review.</p> |
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References:

School Code – 24 P.S. Sec. 218, 440.1, 621, 622, 623

Local Government Unit Debt Act – 53 Pa. C.S.A. Sec. 8001 et seq.

Public Officials and Employee Ethics Act – 65 Pa. C.S.A. Sec. 1101 et seq.

Security of Public Deposits – 72 P.S. Sec. 3836 et seq.

Investment Companies, Title 17, Code of Federal Regulations – 17 CFR Part 270

Governmental Accounting Standards Board, Statement No. 40

Board Policy – 619

No. 608

SECTION: FINANCES

TITLE: BANK ACCOUNTS

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

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608. BANK ACCOUNTS

1. Purpose
SC 621

The Board, by a majority vote of the entire Board of Directors, shall designate one or more banks or trust companies as depository or depositories for the safeguarding of school funds.

2. Authority

The depository/depositories for the various school funds shall be determined by the selection of the banking institution(s) providing the most advantageous benefits to the school considering, but not limited to, the following:

1. Statements and records.
2. Fees for wire transfer and service charges.
3. Favorable investment rates.
4. General banking services.

The depository/depositories shall furnish proper bond or collateral as security for such deposits in accordance with law.

3. Guidelines

Each designated depository shall be advised not to cash checks payable to the school but to deposit said checks to the school accounts.

School Code
440, 621, 622

No. 607

SECTION: FINANCES

TITLE: TUITION INCOME

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
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607. TUITION INCOME

1. Authority
SC 1316
Pol. 202

When the school receives students who are residents of another school district, it shall assess tuition charges in accordance with the School Code. Tuition shall be assessed for those students whose attendance has been approved by the Board, in accordance with policy.

2. Delegation of
Responsibility

It shall be the responsibility of the Business Manager to invoice tuition for approved students.

3. Guidelines
SC 2561

Tuition rates shall be determined annually.

No student shall be admitted from another district unless the student presents a letter from the district which certifies that the home district will be responsible for the tuition of the student for the term, or the part of the term during which the student continues to attend school.

This certificate shall be presented first to the Registrar, who verifies residency and eligibility and certifies to the fact that the student may be accommodated and has the required certification for admission. The letter shall then be presented to the principal who shall approve the same if all conditions have been met.

The tuition of any student who terminates attendance shall be pro-rated on the basis of the actual number of school days in each month.

In the event that, for various reasons, approved tuition rates are not received from the State Department for prompt billing of individuals and school districts, the Director of Finance and Administration is authorized to bill at the same rate as the previous year, at the same time advising the responsible parties that an adjustment will be made on the accounts as soon as current rates are verified by the State Department.

No. 604

SECTION: FINANCES

TITLE: BUDGET DISCLOSURE

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
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604. BUDGET DISCLOSURE

1. Purpose

It is the policy of the Board that the annual budget proposal once formulated represents the position of the Board and that all reasonable means shall be employed by the Board to present that proposed budget to residents and taxpayers of the Charter Approving School Districts.

2. Authority

The administration shall present the proposed budget containing estimated expenditures and revenues. The Board will schedule sufficient public meetings to review, consider and approve the budget.

3. Responsibility

The proposed budget as formulated by this Board shall be set forth in necessary detail using the forms of the State Education Department and shall be made available to the public at the places required by law.

A "simplified" form of the budget to enhance understanding by presenting it graphically shall also be prepared annually. This report shall be made available to the public in the administrative office of the school.

School Code
687

No. 603

SECTION: FINANCES

TITLE: BUDGET PREPARATION

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

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phone 610-868-2971 | fax 610-868-1446

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603. BUDGET PREPARATION

1. Purpose
SC 433

The Board considers the preparation of an annual budget to be one of its most important responsibilities because the budget is the financial reflection of the educational plan for the school. The budget shall be designed to carry out that plan in a thorough and efficient manner while maintaining the facilities and honoring the obligations of the school.

2. Authority

The Board recognizes its obligation to school constituents to approve only those expenses reasonably required to provide an educational program suitable to the needs and goals of the school and its students.

The budget should be reviewed by each member of the Board during its preparation, but once adopted, it deserves the support of all members of the Board regardless of their position when adoption was voted.

3. Responsibility

In order to ensure adequate time for the preparation and review of the proposed budget, the Board requests that the Executive Director/CEO and Director of Finance and Administration present to the Board all available information associated with the proposed budget at least 90 days prior to the end of the fiscal year.

The proposed budget should evolve primarily from the needs of the school and programs as expressed by the principal and administration and should be compatible with the school goals and long range plan.

In preparing the proposed budget, the responsible administrator shall set general priorities of expenditures for:

1. Staff for the maintenance of current programs.
2. Technology, equipment and supplies for the maintenance of current programs.
3. Maintenance of existing facilities and equipment.
4. New staff for the improvement or expansion of current programs.

5. New technology, equipment and supplies for the improvement or expansion of current programs.

When presented to the Board for review, the proposed budget shall contain proposed revenues and expenditures in each financial category for the ensuing year, and an estimate of:

1. The revenues and expenditures in each financial category for the current school year.
2. The total revenues and expenditures for the previous school year.
3. An estimate of the pupil population for the coming school year.
4. The amount of anticipated fund balance for the end of the current school year.
5. A highlight of significant increases and/or decreases to revenues and expenditures.
6. An explanation of each item of expense proposed, upon request.

School Code
433, 601, 687, 690

No. 602

SECTION: FINANCES

TITLE: BUDGET PLANNING

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

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602. BUDGET PLANNING

1. Purpose
SC 433, 601, 664,
687

The budget shall be designed to reflect the Board's objectives for the education of the children of the school. Therefore, it must be organized and planned to ensure adequate understanding of the financial needs associated with program support and development. This necessitates a continuous review of the financial requirements of school programs.

2. Responsibility

To meet the objectives of this policy, the Board directs the Executive Director/CEO to:

1. Prepare a long range plan for the annual maintenance and replacement of facilities and equipment.
2. Establish a projected budget of expenditures and income for at least two years.
3. Include an estimated annual cost for implementation of the school's educational program.
4. Prepare a plan for current and future technology needs.
5. Prepare an annual estimate of anticipated school enrollments.
6. Maintain an inventory and replacement schedule of all school equipment.
7. Maintain a plan of anticipated revenues based upon changes in state and federal legislation.
8. Advise the Board of any serious financial implications arising from the above considerations.

SC 601

School Code
433, 601, 664, 687

No. 601

SECTION: FINANCES

TITLE: OBJECTIVES

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

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| 601. OBJECTIVES | |
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| <p>1. Purpose</p> | <p>The Board recognizes its responsibility to the taxpayers of the surrounding school districts to ensure that public monies are utilized and expended by the school for the furtherance of pupil education in a manner that will ensure full value to the taxpayers, and that adequate accounts and records are established to ensure that end.</p> |
| <p>2. Authority SC 408, 439, 518, 601, 609, 623, 634, 664, 687, 690, 691, 751, 807, 1155, 2401</p> | <p>The Budget (financial plan for a fiscal year) provides the Board with opportunity and responsibility to influence the substance of school operations. The Board will consider and adopt a budget each fiscal year based upon information and guidance from the Executive Director/CEO and school management team.</p> |
| <p>3. Responsibility SC 433</p> | <p>To meet the goals of this policy, the Board requires the Executive Director/CEO and Director of Finance and Administration to establish sound accounting procedures based upon State and Federal recommended accounting procedures and the recommendations of the school auditor and State audit reports.</p> |
| <p>School Code 408, 433, 439, 518, 601, 609, 623, 634, 664, 687, 690, 691, 751, 807, 1155, 2401</p> | |

No. 628

SECTION: FINANCES

TITLE: ASSET MANAGEMENT

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
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628. ASSET MANAGEMENT

1. Purpose

The Board recognizes the significant and substantial amount of transferable assets within the school and wants to protect and safeguard these assets.

2. Delegation of Responsibility

The Board has designated the Director of Finance and Administration as the individual responsible for implementing, maintaining and monitoring the asset management policy.

3. Guidelines

Implementation, maintenance and monitoring of the policy shall include but not be limited to:

1. Initial data entry of all technology and nonfixed equipment and assets.
2. Identify and properly record each unit in a sequenced manner.
3. Coordinate documentation of acquisition and lease agreements with the Director of Technology and the Business Manager.
4. Identify individual(s) responsible for equipment, both within the building and departments, that the Director of Finance and Administration can coordinate his/her efforts.
5. Develop procedures to properly record and monitor any/all lost or stolen equipment, including transfers to other buildings.
6. Report promptly by staff any/all units that are unaccounted for to the Director of Finance and Administration.
7. Report any damaged, lost, stolen or misplaced units to the Director of Finance and Administration and consider the submission as determined by the coverage for our insurance carrier.
8. Reconcile the respective invoice to the original lease and/or acquisition documents.

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| <p>Pol. 619</p> | <ol style="list-style-type: none"> 9. Report any units that are disposed of through sale, auction or in any other authorized manner. 10. Maintain a procedure that will, on a monthly basis, account for each unit and identify and return any/all units no longer on lease. 11. Maintain procedures to secure any portable units (i.e. laptops). 12. Maintain procedures to identify and account for any units used and stored off site. 13. Maintain records that support the return of units to vendors. 14. Develop procedures for the extension of the original term(s) of the agreement by the Director of Finance and Administration. 15. Conduct an annual inventory of all equipment covered by this policy. 16. Develop a chain of command and responsibility for recordkeeping, tracking and accountability for technology within the building. 17. Ensure that any system or process developed and implemented pursuant to this policy shall also comply with any accounting rules established by the Governmental Accounting Standards Board. <p>The procedures established and records maintained to implement this policy shall be subject to audit by the school's independent auditors.</p> |
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No. 623

SECTION: FINANCES

TITLE: DEBT MANAGEMENT

ADOPTED:

REVISED:

623. DEBT MANAGEMENT

1. Authority

The Board believes that adherence to set Debt Management policy and formal written guidelines helps to ensure that the school achieves and maintains a sound debt position and that credit quality is enhanced. The Board believes that this Policy and its accompanying guidelines provide the following advantages:

1. Enhances the quality of decisions.
2. Rationalizes the decision-making process.
3. Identifies objectives for staff to implement.
4. Demonstrates a commitment to long-term financial planning objectives.
5. Is regarded positively by the rating agencies and investors.
6. Maintains prudent level of financial risk.

It is the objective of the Board that:

1. The school obtain financing only when necessary.
2. The process for identifying the timing and amount of debt or other financing be as efficient as possible.
3. Factors such as most favorable interest rates and lowest related costs be valued highly in all Board decisions.
4. To the extent feasible, future financial flexibility be maintained.

Through this Policy and the accompanying guidelines, the school shall establish criteria for the use of debt, create procedures and policies that minimize the school's debt service and issuance costs, attempt to achieve and maintain the highest practical credit rating, and maintain full and complete financial disclosure and reporting.

Any variation from the requirements of this Policy must be approved by both the school's financial advisor and the school's legal counsel.

The Executive Director/CEO or designee shall submit this Policy and its accompanying guidelines annually to the school's legal counsel and financial advisor for approval and recommendation to ensure that it is in compliance with the Debt Act and capital market trends.

The school shall comply with the Local Government Unit Debt Act (the "Debt Act"), administered by Pennsylvania Department of Community and Economic Development (DCED), which provides the procedure for Pennsylvania's local government units to issue debt and tax anticipation notes.

Generally, debt financing, which includes general obligation bonds, special assessment bonds, revenue bonds, temporary notes, lease/purchase agreements, and other school obligations permitted to be issued or incurred under the Debt Act, shall only be used to purchase capital assets that cannot be acquired from either available current revenues or fund balances. Alternative use of debt financing shall not occur without specific recommendation by the school's financial advisor and/or legal counsel. The useful life of the asset or project is required by the Debt Act to exceed the payout schedule of any debt the school assumes unless otherwise specifically recommended by the school's financial advisor and/or legal counsel.

To enhance creditworthiness and prudent financial management, the school is committed to:

1. Systematic capital planning.
2. Intergovernmental cooperation and coordination.
3. Long-term financial planning.

Refunding Policy

Among the purposes and benefits of such refinancing/refunding shall be:

1. Providing net present value debt service savings.

2. Eliminating burdensome or restrictive covenants imposed by the terms of the bonds to be refunded.
3. Changing types of debt instruments.
4. Restructuring the school's overall debt service portfolio to take advantage of market conditions or complement a Capital Improvement Program (CIP).

Solely meeting one or more of the minimum guidelines will not necessarily result in the school executing a refunding issue. All costs and benefits of the refunding will be taken into account and analyzed by the school and its financial advisors in determining if the refunding is in the best interest of the school.

Variable Rate Debt Policy

Variable rate debt can be an important tool in managing the school's debt program. When issued prudently, variable rate debt can help lower the cost of borrowing and provide a hedge against interest rate risk. Interest rates on variable rate debt instruments are at the short end of the yield curve because they are periodically adjusted (e.g., daily, weekly, monthly) based on current market conditions. Variable rate debt should be used for two purposes:

1. As an interim financing device (during construction periods).
2. Subject to limitations, as an integral portion of a long-term strategy to lower the school's effective cost of capital.

Variable rate debt shall not be used for other purposes unless specifically recommended by the school's financial advisor.

Variable rate debt exposes the school to risk not present under the fixed rate structure.

Interest Rate Risk – The risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issue had been fixed.

Liquidity Risk – The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing.

Rollover Risk – The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of the contract period.

To manage these risks, the school will limit the amount of variable rate debt to no more than thirty (30) percent of its outstanding portfolio. The school may use derivative instruments/swaps to hedge exposure to movement in interest rates. The school will continually monitor the variable rates to determine whether or not the variable rate debt should be converted to fixed rate debt.

Debt Practices Policy

The school will adhere to the Debt Act and financial best practices with regards to debt limits, debt structuring practices, debt issuance practices and debt management practices. The school shall develop guidelines for each of those areas, and such guidelines shall be based upon adherence to applicable laws as well as sound financial practices.

References:

School Code – 24 P.S. Sec. 218, 688

No. 622

SECTION: FINANCES

TITLE: GASB STATEMENT 34

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

622. GASB STATEMENT 34

1. Purpose

The Board recognizes the need to implement the required accounting and financial reporting standards stipulated by the Pennsylvania Department of Education.

The primary objectives of implementing the GASB Statement 34 are to assure compliance with state requirements, and properly account for both the financial and economic resources of the school.

2. Authority

Participation of the School in any such activity shall be in accordance with Board policy.

3. Delegation of Responsibility

The responsibility to coordinate the compilation and preparation of all information necessary to implement this policy is delegated to the Director of Finance and Administration.

The designated individual shall be responsible for implementing of the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. Depreciation shall be computed on a straight-line basis over the useful lives of the assets, using an averaging convention. Normal maintenance and repairs shall be charged to expense as incurred; major renewals and betterments that materially extend the life or increase the value of the asset shall be capitalized. A schedule of accumulated depreciation shall be consistent from year to year. The basis for depreciation, including groups of assets and useful lives, shall be in writing and submitted for review to the independent auditors.

The Director of Finance and Administration shall prepare the required Management Discussion and Analysis (MD&A). The MD&A shall be in the form required by GASB Statement 34 and shall be submitted to the Finance Committee for approval, prior to publication.

Prior to submission of the MD&A for Board approval, the school's independent auditors shall review the MD&A, in accordance with SAS No. 52, "Required Supplementary Information."

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| 4. Guidelines | <p>In order to associate debt with acquired assets, and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. The asset life of these assets shall be considered relative to the time of the respective debt amortizations.</p> <p>For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than \$1,000.</p> <p>The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets.</p> <p>The assets listed below do not normally individually meet capitalization threshold criteria:</p> <ol style="list-style-type: none"> 1. Library books. 2. Classroom texts. 3. Computer equipment. 4. Classroom furniture. <p>These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.</p> <p>For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the school shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.</p> <p>Assets that fall below the capitalization threshold for GASB 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/ replacement policy tracking purposes. The school may record and maintain these non-GASB 34 asset inventories in subsidiary ledgers.</p> |
|---------------|---|

No. 620

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED:

REVISED:

THE
LEHIGH VALLEY
CHARTER HIGH SCHOOL
FOR THE **ARTS**

675 East Broad Street, Bethlehem, PA 18018
phone 610-868-2971 | fax 610-868-1446

www.CharterArts.org

620. FUND BALANCE

1. Purpose

The Lehigh Valley Charter School for the Arts considers that it is prudent to establish a policy for its fund balances. The purpose of the Fund Balance Policy is threefold: to enable realistic long-term planning, to assist with effective development of annual budgets, and to promote clear communications with the general public, staff and administration. The elements of the policy are created by the Board of Directors for its own purposes and may, therefore, be revised by the Board of Directors as needed in the future. In developing this policy, the Board of Directors reviewed and considered information provided by GASB#54.

2. Definitions

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

GASB Statement 54 classifies fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact. Examples of items that would be considered nonspendable include inventories and the principal of a permanent fund. The nonspendable portion of fund balance must be identified before any of the other categories are determined.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the school's highest level of authority (in most cases this would be the school board). Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the

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| | <p>money. The action of the board to commit the funds should take place before the end of the reporting period; however, the amount can be determined in the subsequent period.</p> <p>Assigned - reflects the school's intent to use the money for a specific purpose but is not considered restricted or committed. For funds other than the general fund include in this category all remaining moneys (except for negative balances) that are not considered nonspendable, restricted or committed. Unlike committed fund balances, assigned fund balances can be changed without formal action and do not need to be designated by the board. The assignment of funds for a specified purpose cannot result in a negative unassigned fund balance. <i>The Board of the Lehigh Valley Charter High School for the Arts authorizes the Executive Director to assign amounts based on guidance and instruction by the Board.</i></p> <p>Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance. All other fund types should classify their fund balance within the other categories. A negative unassigned fund balance may occur in any fund when expenditures exceed revenues; however, any amount listed as assigned must then be reduced to eliminate the negative unassigned fund balance</p> |
| <p>3. Guidelines</p> | <p><u>Spending Policy</u></p> <p>The spending policy is to spend restricted fund balance, first, followed by committed, assigned and unassigned. Most funds are designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the spending policy.</p> <p><u>Policy on Encumbrances</u></p> <p>Amounts encumbered for a specific purpose for which amounts have not been previously restricted, committed or assigned, should be classified as either committed or assigned. Significant encumbrances at year-end should be disclosed in the notes to the financial statements along with other significant commitments. Open purchase orders stay open and become assigned or committed by year end board action.</p> |
| <p>4. Delegation of Responsibility</p> | <p>The Board directs the Director of Finance and Administration to designate funds to the Nonspendable and Assigned classification. This may be done upon completion of the end-of-year independent audit.</p> |

The Executive Director/CEO and Director of Finance and Administration shall be responsible for the enforcement of this policy.

Use Of Fund Balance

The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated.

If the school experiences an excess of expenditures over revenues for a given fiscal year, the fund balance shall be consumed in the following order:

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

References:

School Code – 24 P.S. Sec. 218, 688

620. FUND BALANCE

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
333 Market Street Harrisburg, PA 17126-0333

Division of Federal Program
Consolidated Program Review

2012-2013 School Year

Lehigh Valley CHS for the Performing Arts
675 East Broad Street
Bethlehem, PA 18018

| | <u>Name</u> | <u>Phone Number</u> | Check if Interviewed |
|---|---------------|---------------------|-------------------------------------|
| Superintendent: | Diane LaBelle | 610-868-2971 x108 | <input checked="" type="checkbox"/> |
| Business Manager: | Cheryl Schurz | 610-868-2971 x169 | <input checked="" type="checkbox"/> |
| Title I Coordinator: | Kelly Bickert | 610-868-2971 x144 | <input checked="" type="checkbox"/> |
| Title II Part A Coordinator: | Kelly Bickert | 610-868-2971 x144 | <input type="checkbox"/> |
| Title III Coordinator: | | | <input type="checkbox"/> |
| Fiscal Requirements Coordinator: | Cheryl Schurz | 610-868-2971 x169 | <input checked="" type="checkbox"/> |
| Ed-Flex Waiver Review Coordinator: | | | <input type="checkbox"/> |
| Title VI-B REAP Coordinator: | | | <input type="checkbox"/> |

Program(s) Reviewed:

- Title I Fiscal Requirements Title VI-B REAP
 Title II Part A Ed-Flex Waiver Review
 Title III

Program Reviewer/s: Maria Garcia

Visit Date: 2/12/2013

Title I Program Review

- I. Highly Qualified
- II. Parent Involvement
- III. LEA Improvement
- IV. School Improvement
- V. School Choice
- VI. Supplemental Educational Services (SES)
- VII. Schoolwide Programs
- VIII. Targeted Assistance
- IX. Nonpublic Schools
- X. Comparability

I. Highly Qualified

Component I: Highly Qualified

The Local School System (LEA) designs and implements procedures that ensure the hiring and retention of qualified teachers and paraprofessionals and ensure that parents are informed of educator credentials as required.

Sec. 1111 (h)(6)(A)

Sec. 1119 (a)(1-2) (c)(1)

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|---|-------------------------------------|--------------------------|--------------------------|--|---------------------|--|
| 1a. All core content area teachers employed by the LEA are highly qualified. (Core content teachers in All Schools, not just Title I) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> List of teachers and their qualifications. <input type="checkbox"/> Number of teachers who have met highly qualified. <input type="checkbox"/> Number of teachers working toward becoming highly qualified | | <p style="text-align: center;">District Comments</p> <p>2/6/2013 11:52:48 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin PIMS 2012-2013 report includes French Teacher Nelson Camp who was highly qualified. Replaced December 2012 with Virginie Gournet (sub teacher) who is NOT highly qualified.</p> <p style="text-align: center;">Monitor Comments</p> <p>3/26/2013 11:43:02 AM Regional Coordinator Maria Garcia-Morales 2013-14 SY all core teachers will be highly qualified.</p> |

| <p>1b. LEA has a system in place to ensure that all core content area teachers become highly qualified.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> List of teachers not highly qualified. Plan, progress & projected date of completion. <input type="checkbox"/> Highly Qualified Staff section of Consolidated LEA Plan | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="text-align: center; padding: 2px;">District Comments</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;"> 2/7/2013 8:19:23 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Virginie Gournet (sub teacher) will be replaced in the 2013-2014 school year by a highly qualified teacher. </td> </tr> <tr style="background-color: #cccccc;"> <th style="text-align: center; padding: 2px;">Monitor Comments</th> </tr> <tr> <td style="padding: 2px;"> 3/26/2013 11:44:05 AM Regional Coordinator Maria Garcia-Morales 2013-14 SY all core teachers will be highly qualified </td> </tr> </tbody> </table> | District Comments | 2/7/2013 8:19:23 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Virginie Gournet (sub teacher) will be replaced in the 2013-2014 school year by a highly qualified teacher. | Monitor Comments | 3/26/2013 11:44:05 AM Regional Coordinator Maria Garcia-Morales 2013-14 SY all core teachers will be highly qualified |
|---|-------------------------------------|--------------------------|-------------------------------------|---|--|---|-------------------|--|------------------|---|
| District Comments | | | | | | | | | | |
| 2/7/2013 8:19:23 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Virginie Gournet (sub teacher) will be replaced in the 2013-2014 school year by a highly qualified teacher. | | | | | | | | | | |
| Monitor Comments | | | | | | | | | | |
| 3/26/2013 11:44:05 AM Regional Coordinator Maria Garcia-Morales 2013-14 SY all core teachers will be highly qualified | | | | | | | | | | |
| <p>2. All instructional paraprofessionals supported by Title I are highly qualified.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> List of paraprofessionals & their qualifications. <input type="checkbox"/> Verify number of paraprofessionals who have met highly qualified requirements. <input type="checkbox"/> AA Degree and/or local assessment | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="text-align: center; padding: 2px;">District Comments</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;"> 2/7/2013 8:20:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not employ paraprofessionals. </td> </tr> </tbody> </table> | District Comments | 2/7/2013 8:20:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not employ paraprofessionals. | | |
| District Comments | | | | | | | | | | |
| 2/7/2013 8:20:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not employ paraprofessionals. | | | | | | | | | | |
| <p>3. Parents (in Title I schools ONLY) are notified annually that they may request information regarding the professional qualifications of their child's teacher(s), and of paraprofessionals who provide instructional services to their children.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Copy of parent/guardian notification | | | | | | |
| <p>4. Parents (in Title I schools ONLY) are notified if their child is assigned to or being taught for four or more consecutive weeks by a teacher who is not highly qualified in a core academic subject.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Copy of dated letter of notification to parent/guardian | | | | | | |

II. Parent Involvement

| Component II: Parent Involvement | | | | | | |
|---|-------------------------------------|--------------------------|--------------------------|---|---------------------|---|
| The LEA and schools meet parental involvement requirements. | | | | | | |
| Sec. 1118(a)-(h) Sec. 1111(c)(14) Sec. 1111(d) Sec. 1116(a)(1)(D) | | | | | | |
| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
| 1. LEA has a written parental involvement policy and evidence that it is updated periodically. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Staff/Parent meeting agenda, memoranda, revisions. <input type="checkbox"/> Website posting. | | District Comments 2/7/2013 8:36:01 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Charter Arts Student Handbook pages 12-15. |
| 2. Schools receiving Title I funds have a written Parent Involvement (PI) Policy/Plan aligned with the District policy. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Submit PI Policy/Plans for all Title I schools and <input checked="" type="checkbox"/> Submit District PI Policy/Plan | | District Comments 2/7/2013 8:33:09 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Charter Arts Student Handbook pages 12-15. |
| 3. LEA and schools have carried out the six requirements to build parents capacity to be involved in school: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| a. Provide assistance to parents in understanding the State's academic content standards and student academic achievement standards, State and local academic assessments, the requirements of Title I, and how to monitor a child's progress and work with educators to improve student achievement; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Staff/Parent meetings, agendas, and sign-in sheets. | | |

| | | | | | | |
|--|-------------------------------------|--------------------------|--------------------------|---|--|--|
| b. Provide materials and training to help parents work with their children to improve achievement, such as literacy and technology training; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Training materials, evaluations, agendas, calendar of events, etc. | | |
| c. Educate instructional staff, with parental assistance, in the value and utility of contributions of parents, how to reach out to and communicate with and work with parents as equal partners, implement and coordinate parent programs and build ties between parents and school; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Staff/Parent meetings, agendas, and sign-in sheets. | | |
| d. Coordinate and integrate parent involvement programs and activities with other programs (Head Start, Parents as Teachers, Early Reading First, public preschool, and parent resource centers), that encourage and support parents in more fully participating in the education of their children; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Training materials, evaluations, agendas, calendar of events, etc. <input type="checkbox"/> Staff/Parent meetings, agendas, and sign-in sheets <input type="checkbox"/> Memorandum of Understanding (MOU). | | District Comments 2/7/2013 8:47:11 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Guidance and ESS may coordinate parent involvement in programs outside the school. |
| e. Sent information related to school and parent programs to parents in a format and language the parents could understand; | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Translated documents such as fliers, letters, web site postings, etc. | | District Comments 2/6/2013 12:27:12 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin The school has not received a request for translated documents. Monitor Comments 3/26/2013 11:41:06 AM Regional Coordinator Maria Garcia-Morales No requests were received for translated material. |

| f. Provide full opportunities for participation of parents of LEP students, students with disabilities, parents of migrant children. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Parent meetings, trainings, agendas, fliers, newsletters, and/or advertisements. | | | | |
|--|-------------------------------------|--------------------------|--------------------------|--|--|---|-------------------|--|
| 4. School parent involvement policies have been distributed to parents. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Parent meeting agendas <input checked="" type="checkbox"/> documentation shared or distributed | | <table border="1"> <thead> <tr> <th style="background-color: #cccccc;">District Comments</th> </tr> </thead> <tbody> <tr> <td>2/7/2013 8:50:53 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Charter Arts Student Handbook pages 12-15 and School Parent Compact Letter.</td> </tr> </tbody> </table> | District Comments | 2/7/2013 8:50:53 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Charter Arts Student Handbook pages 12-15 and School Parent Compact Letter. |
| District Comments | | | | | | | | |
| 2/7/2013 8:50:53 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Charter Arts Student Handbook pages 12-15 and School Parent Compact Letter. | | | | | | | | |
| 5. LEA has required schools to develop a written school-parent compact. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> school-home compact <input type="checkbox"/> Staff/Parent meeting agenda, memoranda. | | | | |
| 6. Schools hold an annual meeting to inform participating parents about Title I programs. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Back-to-School Nights/Title I meetings. <input type="checkbox"/> Agendas & attendance sheets of parent training. | | <table border="1"> <thead> <tr> <th style="background-color: #cccccc;">District Comments</th> </tr> </thead> <tbody> <tr> <td>2/7/2013 8:52:18 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Title I flyer distributed at Back to School Night and sign-in sheet.</td> </tr> </tbody> </table> | District Comments | 2/7/2013 8:52:18 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Title I flyer distributed at Back to School Night and sign-in sheet. |
| District Comments | | | | | | | | |
| 2/7/2013 8:52:18 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin See Title I flyer distributed at Back to School Night and sign-in sheet. | | | | | | | | |
| 7. LEA and schools have reviewed the effectiveness of school parental involvement activities. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> Documentation such as Annual surveys and results, parent meetings, evaluations, and parent teacher conference evaluations. <input type="checkbox"/> Agendas & attendance sheets of parent training. | | | | |

| <p>8. LEA and schools have informed parents about the existence of a parent resource center, if one exists.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> Documentation such as copies of fliers, letters sent home, posted information on boards at schools, and translated documents.</p> | | <table border="1"> <thead> <tr> <th data-bbox="1575 38 1986 94" style="background-color: #cccccc;">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1575 94 1986 339"> <p>2/8/2013 12:10:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a parent resource center.</p> </td> </tr> </tbody> </table> | District Comments | <p>2/8/2013 12:10:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a parent resource center.</p> |
|---|--------------------------|--------------------------|-------------------------------------|---|--|---|-------------------|---|
| District Comments | | | | | | | | |
| <p>2/8/2013 12:10:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a parent resource center.</p> | | | | | | | | |

III. LEA Improvement

Component III: LEA Improvement

LEAs identified for improvement, corrective action, or restructuring have met the requirements of being so identified.

Sec. 1116(b)(1)(B)
 Sec. 1116(b)(3)
 Sec. 1116(b)(4)-(6)
 Sec. 1116(b)(7)(C)(ii)
 Sec. 1116(b)(14)(B)

If the LEA is not identified for LEA Improvement, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|--------------------------|--------------------------|--------------------------|---|---|----------|
| 1. The LEA notified parents if the LEA is identified for improvement or corrective action. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of letter of notification to parents that states the LEA's status, the reasons for the identification, and how parents can participate in LEA improvement activities. | Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). <input type="checkbox"/> Newsletter <input type="checkbox"/> Mailed Letter <input type="checkbox"/> Website <input type="checkbox"/> Other | |
| 2. The LEA has developed a district improvement plan using the core elements outlined in the state's Comprehensive Plan. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of LEA Improvement plan <input type="checkbox"/> Evidence of school board approval of plan <input type="checkbox"/> Information on participation in the development of the plan (IU staff, outside expert, teachers, administrators, parents, etc.) | | |

| | | | | | | |
|--|--------------------------|--------------------------|--------------------------|---|--|--|
| <p>3. The LEA has set aside 10% of the district's Title I allocation for professional development activities necessary to ensure that the LEA makes AYP.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> Reservation of Funds page of eGrants application. <input type="checkbox"/> Professional development plan and/or calendar outlining the activities to be conducted with set aside funds. | <p>If the LEA also has schools in improvement it is required to set aside 10% of the Title I building allocation for professional developments. This amount can be used toward the LEA required set aside.</p> | |
|--|--------------------------|--------------------------|--------------------------|---|--|--|

IV. School Improvement

Component IV: School Improvement

Schools identified for improvement, corrective action, or restructuring have met the requirements of being so identified.

Sec. 1116(b)(1)(B)
 Sec. 1116(b)(3)
 Sec. 1116(b)(4)-(6)
 Sec. 1116(b)(7)(C)(ii)
 Sec. 1116(b)(14)(B)

If the LEA has no Title I schools identified for any level of School Improvement, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|---|--------------------------|--------------------------|--------------------------|---|---|----------|
| 1. The LEA notified all parents at least 14 days prior to the beginning of the school year if any schools are identified for improvement or corrective action. <i>(See School Choice section and SES section for additional notification requirements.)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of letter of notification to parents must include the schools' status, comparison with other schools, action plan, the reasons for the identification, and how parents can participate in school improvement activities. <input type="checkbox"/> Verification of date of notification | <ul style="list-style-type: none"> • Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • If applicable, the notification must be provided in different languages. <input type="checkbox"/> Newsletter <input type="checkbox"/> Mail <input type="checkbox"/> Website <input type="checkbox"/> Other <input type="checkbox"/> In Different Languages | |

| | | | | | | |
|---|--------------------------|--------------------------|--------------------------|---|--|--|
| <p>2. The LEA posted on their website beginning with SY 2007 and all subsequent years identified:</p> <p>a. Number of students eligible and transferred due to Choice.</p> <p>b. Number of students who were eligible and participated in SES.</p> <p>c. List of available schools for transfer.</p> <p>d. List of available SES providers.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Webpage</p> <p><input type="checkbox"/> Student attendance for building offering choice.</p> <p><input type="checkbox"/> Low Income or FRL numbers for school in SI 2 or CA.</p> | | |
| <p>3. The School has developed a 2-year school improvement plan using the School level Comprehensive Plan.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Copy of school improvement plan</p> <p><input type="checkbox"/> Copy of Statement of Quality Assurance submitted to PDE with appropriate signatures.</p> <p><input type="checkbox"/> Information on participation in the development of the plan (IU staff, outside expert, teachers, administrators, parents, etc.)</p> | | |
| <p>4. Each school identified for improvement must spend at least 10% of its Title I building allocation on professional development activities. ONLY School Improvement. not required for Corrective Action.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Professional development plan and/or calendar outlining the activities to be conducted with set aside funds.</p> <p><input type="checkbox"/> Sign-in sheets for professional development activities.</p> <p><input type="checkbox"/> Meeting minutes or agendas regarding scientifically based methods and strategies.</p> <p><input type="checkbox"/> Title I Budget</p> | | |
| <p>5. Each school identified for Corrective Action 1 or 2 involves parents in corrective actions taken to improve academic achievement.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Meeting agendas</p> <p><input type="checkbox"/> Parent notifications</p> <p><input type="checkbox"/> Meeting minutes</p> | | |

V. School Choice

Component V: School Choice

The LEA ensures that requirements for public school choice are met.

Sec. 1116(b)(1)(D) and (E)

Sec. 1112(g)(4)

If the LEA has no buildings in School Improvement I or choice can't be offered because there are no schools available for choice, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|--------------------------|--------------------------|--------------------------|--|---|----------|
| 1. The LEA at least 14 days prior to the beginning of the school year notified parents of all students enrolled in the identified school of their option to transfer their children to another public school within the LEA that is NOT identified for improvement or corrective action. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of letter of notification to parents that informs parents of school choice and the process to be used to exercise the option. <input type="checkbox"/> Verification of date of parent notification. | <ul style="list-style-type: none"> • Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • This notice may be a part of the general school improvement notification or it may be a separate notice. • If applicable, the notification must be provided in different languages. <input type="checkbox"/> Newsletter <input type="checkbox"/> Mail <input type="checkbox"/> Website <input type="checkbox"/> Other <input type="checkbox"/> As Part of a General Notification <input type="checkbox"/> In Different Languages | |

| | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--|--|--|
| <p>2. The LEA posted on their website prior to the beginning of the school year:</p> <p>a. Number of students eligible for transfer.</p> <p>b. Number of students who transferred.</p> <p>c. List of available schools for Choice transfers.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> LEA Webpage</p> <p><input type="checkbox"/> Student attendance for building offering choice.</p> <p><input type="checkbox"/> List of schools not in improvement available to accept Choice transferred students.</p> | | |
| <p>3. The LEA implemented a priority system for satisfying school choice requests only when cost is above the 20% maximum of Title I.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Explanation or copy of policies regarding the prioritization that took place when granting school choice transfers.</p> | <p>Limits on school choice cannot be imposed arbitrarily by the LEA for any reasons other than those associated with health and safety issues surrounding building capacity.</p> | |
| <p>4. The LEA set aside, at a minimum, an amount equal to 20% of its Title I allocation to pay for costs associated with school choice.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Reservation of Funds page of eGrants application.</p> <p><input type="checkbox"/> Other financial documents to document state and local funds used to support school choice costs.</p> | | |
| <p>5. If the LEA requested rollover of unused funds set aside for Choice (into the general Title I funds) the LEA met all of the following requirements:</p> <p>a. Partner with community groups</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Appropriate records used to record school choice information.</p> <p><input type="checkbox"/> Choice data is entered in eGrants</p> | <p>Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.</p> | |
| <p>5b. Ensure students/parents have a genuine opportunity to sign up for choice transfer.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <p><input type="checkbox"/> Appropriate records used to record school choice information.</p> <p><input type="checkbox"/> Choice data is entered in eGrants</p> | <p>Reviewers will find previous year data under SES and School Choice Data on the egrant main menu.</p> | |

| | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--|--|--|
| 5c. Parent notification mailed out at least 14 days prior to the start of the school year. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Appropriate records used to record school choice information. <input type="checkbox"/> Choice data is entered in eGrants | Reviewers will find previous year data under SES and School Choice Data on the egrant main menu. | |
| 5d. Website posting lists number of students eligible and participating. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Appropriate records used to record school choice information. <input type="checkbox"/> Choice data is entered in eGrants | Reviewers will find previous year data under SES and School Choice Data on the egrant main menu. | |
| 6. The LEA maintains records regarding transfer requests (approved and denied), numbers of students transferring and the buildings accepting transferred students. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Appropriate records used to record school choice information. <input type="checkbox"/> Choice data is entered in eGrants | | |

VI. Supplemental Educational Services (SES)

Component VI: Supplemental Educational Services (SES)

The LEA ensures that requirements for the provision of Supplementary Educational Services (SES) are met.

Sec. 1116(e)

If the LEA has no buildings in School Improvement II or any level of Corrective Action, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|---|--------------------------|--------------------------|--------------------------|---|--|----------|
| 1. The School notified parents of all low income (eligible) students of their option to obtain Supplemental Educational Services (SES) for their children and does not require additional requirements for participation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of letter of notification to parents that informs parents of the availability of SES and the process to follow to obtain it. <input type="checkbox"/> Documentation to show that the state approved list of SES providers was also forwarded to parents and that parents had ample opportunity to choose a provider. | <ul style="list-style-type: none"> • Reviewers should ask how notifications were distributed to parents (newsletter, mailed letter, website, etc.). • This notice may be a part of the general school improvement notification or it may be a separate notice. • If applicable, the notification must be provided in different languages. • SES may not replace other school programs (Supplement vs. Supplant) <input type="checkbox"/> Newsletter <input type="checkbox"/> Mail <input type="checkbox"/> Website <input type="checkbox"/> Other <input type="checkbox"/> Part of General Notification <input type="checkbox"/> In Different Languages | |

| | | | | | | |
|---|--------------------------|--------------------------|--------------------------|--|---|--|
| <p>2. The LEA posted on their website:</p> <p>a. Number of students eligible for SES.</p> <p>b. Number of students participating in SES</p> <p>c. List of available SES providers</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> LEA Website <input type="checkbox"/> List of SES Providers including distance providers <input type="checkbox"/> Selection of Schools Low Income data | <p>See List of providers on PDE/SES webpage.</p> | |
| <p>3. The LEA has correctly identified low income (eligible) students for SES and prioritized appropriately when determining participation only when cost is above the maximum amount of per pupil amount or 20% of Title I funding.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Low-income measure used to determine Title I building eligibility MUST be used to determine student eligibility for SES. <input type="checkbox"/> Criteria for priority of services. | | |
| <p>4. The LEA must enter into agreements between the LEA, the provider and the parent of the participating child for carrying out SES.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copies of contracts for each provider and student participating in SES. | | |
| <p>5. The LEA provides at least two enrollment windows for SES during the school year.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Parent Notifications <input type="checkbox"/> Signed Agreements | <p>Reviewers should ask parents of eligible students if they are aware of the two SES windows.</p> <input type="checkbox"/> Parents Asked | |
| <p>6. The LEA offered SES providers equal access to school facilities as other organizations using a fair, open and objective process.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> LEA Policy for access to school facilities. <input type="checkbox"/> SES Provider agreements | | |
| <p>7. If the LEA requested rollover of unused funds set aside for SES the LEA met all of the following requirements:</p> <p>a. Partner with community groups</p> <p>b. Ensure students/parents have a genuine opportunity to sign up for choice transfer.</p> <p>c. Parent notification mailed out at least 14 days prior to the start of the school year.</p> <p>d. Website posting lists number of students eligible and participating.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Parent Notification <input type="checkbox"/> LEA Website <input type="checkbox"/> FBO/CBO correspondence, phone logs or posters <input type="checkbox"/> DFP notification and Assurances for Rollover Form | <p>Reviewers should ask parents if they were aware of the opportunity to request SES.</p> <input type="checkbox"/> Parents Asked | |

| | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--|--|--|
| 8. The LEA maintains records regarding the numbers of students participating in SES. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> List of each school offering SES and the providers being used along with the number of students participating. <input type="checkbox"/> SES data entered in eGrants. | | |
|--|--------------------------|--------------------------|--------------------------|--|--|--|

VII. Schoolwide Programs

| Component VII: Schoolwide Programs | | | | | | |
|---|--------------------------|--------------------------|--------------------------|--|---------------------|----------|
| The LEA and schools develop schoolwide programs taht use the flexibility provided to them by law to improve the academic achievement of all students in the school. | | | | | | |
| Sec. 1114 | | | | | | |
| <input checked="" type="checkbox"/> If the LEA does not operate a Schoolwide Program in any Title I schools, this section can be skipped. | | | | | | |
| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
| 1. LEA provides guidance, technical assistance and support to schools developing schoolwide programs in the areas of needs assessment, comprehensive planning, implementation, and evaluation of a schoolwide program and requirements. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Evidence of the Planning Process and Technical Assistance. <input type="checkbox"/> Initial Planning meeting agenda/list of participants. <input type="checkbox"/> Whole-school orientation-agenda/list of participants. <input type="checkbox"/> Planning Team roster and calendar of meetings. <input type="checkbox"/> Plan approval. <input type="checkbox"/> Budget Reports. Copy of schoolwide plans | | |
| 2. All Schoolwide (SW) schools have an updated SW Plan. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Completed and approved School Level Plan and Addendum or <input type="checkbox"/> Completed and approved Division of Federal Programs Schoolwide Template | | |
| Each SW Plan Contains: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| 2a. Comprehensive Needs Assessment | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2b. Schoolwide reform strategies | <input type="checkbox"/> | <input type="checkbox"/> | | | | |

| | | | | | | |
|--|--------------------------|--------------------------|--|---|--|--|
| 2c. Instruction by highly qualified staff | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2d. High quality and ongoing professional development | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2e. High-quality teachers to "high-need" schools | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2f. Parent Involvement | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2g. Transitioning preschool children | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2h. Teacher input in assessment decisions | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2i. Effective, timely and additional assistance to students having difficulty mastering proficient or advanced levels of academic achievement standards | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 2j. Coordinated budget | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 3. Indication of which program funds have been consolidated in the schoolwide program and how the intent and purposes of the individual programs consolidated are addressed. | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> Financial reports. <input type="checkbox"/> SWP | | |

VIII. Targeted Assistance

Component VIII: Targeted Assistance

The LEA targeted assistance programs meet all requirements.

Sec. 1115

If the LEA only operates Schoolwide Programs in Title I schools, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | | | | | | |
|--|-------------------------------------|--------------------------|--------------------------|--|---------------------|-------------------|--|--|--|--|--|--|--|
| <p>1. The LEA has established targeted assistance programs that address statutory purposes and meet requirements, including the following:</p> <ul style="list-style-type: none"> • using effective instructional methods and strategies that strengthen the core academic program of the school • primary consideration to providing extended learning time for students served • an accelerated high quality curriculum • Minimizing the removal of children from regular classroom during regular school hours. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> Identification of scientifically-researched based instructional models. <input type="checkbox"/> School improvement plans. <input checked="" type="checkbox"/> Team meetings, professional development, agendas, sign-in sheets, minutes, etc. <input checked="" type="checkbox"/> School schedules and schedules for Title I staff and eligible students. <input checked="" type="checkbox"/> Benchmarks of Title I students receiving supplemental instruction. | | District Comments | <p>2/7/2013 9:00:52 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts supports Title I students with Reading/Writing workshops and Math workshops - see Syllabi and Split Funding Certification calendars. The Child Study Team reviews progress reports and reports cards of identified students. Charter Arts provides peer tutoring during lunch and we are establishing an after school tutoring program for students who need assistance but cannot be scheduled for workshops. We use standardized tests (Terranova) to identify students with needs.</p> | | | | | | |
| | | | | | | District Comments | | | | | | | |
| <p>2/7/2013 9:00:52 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts supports Title I students with Reading/Writing workshops and Math workshops - see Syllabi and Split Funding Certification calendars. The Child Study Team reviews progress reports and reports cards of identified students. Charter Arts provides peer tutoring during lunch and we are establishing an after school tutoring program for students who need assistance but cannot be scheduled for workshops. We use standardized tests (Terranova) to identify students with needs.</p> | | | | | | | | | | | | | |

| 2. LEA ensures that targeted assistance program planning coordinates with and supports the regular education program in schools. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> School Improvement Plan (identifies targeted assistance programs). <input checked="" type="checkbox"/> Documentation of scheduled team meetings. | | | | |
|--|-------------------------------------|--------------------------|--------------------------|---|--|--|--------------------------|--|
| 3. LEA promotes the integration of staff supported with targeted assistance funds into the regular school program, including professional development. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Professional Development Schedules <input type="checkbox"/> Documentation such as agenda for topics, sign-in sheets, etc. | | | | |
| 4. Selection for eligible students. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Selection criteria process/multiple selection criteria. <input checked="" type="checkbox"/> Student roster with test scores <input checked="" type="checkbox"/> Teacher/parent recommendation <input checked="" type="checkbox"/> Assessment data of Title I student <input checked="" type="checkbox"/> List of eligible students that are not serviced due to parents declining service | | <table border="1"> <thead> <tr> <th data-bbox="1268 513 1986 570" style="background-color: #cccccc;">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1268 570 1986 813"> 2/7/2013 9:06:50 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Terranova testing, classroom teachers recommendations, and parents requests. See referral form and exit survey. </td> </tr> </tbody> </table> | District Comments | 2/7/2013 9:06:50 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Terranova testing, classroom teachers recommendations, and parents requests. See referral form and exit survey. |
| District Comments | | | | | | | | |
| 2/7/2013 9:06:50 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Terranova testing, classroom teachers recommendations, and parents requests. See referral form and exit survey. | | | | | | | | |

IX. Nonpublic Schools

Component IX: Nonpublic Schools

The LEA provides Title I services to eligible children attending nonpublic schools.

Sec. 1120

Sec. 9503

34 CFR Part 200

§200.62 - 200.67, 200.77

§200.77(f)

§200.78(a)

If the LEA has no participating Nonpublic schools, this section can be skipped.

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|--------------------------|--------------------------|--------------------------|--|---------------------|----------|
| 1. LEA has public school ranking charts with per-pupil allocations identified. (Equitable Services) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Financial reports, line items to private school children in budget. <input type="checkbox"/> List of participating private schools. <input type="checkbox"/> Consolidated application | | |
| 2. LEA has policies and procedures for provision of services to eligible children attending nonpublic schools. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Consolidated Application Procedures | | |
| 3. Consultation occurred between LEA and nonpublic school officials. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copies of letters to private schools, agendas, meeting dates, participant lists/sign-in <input type="checkbox"/> Consolidated application <input type="checkbox"/> Record that services have been discussed | | |
| 4. LEA regularly supervises the provision of Title I services to nonpublic children. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Staff evaluations, visits/communication <input type="checkbox"/> Announcements/sign-in sheets for professional development and parent involvement opportunities | | |
| 5. LEA is evaluating the Title I program serving nonpublic school students. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Needs assessments/survey <input type="checkbox"/> Assessment data | | |

| | | | | | | |
|---|--------------------------|--------------------------|--------------------------|--|--|--|
| 6. Nonpublic school children, families and teachers are receiving equitable services. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Hired teachers to work with participating Title I students <input type="checkbox"/> Announcements/sign-in sheets for professional development and parent involvement opportunities | | |
| 7. The LEA has budgets that document appropriate set-asides. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Consolidated application <input type="checkbox"/> Quarterly Reports/Final Expenditure Reports | | |
| 8. The LEA has third party contract(s). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Name of Third Party Contractor <input type="checkbox"/> Payroll sheets <input type="checkbox"/> Written contract. <input type="checkbox"/> Consolidated application | | |
| 9. The LEA has complaint procedures for private school officials. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of complaint procedures | | |

X. Comparability

| Component X: Comparability | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|---|---------------------|----------|--|
| The LEA complies with the comparability provisions of Title I. | | | | | | | |
| Sec. 1120A(c) | | | | | | | |
| <input checked="" type="checkbox"/> If the LEA is exempt from Comparability requirements, this section can be skipped. For example, if there is no overlap of grade spans, the LEA is exempt from this requirement. | | | | | | | |
| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | |
| 1. Title I Comparability Report comparing Title I schools to non-Title I schools reported to SEA annually in Pennsylvania and submitted by November 15th. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Support Data housed at the LEA (individual school lists with staff names attached to the positions counted and excluded) <input type="checkbox"/> Documentation maintained supports the report submitted by November 15th of each year <input type="checkbox"/> HR action documentation for any corrective actions taken <input type="checkbox"/> Records are maintained for 3 years. <input type="checkbox"/> Written procedures to ensure that comparable services are provided. <input type="checkbox"/> Articulated (written) process on the movement of staff during school year to meet the November 15th deadline. | | | |

Title II A Program Review

Highly Qualified

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|-------------------------------------|--------------------------|-------------------------------------|--|---------------------|--|
| 1. The LEA has a plan in place to ensure all teachers of core academic subjects will be highly qualified. <i>Section 1119 (a)(1)&(3) and Section 2141 (a)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Highly Qualified Plan <input type="checkbox"/> List of teacher qualifications <input type="checkbox"/> Principal Attestation (PDE Form 425) <input type="checkbox"/> HQT IPDPs prepared for each teacher who is not highly qualified | | <p style="text-align: center;">District Comments</p> <p>2/7/2013 9:09:20 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not hire non highly qualified teachers in core academic subjects.</p> |
| 2. The LEA is implementing an individualized professional development plan for non-highly qualified teachers as indicated in the annual principal attestation (PDE Form 425). *This applies to LEAs that have not maintained highly qualified teacher status for 2 consecutive years. <i>Section 2141(c)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Individual professional development plan for each nonHQ teacher <input type="checkbox"/> LEA-supported and/or sponsored PD exists to assist teachers | | <p style="text-align: center;">District Comments</p> <p>2/6/2013 12:42:34 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Virginie Gournet (sub teacher) will be replaced in the 2013-2014 school year by a highly qualified teacher.</p> <p style="text-align: center;">Monitor Comments</p> <p>3/26/2013 11:42:07 AM Regional Coordinator Maria Garcia-Morales For 2013/14 SY all core teachers will be Highly Qualified..</p> |

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|--|--------------------------|--------------------------|-------------------------------------|---|---------------------|--|-------------------|--|
| <p>3. The LEA has entered into a written agreement with the SEA that outlines its use of Titles I & IIA funds to achieve highly qualified status. <i>Section (2141(c) *This applies to LEAs that have not made AYP and maintained 100% HQ for 3 consecutive years.</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> LEA/SEA plan <input type="checkbox"/> Evidence exists that plan is being implemented <i>(this could vary from LEA to LEA)</i> | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1554 129 2003 178" style="text-align: center;">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1554 178 2003 461"> <p>2/8/2013 12:17:07 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts school and LEA the same, written agreement not applicable.</p> </td> </tr> </tbody> </table> | District Comments | <p>2/8/2013 12:17:07 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts school and LEA the same, written agreement not applicable.</p> |
| District Comments | | | | | | | | |
| <p>2/8/2013 12:17:07 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts school and LEA the same, written agreement not applicable.</p> | | | | | | | | |
| <p>4. LEA ensures equitable distribution of experienced and HQ teachers within the districts schools to ensure poor and minority students are not taught at higher rates than other students by inexperienced, unqualified, or out-of-field teachers. <i>Section 1112(c)(1)(L)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> Equity Plan <input type="checkbox"/> Agendas of Equity Plan Meetings <input type="checkbox"/> Meeting minutes of Equity Plan writing & planning sessions. <input type="checkbox"/> Teachers are reassigned <input type="checkbox"/> Changes to union contract <input type="checkbox"/> Review of HQT/NHQT data and strategies revised in equity plan when there is no improvement | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1554 474 2003 522" style="text-align: center;">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1554 522 2003 805"> <p>2/8/2013 12:16:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school, equitable distribution is not applicable.</p> </td> </tr> </tbody> </table> | District Comments | <p>2/8/2013 12:16:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school, equitable distribution is not applicable.</p> |
| District Comments | | | | | | | | |
| <p>2/8/2013 12:16:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school, equitable distribution is not applicable.</p> | | | | | | | | |

Professional Development

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|--|-------------------------------------|--------------------------|--------------------------|---|---------------------|--|-------------------|--|
| 5. The LEA conducts an assessment of local needs for professional development and hiring, as identified by the LEA and school staff. <i>Section 2122 (c)(1)(2)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Copy of district needs assessment and findings | | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td>2/6/2013 12:51:23 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal.</td> </tr> </tbody> </table> | District Comments | 2/6/2013 12:51:23 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal. |
| District Comments | | | | | | | | |
| 2/6/2013 12:51:23 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal. | | | | | | | | |
| 6. The LEA involves parents in the planning of professional development activities. <i>Section 2122 (b)(7)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Meeting Notices, Agenda, Sign-in sheets | | | | |
| 7. The LEA professional development activities are based on a review of scientifically based research and designed to improve student academic achievement. <i>Section 2122 (b)(1)(B)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> List of professional development activities aligned to district plan. | | | | |
| 8. The LEA provides professional development activities to improve the knowledge of teachers, principals, paraprofessionals and other school staff. <i>Section 2123 (A)(3)(A&B)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> List of professional development activities. <input checked="" type="checkbox"/> List of In-Service activities <input checked="" type="checkbox"/> Attendance rosters | | | | |
| 9. The LEA professional development activities are used as part of a broader strategy to eliminate the achievement gap that separates low-income and minority students from other students. <i>Section 2122 (b)(2)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> PD needs assessment <input type="checkbox"/> Teacher surveys <input type="checkbox"/> ACT 48 PD plan | | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td>2/6/2013 12:54:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal.</td> </tr> </tbody> </table> | District Comments | 2/6/2013 12:54:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal. |
| District Comments | | | | | | | | |
| 2/6/2013 12:54:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts staff development is assessed by the Principal. | | | | | | | | |

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|--|--------------------------|--------------------------|-------------------------------------|--|---------------------|--|-------------------|---|
| <p>10. The LEA provides professional development expenditures for educational services to eligible nonpublic school staff equal to the proportion of funds allocated to participating public school attendance areas. <i>Section 9501(a)(b)(4)</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <ul style="list-style-type: none"> <input type="checkbox"/> Expenditures for non-public services <input type="checkbox"/> List on PDE web site <input type="checkbox"/> Title II-A Non-public share | | <table border="1" style="width: 100%;"> <thead> <tr> <th data-bbox="1593 128 2003 180" style="text-align: center;">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1593 180 2003 457"> <p>2/6/2013 12:55:02 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin The school does not have a relationship with non public schools.</p> </td> </tr> </tbody> </table> | District Comments | <p>2/6/2013 12:55:02 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin The school does not have a relationship with non public schools.</p> |
| District Comments | | | | | | | | |
| <p>2/6/2013 12:55:02 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin The school does not have a relationship with non public schools.</p> | | | | | | | | |

Class Size Reduction

| Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|---|-------------------------------------|--------------------------|-------------------------------------|---|---------------------|--|-------------------|--|
| 11. The LEA targets funds to schools that have the lowest portion of highly qualified teachers; have the largest average class size; or are identified for school improvement. <i>Section 2122 (b)(3)</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Class rosters <input type="checkbox"/> Highly Qualified Teachers <input type="checkbox"/> SI Schools | | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td> 2/6/2013 12:56:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts has only one school and is not in school improvement. </td> </tr> </tbody> </table> | District Comments | 2/6/2013 12:56:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts has only one school and is not in school improvement. |
| District Comments | | | | | | | | |
| 2/6/2013 12:56:04 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts has only one school and is not in school improvement. | | | | | | | | |
| 12. The LEA utilizes highly qualified teachers to reduce class size. <i>Section 2123 (a)(2)(B)</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Highly Qualified Teacher Credentials from PDE | | | | |

Component XI: Fiscal Requirements

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|---|---|-------------------------------------|-------------------------------------|---|---|---|
| A. Audits The SEA ensures that the State and the LEAs are audited annually, if required, and that all corrective actions required through this process are fully implemented. OMB Circular A-87 | 1. Copies of single audit reports (2 most recent), corrective action plans and approval documents for the LEA. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> LEA response to findings. <input type="checkbox"/> PDE follow-up reviews of findings. <input type="checkbox"/> Independent auditors report shows that the LEA has corrected all action required. | PDE Monitor review single audit from previous year (federal programs only) and reviews district comments (management letter). | District Comments 2/6/2013 12:58:41 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts has not been required to submit to a single audit. |
| | B. Carryover The LEA complies with the carryover provisions of Title I. Sec. 1127 | 1. LEAs with Title I allocations greater than \$50,000 per year have not carried over more than 15% of their allocation from one year to the next unless the SEA has waived the limitation (allowable once every 3 year cycle if the SEA believes the request is reasonable and necessary). | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Carryover section of Title I project on eGrants | |
| | 2. The LEA has requested (and received) a waiver from the SEA if the carryover from the prior year exceeds 15%. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Waiver request on eGrants. <input type="checkbox"/> Waiver request and "Carryover Waiver Approval Letter" from DFP on file at LEA/District. | | District Comments 2/6/2013 1:00:26 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts has not requested a carry over waiver. |
| C. Rank Order | | | | | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|--|---|--------------------------|--------------------------|-------------------------------------|---|---------------------|---|
| <p>The LEA ensures that it complies with the requirements of Title I when allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible school attendance area.</p> <p>Sec. 1113 34 CFR Part 200 §200.77-§200.78</p> | <p>1. The LEA is only serving eligible schools and all schools above 75% poverty are served.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> Documentation detailing the poverty data used to determine eligibility</p> | | <p style="text-align: center;">District Comments</p> <p>2/6/2013 1:01:08 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school and the poverty rate is not above 75%.</p> |
| | <p>2. The ranking procedures are applied without regard to grade spans or schools when poverty rate of school is 75% and above.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> Schools with poverty rates of 75% or greater are served. Funds are allocated at a per pupil rate.</p> | | <p style="text-align: center;">District Comments</p> <p>2/6/2013 1:01:46 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school and the poverty rate is not above 75%.</p> |
| | <p>3. Eligible schools are ranked and served from highest to lowest poverty.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> Allocations given to Title I schools match each school's allocation in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.)</p> | | <p style="text-align: center;">District Comments</p> <p>2/8/2013 12:18:53 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school ranking is not applicable.</p> |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|--|--|-------------------------------------|--------------------------|-------------------------------------|---|---------------------|--|-------------------|--|
| | 4. The allocation to each eligible school and the per pupil allocation match. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Per pupil expenditures at building level matches per pupil amounts in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.) | | <table border="1"> <thead> <tr> <th data-bbox="1680 129 1999 178">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1680 178 1999 496"> 2/6/2013 1:02:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school and the poverty rate is not above 75%. </td> </tr> </tbody> </table> | District Comments | 2/6/2013 1:02:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school and the poverty rate is not above 75%. |
| District Comments | | | | | | | | | |
| 2/6/2013 1:02:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is one school and the poverty rate is not above 75%. | | | | | | | | | |
| | 5. Allocations given to Title I schools match each school's allocation in the Selection of Schools/Ranking Page (in LEA's Title I project within their Consolidated Application in eGrants.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Local budget sheets. <input type="checkbox"/> System tracking expenditure reports. | | | | |
| | 6. The prekindergarten (PreK) children are excluded from the poverty count of any school. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> The LEA's count of children from low income families does not include children under the age of 5. | | <table border="1"> <thead> <tr> <th data-bbox="1680 771 1999 820">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1680 820 1999 1101"> 2/6/2013 1:04:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is a high school, not PreK. </td> </tr> </tbody> </table> | District Comments | 2/6/2013 1:04:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is a high school, not PreK. |
| District Comments | | | | | | | | | |
| 2/6/2013 1:04:20 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is a high school, not PreK. | | | | | | | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|--|--|-------------------------------------|--------------------------|-------------------------------------|---|---|--|-------------------|---|
| <p>D. Supplement / Supplant</p> <p>The LEA ensures that Title I funds are used only to supplement or increase non-Federal sources used for the education of participating children and not to supplant funds from non-Federal sources.</p> <p>Sec. 1114 Sec. 1115 Sec. 1116 Sec. 1120A</p> | <p>1. LEA approved budget and records of expenditures of Title I funds at the district level match.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Statement of Allocation & Expenditures | <p>Pertains to:</p> <ul style="list-style-type: none"> • Title IA & D • Title II A • Title III <p>*Documentation may be minimal or non-existent in cases regarding supplanting. If you think there may be a problem, refer to DFP Regional Coordinator.</p> | | | |
| | <p>2. Schoolwide program expenditures verify that funds have not supplanted non-federal resources.</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Statement of Allocation & Expenditures. <input type="checkbox"/> Expenditures match SWP activities <input type="checkbox"/> State/local fund expenditures have not decreased | | <table border="1"> <thead> <tr> <th data-bbox="1682 751 1999 800">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1682 800 1999 1086"> <p>2/6/2013 1:05:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is target assist, not school wide.</p> </td> </tr> </tbody> </table> | District Comments | <p>2/6/2013 1:05:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is target assist, not school wide.</p> |
| District Comments | | | | | | | | | |
| <p>2/6/2013 1:05:59 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is target assist, not school wide.</p> | | | | | | | | | |
| | <p>3. Targeted assistance program expenditures meet the statutory requirements and are supplemental in nature & do not supplant non-federal resources.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Statement of Allocation & Expenditures are supplemental | | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|---|---|-------------------------------------|-------------------------------------|---|--|---|--|---|--|
| E. Equipment and Related Property OMB Circular A-87 EDGAR 80.32 | 1. LEA maintains Inventory records, purchase orders and receipts for equipment purchased. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Inventory is on file and up to date (All equipment at \$1,500 or LEA capitalization threshold \$ _____ is maintained). | Pertains to: <ul style="list-style-type: none"> • Title IA & D • Title II A • Title III | | | |
| | 2. The LEA conducts a physical inventory of all equipment at least once every two years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Equipment Inventory List | Pertains to: <ul style="list-style-type: none"> • Title IA & D • Title II A • Title III | | | |
| F. Compliance to Reservations The LEA complies with requirements regarding the reservation of funds. Sec. 1113 Sec. 1116 Sec. 1118 | 1. The LEA has reserved funds necessary to provide services comparable to those provided to children in Title I funded schools to serve homeless children, neglected children in local institutions, and if appropriate, Neglected or Delinquent children in community day schools and delinquent children in local institutions. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Amounts on Reservation of Funds section of Title I project match corresponding line items on budget <input type="checkbox"/> Line items can be followed. <input type="checkbox"/> Expenditures are charged to the line items. | Pertains to: <ul style="list-style-type: none"> • Title IA & D | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td>2/7/2013 9:21:17 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have homeless, neglected, or delinquent students.</td> </tr> </tbody> </table> | District Comments | 2/7/2013 9:21:17 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have homeless, neglected, or delinquent students. |
| | District Comments | | | | | | | | |
| 2/7/2013 9:21:17 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have homeless, neglected, or delinquent students. | | | | | | | | | |
| 2. LEA has reserved an amount equal to 20% of its Title I allocation for transportation/supplemental services or both. (for school improvement schools only; if no schools in school improvement, check NA) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Reservations are in the ROF screen on egrants. <input type="checkbox"/> Line items can be followed. <input type="checkbox"/> Expenditures are charged to the line items. <input type="checkbox"/> LEA documents expenditures for choice and supplemental services (agreements between LEA and providers). | | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td>2/7/2013 9:21:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement.</td> </tr> </tbody> </table> | District Comments | 2/7/2013 9:21:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement. | |
| District Comments | | | | | | | | | |
| 2/7/2013 9:21:35 AM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement. | | | | | | | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|---|--|--------------------------|--------------------------|-------------------------------------|--|---------------------|---|-------------------|---|
| | 3. LEAs receiving more than \$500,000 have reserved 1% of their allocation for parental involvement and that 95% of those funds have been distributed to served schools. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Procedure for allocation 95% to schools. <input type="checkbox"/> 95% allocated to schools. <input type="checkbox"/> At least 1% of Title I allocation is reflected in line item "3300-Community Services" within Title I budget. <input type="checkbox"/> Agendas, Sign-Ins, Calendar of training, contracts with trainers etc. <input type="checkbox"/> Expenditures/invoices supporting Parent Involvement Set Aside amount. | | <table border="1"> <thead> <tr> <th data-bbox="1680 129 2003 178">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1680 178 2003 495"> 2/6/2013 1:08:55 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Ars does not receive \$500,000 in funding. </td> </tr> </tbody> </table> | District Comments | 2/6/2013 1:08:55 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Ars does not receive \$500,000 in funding. |
| District Comments | | | | | | | | | |
| 2/6/2013 1:08:55 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Ars does not receive \$500,000 in funding. | | | | | | | | | |
| | 4. LEAs with Title I schools identified for improvement have set aside 10% of funds for professional development activities. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Activities scheduled for professional development, agendas, sign-in sheets, contracted technical assistance, etc. <input type="checkbox"/> 10% of the Title I allocation is reported on the LEA actual budget reports under professional development. <input type="checkbox"/> 10% of school's in improvement allocation is tracked by LEA for professional development. | | <table border="1"> <thead> <tr> <th data-bbox="1680 868 2003 917">District Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="1680 917 2003 1193"> 2/6/2013 1:09:19 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement. </td> </tr> </tbody> </table> | District Comments | 2/6/2013 1:09:19 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement. |
| District Comments | | | | | | | | | |
| 2/6/2013 1:09:19 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts is not in school improvement. | | | | | | | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments | | |
|---|--|-------------------------------------|--------------------------|-------------------------------------|--|--|---|-------------------|---|
| G. Obligating Funds | 1. The LEA began obligating funds on or after the programs' approved date ; (Program start date is found on first page of approved Consolidated Application). | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Dates on program expenditure records/invoices, begin on or after approved start date on Consolidated Application. | Pertains to: • Title IA & D • Title II A • Title III | | | |
| H. Nonpublic School Services | 1. The LEA reserved the same per pupil amount to each non-public low-income child as distributed to each public low-income child. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> Nonpublic Per Pupil Amounts are correctly distributed. <input type="checkbox"/> Interdistrict agreement and/or 3rd Party contract amounts match what is approved on consolidated application. <input type="checkbox"/> Budget reflects Nonpublic total. | Pertains to: • Title IA & D • Title II A • Title III | <table border="1"> <thead> <tr> <th>District Comments</th> </tr> </thead> <tbody> <tr> <td>2/6/2013 1:10:53 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a relationship with non public schools.</td> </tr> </tbody> </table> | District Comments | 2/6/2013 1:10:53 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a relationship with non public schools. |
| District Comments | | | | | | | | | |
| 2/6/2013 1:10:53 PM District Administrator Lehigh Valley CHS for the Performing Arts Admin Charter Arts does not have a relationship with non public schools. | | | | | | | | | |
| I. Time Documentation | 1. The LEA maintains semi-annual certifications for all employees funded from a single cost objective. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> Semi-annual time certifications | Pertains to: • Title IA & D • Title II A • Title III | | | |
| | 2. The LEA maintains time documentation logs/schedules for prorated staff including the amount of time spent on each funding source activity; the logs are signed by a supervisor and reconciled to payroll documentation on a monthly basis | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Logs <input checked="" type="checkbox"/> Staff Calendars <input checked="" type="checkbox"/> Staff Schedules | Pertains to: • Title IA & D • Title II A • Title III | | | |

| Description | Requirements | Met | Not Met | N/A | Suggested Evidence of Implementation | Additional Evidence | Comments |
|----------------------------|---|-------------------------------------|--------------------------|--------------------------|--------------------------------------|---|----------|
| J. Record Retention | 1. Records are maintained for a period of 7 years | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | Pertains to: <ul style="list-style-type: none"> • Title IA & D • Title II A • Title III | |

Personnel Interviews

| Building | Date | Staff Member Interviewed | Staff Member Position |
|--|-----------|--------------------------|-----------------------|
| Lehigh Valley for the Performing Arts CS | 2/12/2013 | Sharon Fehlinger-Ricker | Principal |



**Executive Summary
BSE Compliance Monitoring Review
of the
Lehigh Valley Performing Arts CS**

**PART I
SUMMARY OF FINDINGS**

A. Review Process

Prior to the Bureau's monitoring the week of January 10, 2012, the Lehigh Valley Performing Arts 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.

Commendations

In addition to reporting the status of compliance, the BSE wishes to recognize the Lehigh Valley Performing Arts CS for the following:

- The Charter School is commended for achieving 100% graduation for students with disabilities in the 2009-10 and 2010-11 school years and for a high percentage of students with disabilities going on to post-secondary education.

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) | 0 | 1 |
| Confidentiality | 1 | 0 |
| Dispute Resolution (Due process hearing decision implementation) | 1 | 0 |
| Exclusions: Suspensions and Expulsions (Procedural Requirements) | 1 | 0 |
| Independent Education Evaluation | 1 | 0 |
| Least Restrictive Environment (LRE) | 1 | 0 |
| Provision of Extended School Year Services | 1 | 0 |
| Provision of Related Service Including Psychological Counseling | 1 | 0 |
| Parent Training | 1 | 0 |
| Public School Enrollment | 1 | 0 |
| Surrogate Parents (Students Requiring) | 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 | 1 |
| Graduation Rates (SPP) | 0 | 1 |
| Dropout Rates (SPP) | 0 | 1 |
| Suspensions (Rates) | 0 | 1 |
| 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 Lehigh Valley Performing Arts 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 | 86 | 4 | 70 |
| Evaluation/Reevaluation: Process and Content | 305 | 0 | 475 |
| Individualized Education Program: Process and Content | 500 | 5 | 295 |
| Procedural Safeguards: Process and Content | 118 | 1 | 1 |
| TOTALS | 1009 | 10 | 841 |

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 | 231 | 6 | 103 |
| Program Implementation: Special Ed Teacher Interviews | 301 | 1 | 142 |
| Program Implementation: Parent Interviews | 173 | 10 | 88 |
| TOTALS | 705 | 17 | 333 |

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 | 51 | 0 | 12 |

6. EDUCATIONAL BENEFIT REVIEW

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

PART II