

Philadelphia Electrical & Tech CHS

Charter Annual Report

07/01/2013 - 06/30/2014

School Profile

Demographics

1420-22 Chestnut Street
Philadelphia, PA 19102
(267)514-1824

Phase:	Phase 1
CEO Name:	Erin Dougherty
CEO E-mail address:	doughertye@petchs.org

Governance and Staff

Leadership Changes

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

On March 13, 2013, Board President Walter DeTreux resigned his office. Charles Gibbs was elected Board President at the same meeting.

In October, 2013, School CEO Michael Nemitz went on administrative leave. As of June 30, 2014, Mr. Nemitz will no longer be the CEO of PE&T. Mr. Nemitz's replacement has not yet been named.

Board of Trustees Meeting Schedule

Location	Date and Time
PE&T	7/18/2013 3:00 PM
PE&T	8/22/2013 3:00 PM
PE&T	9/19/2013 5:00 PM
PE&T	10/17/2013 5:00 PM
PE&T	11/21/2013 5:00 PM
PE&T	1/16/2014 5:00 PM
PE&T	2/28/2014 5:00 PM
PE&T	3/20/2014 5:00 PM
PE&T	4/24/2014 5:00 PM
PE&T	5/15/2014 5:00 PM
PE&T	6/19/2014 5:00 PM
PE&T	8/21/2014 5:00 PM
PE&T	9/18/2014 5:00 PM
PE&T	10/16/2014 5:00 PM
PE&T	11/20/2014 5:00 PM
PE&T	12/18/2014 5:00 PM
PE&T	1/15/2015 5:00 PM
PE&T	2/19/2015 5:00 PM
PE&T	3/19/2015 5:00 PM
PE&T	4/16/2015 5:00 PM
PE&T	5/21/2015 5:00 PM
PE&T	6/18/2015 5:00 PM

Professional Staff Member Roster

Jeffrey Taylor	
PA Certified	Yes
Areas of Certification	Mathematics 7-12; Principal K-12
Grades Teaching or Serving	9 - 12
All Areas of Assignment, Subject Areas Teaching, or Services Provided	Principal
Number of Hours Annually Worked in Assignment	2080
Percentage of Time in Certified Position	100.0
Percentage of Time in Areas Not Certified	0.0

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

XLS file uploaded.

Quality of Teaching and Other Staff

Position Categories	All Employed per Category	Appropriately Certified	Promoted	Transferred	Terminated	Contracted for Following Year
Chief Academic Officer/Director	0.00					0.00
Principal	1.00	1.00				1.00
Assistant Principal	1.00	1.00				1.00
Classroom Teacher (including Master Teachers)	28.00	27.00				28.00
Specialty Teacher (including Master Teachers)	0.00	0.00				0.00
Special Education Teacher (including Master Teachers)	3.00	2.00				4.00
Special Education Coordinator	0.00	0.00				0.00
Counselor	1.00	1.00				1.00
Psychologist	0.00					0.00
School Nurse	0.00					0.00
Totals	34.00	32.00	0	0	0	35.00

Further explanation:

We also employ a School Social Worker, a Dean of Students, and two Co-Op Coordinators, none are in a certified position.

Fiscal Matters

Major Fundraising Activities

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

There were no major fundraising activities performed this year and at this time none are planned for next year.

Fiscal Solvency Policies

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

None

Fiscal Solvency Policies

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

No files have been uploaded.

Accounting System

Changes to the accounting system the charter school uses:

None

Preliminary Statements of Revenues, Expenditures & Fund Balances

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

XLS file uploaded.

Financial Audits

Basics

Audit Firm:	CitrinCooperman
Date of Last Audit:	06/30/2013
Fiscal Year Last Audited:	2012-2013

Explanation of the Report

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

This narrative is empty.

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:

Date of Last Federal
Programs Consolidated
Review:

School Year Reviewed:

Federal Programs Consolidated Review Report

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

No file has been 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
Counselor	PE&T	0.16
Nurse	PE&T	0.16
Social Worker	PE&T	0.5

Special Education Contracted Services

Title	Amt. of Time per Week	Operator	Number of Students
Aide for students from Delta-T	5 Days	Outside Contractor	10 or fewer
Occupational Therapist from Catapult	0.5 Days	Outside Contractor	10 or fewer
Psychologist for Evaluations, Re-	1 Days	Outside	10 or fewer

Evaluations, FBAs form Catapult and Delta-T		Contractor	
Speech/Language Therapist from Catapult	2.5 Days	Outside Contractor	23

Special Education Cyclical Monitoring

Date of Last Special Education Cyclical Monitoring:

12/14/2010

Link to Report (Optional):

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:

1. Purchased 10 Apple I-pods for teacher use

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

\$0.00

Facility Plans and Other Capital Needs

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

The Charter School is located in an office building in Center City Philadelphia. The building's configuration does not allow for expansion. Moving the school into a new building is a long-term goal. The search for a new facility is planned for the 2014-2015 school year.

Memorandums of Understanding

Organization	Purpose
Philadelphia Police Department	To establish procedures to be followed when certain incidents occur on school property, at any school sponsored activity, or on a conveyance providing transportation to or from a school or school sponsored activity. Also to foster a relationship of cooperation and mutual support and to maintain a safe school environment.

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 Charles Gibbs on 8/4/2014

President, Board of Trustees

Affirmed by Erin Dougherty on 8/1/2014

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 Charles Gibbs on 8/4/2014

President, Board of Trustees

Affirmed by Erin Dougherty on 8/1/2014

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 Charles Gibbs on 8/4/2014

President, Board of Trustees

Affirmed by Erin Dougherty on 8/1/2014

Chief Executive Officer

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY
CHARTER HIGH SCHOOL
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund	10
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	13
Statement of Fiduciary Net Position	14
Notes to Financial Statements	15 - 23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP)	24
SINGLE AUDIT	
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
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 <i>Government Auditing Standards</i>	27 - 28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	29 - 30
Schedule of Findings and Questioned Costs	31



CITRIN COOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Philadelphia Electrical and Technology Charter High School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Philadelphia Electrical and Technology Charter High School (a nonprofit organization) (the "School") 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School as of June 30, 2013, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 7 and page 24, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic 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 May 8, 2014, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
May 8, 2014

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The Board of Trustees of Philadelphia Electrical and Technology Charter High School (the "School") offers readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented herein in conjunction with the School's financial statements.

Financial Highlights

- Total governmental revenues for the fiscal year ended June 30, 2013, were \$7,341,878, representing a decrease of \$189,196 from June 30, 2012.
- At June 30, 2013, the School reported an ending governmental fund balance of \$255,258, representing a decrease of \$171,554 from June 30, 2012.
- The School's cash balance at June 30, 2013, was \$217,887, representing a decrease of \$200,148 from June 30, 2012.

Overview of the 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: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) the notes to the financial statements, and (4) the federal awards section.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. expenditures accrued in one fiscal year but paid in subsequent years, and depreciation).

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. The School's function is to provide an alternative educational opportunity.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Overview of the Financial Statements (Continued)

Fund Financial Statements

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The School, like governmental-type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has two fund types, the governmental general fund and the fiduciary agency fund.

Notes to the Financial Statements

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

Supplementary Information

The governmental fund budgetary comparison schedule is presented for purposes of additional analysis and is prepared using a basis other than accounting principles generally accepted in the United States of America ("GAAP"), for state reporting requirements.

Single Audit Requirements

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*.

Government-Wide Financial Analysis

Management has adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which requires a comparative analysis of current and prior year balances.

	June 30,	
	2013	2012
Current assets	\$ 842,277	\$ 910,123
Noncurrent assets	3,828	62,483
Total assets	846,105	972,606
Total liabilities	587,019	529,061
Net position:		
Net investment in capital assets	3,828	16,733
Unrestricted	255,258	426,812
Total net position	\$ 259,086	\$ 443,545

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$259,086 as of June 30, 2013.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Government-Wide Financial Analysis (Continued)

The School's revenues are predominately received from the School District of Philadelphia based on student enrollment. For the year ended June 30, 2013, the School's expenditures (\$7,526,337) exceeded its revenues (\$7,341,878) by \$184,459.

	<u>2013</u>	<u>2012</u>
Revenues:		
Local educational agencies	\$ 5,913,907	\$ 6,165,824
State sources	409,826	322,041
Federal sources	1,000,154	1,014,091
Other revenue	<u>17,991</u>	<u>29,118</u>
Total revenues	<u>7,341,878</u>	<u>7,531,074</u>
Expenditures:		
Other instructional programs	3,442,475	3,559,812
Pupil personnel services	220,601	207,567
Instructional staff services	42,175	95,198
Administrative services	1,504,453	1,419,003
Pupil health	57,459	57,976
Business services	96,391	100,013
Operation and maintenance of plant services	1,444,717	1,546,305
Other support services	473,373	471,814
Student activities	133,689	135,476
Student transportation reimbursement	98,099	74,474
Depreciation expense	<u>12,905</u>	<u>29,173</u>
Total expenditures	<u>7,526,337</u>	<u>7,696,811</u>
Change in net position	(184,459)	(165,737)
Net position - beginning	<u>443,545</u>	<u>609,282</u>
NET POSITION - ENDING	<u>\$ 259,086</u>	<u>\$ 443,545</u>

Governmental Fund

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

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned and total fund balance of the general fund was \$255,258.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

General Fund Budgetary Highlights

Over the course of the year, the School revised the annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for programs, supplies and equipment. There were no formal budget amendments made that were required to be submitted to the state of Pennsylvania.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the School's net investment in capital assets for its governmental activities totaled \$3,828 (net of accumulated depreciation). This net investment in capital assets includes furniture for the School along with leasehold improvements.

Long-term Debt

At June 30, 2013, the School had no outstanding long-term debt.

Economic Factors and Next Year's Budgets and Rates

The School does not foresee any substantial variations with next year's economic factors, budgets, or rates.

Future Events That Will Financially Impact the School

The School does not foresee any future events at this time that will financially impact the School.

Contacting the School's Financial Management

The financial report is designed to provide interested parties a general overview of the School's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to: Chief Executive Officer, Philadelphia Electrical and Technology Charter High School, 1420-22 Chestnut Street, Philadelphia, Pennsylvania 19102, or call (267) 514-1824.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 217,887
State subsidies receivable	238,432
Federal subsidies receivable	222,807
Local subsidies receivable	13,796
Prepaid expenses	103,605
Security deposit	45,750
Capital assets:	
Leasehold improvements	67,954
Furniture and equipment	447,736
Less: accumulated depreciation	<u>(511,862)</u>
Total assets	<u>846,105</u>
 LIABILITIES	
Accounts payable and accrued expenses	124,589
Accrued salaries and benefits	<u>462,430</u>
Total liabilities	<u>587,019</u>
Commitments and contingencies (Notes 6, 7, 8, 9 and 10)	
NET POSITION	
Net investment in capital assets	3,828
Unrestricted	<u>255,258</u>
Total net position	<u>\$ 259,086</u>

See accompanying notes to financial statements.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Governmental Activities
Primary government:				
Governmental activities:				
Other instructional programs	\$ 3,442,475	\$ 2,980,054		\$ (462,421)
Pupil personnel services	220,601	9,089		(211,512)
Instructional staff services	42,175	405		(41,770)
Administrative services	1,504,453	69,624		(1,434,829)
Pupil health	57,459	13,000		(44,459)
Business services	96,391	-		(96,391)
Operation and maintenance of plant services	1,444,717	121,734		(1,322,983)
Other support services	473,373	24,427		(448,946)
Student activities	133,689	4,057		(129,632)
Student transportation reimbursement	98,099	-		(98,099)
Depreciation expense	<u>12,905</u>	<u>-</u>		<u>(12,905)</u>
Total governmental activities	<u>\$ 7,526,337</u>	<u>\$ 3,222,390</u>		<u>(4,303,947)</u>
General revenues:				
				4,101,497
				<u>17,991</u>
				<u>4,119,488</u>
				(184,459)
				<u>443,545</u>
				<u>\$ 259,086</u>

See accompanying notes to financial statements.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2013**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 217,887
State subsidies receivable	238,432
Federal subsidies receivable	222,807
Local subsidies receivable	13,796
Prepaid expenses	103,605
Security deposit	<u>45,750</u>
TOTAL ASSETS	<u>\$ 842,277</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable and accrued expenses	\$ 124,589
Accrued salaries and benefits	<u>462,430</u>
Total liabilities	587,019
Fund balance:	
Unassigned	<u>255,258</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 842,277</u>

See accompanying notes to financial statements.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO
THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total fund balance for governmental fund \$ 255,258

Total net position reported for governmental activities in the statement of net position is different because

Capital assets used in the governmental fund are not financial resources and, therefore, are not reported in the fund. Those assets consist of:

Leasehold improvements	67,954	
Furniture and equipment	447,736	
Less: accumulated depreciation	<u>(511,862)</u>	
		<u>3,828</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 259,086**

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>
Revenues:	
Local educational agencies	\$ 5,913,907
Other local sources	17,991
State sources	409,826
Federal sources	<u>1,000,154</u>
Total revenues	<u>7,341,878</u>
Expenditures:	
Instruction	3,442,475
Support services	3,991,440
Non-instructional services	<u>79,517</u>
Total expenditures	<u>7,513,432</u>
Net change in fund balance	(171,554)
Fund balance - beginning	<u>426,812</u>
FUND BALANCE - ENDING	<u>\$ 255,258</u>

See accompanying notes to financial statements.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT
OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net change in fund balance - total governmental fund \$ (171,554)

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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense, as follows:

Capital outlays	-	
Depreciation expense	<u>(12,905)</u>	
		<u>(12,905)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (184,459)

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	<u>Total Agency Fund</u>
Assets:	
Cash	\$ <u>64,375</u>
TOTAL ASSETS	\$ <u><u>64,375</u></u>
Liabilities:	
Due to student group	\$ <u>64,375</u>
TOTAL LIABILITIES	\$ <u><u>64,375</u></u>

See accompanying notes to financial statements.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Philadelphia Electrical and Technology Charter High School (the "School") is organized as a nonprofit corporation in Pennsylvania to operate a charter school in accordance with Pennsylvania Act 22 of 1997 (the "Act") and is operating under a Charter which was subsequently renewed through 2017 on January 16, 2014, and can be renewed for an additional term. The School is located in Philadelphia, Pennsylvania. During the 2012-2013 school year, the School served children in grades 9 through 12.

The mission of the School is to provide students in grades 9 through 12 a content-rich, academically rigorous Core Knowledge education with a well-defined, sequential curriculum in a safe, orderly, disciplined, and caring environment. The School's students will learn to express themselves in at least one international language and will utilize computer technology to support learning in all major subjects and to become literate in the technologies of the 21st century.

The School 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. The reporting entity of the School is based upon criteria set forth by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board has issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34* ("Statement 61"). Statement 61 provides additional criteria for classifying entities as component units to better assess the accountability of school officials by ensuring that the financial reporting entity includes only organizations for which the officials are financially accountable or that are determined by the government to be misleading to exclude. The statement is effective for periods beginning after June 15, 2012. Statement 61 does not have any impact on the School's financial statements.

The accompanying financial statements present the activities of the School. The School is not a component unit of another reporting entity. The decision to include a potential component unit in the School's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. The School has no component units.

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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("Statement 62"). Statement 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Statement 62 does not have any impact on the School's financial statements.

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements

The 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.

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 fund:

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

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund financial statements (continued)

The School reports the following fiduciary fund:

Student Activities Fund - The agency fund is used to account for assets held by the School for student groups and is managed by the students. The agency fund is purely custodial and, thus, does not involve measurement of operations.

Net position

The School has adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("Statement 63"). Statement 63 establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). Statement 63 requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of Statement 63 in the School's financial statements was the renaming of "net assets" to "net position," including changing the name of the financial statement from "Statement of net assets" to "Statement of net position." Statement 63 requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. **BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Balance Classification Polices and Procedures

The School follows the provisions of GASB Statement No. 54, *Fund Balances* ("Statement 54"). Statement 54 requires the classification of the School's fund balance classifications into five components: nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as follows:

- Nonspendable - This category is for amounts that can not be spent because they are either (1) not in spendable form or (2) legally or contractually required to remain intact.
- Restricted - This category is the part of the 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.
- Committed - This category is the portion of the fund balance that can only be used for specific purposes as a result of formal action by the School's highest level of authority.
- Assigned - This category reflects funds that the School intends to use for a specific purpose but are not considered restricted or committed.
- Unassigned - This category represents the part of the spendable fund balance that has not been categorized as nonspendable, restricted, committed or assigned.

Budgets and Budgetary Accounting

The School adopts an annual budget on a basis consistent with GAAP for the general fund. The School is required to present the adopted and final budgeted revenues and expenditures for the general fund that were filed and accepted by the Labor, Education and Community Services Comptroller's Office. The general fund budget appears on page 24.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash

The School's cash consists of cash on hand and demand deposits.

Prepaid Expenses

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

Receivables

Receivables primarily consist of amounts due from the Pennsylvania Department of Education for federal and state grants and subsidies. Receivables are stated at the amount management expects to collect. As of June 30, 2013, based on historical experience, no allowance has been established.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include leasehold improvements and furniture and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The School maintains a threshold level of \$2,500 or more for capitalizing assets. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Capital assets of the School are depreciated using the straight-line method over the useful lives of the assets, which range from five to thirty-nine years.

Deferred Outflows/Inflows of Resources

Statement 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. In compliance with Statement 63, the "Statement of net assets" has been renamed the "Statement of net position" and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School has no items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has no items that qualify for reporting in this category.

Advertising Costs

All costs associated with advertising and promotions are expensed in the year incurred.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

The School accounts for uncertainty in income taxes in which tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of June 30, 2013, the School had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the School had no interest and penalties related to income taxes.

The School files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Company is no longer subject to U.S. federal and state tax examinations by taxing authorities for years before fiscal year ended June 30, 2010.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School has evaluated subsequent events through May 8, 2014, the date on which these financial statements were available to be issued. Except as described in Note 1 regarding the renewal of the School's Charter, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. CASH

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School monitors custodial credit risk by periodically reviewing the Federal Deposit Insurance Corporation's ("FDIC") limits and published credit ratings of its depository bank(s). Accounts are insured by the FDIC up to \$250,000 for all accounts kept at one financial institution. Under Pennsylvania Act 72, financial institutions pledge collateral on a pooled basis to secure public deposits in excess of FDIC insurance limits. The School has not elected for its accounts to be covered under this act.

As of June 30, 2013, the custodial risk is as follows:

Uninsured and uncollateralized	\$ 66,016
Collateralized	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	-
Total	<u>\$ 66,016</u>

Reconciliation to the financial statements:

Cash exposed to custodial risk	\$ 66,016
Plus: Insured amount	250,000
Less: Outstanding checks	<u>(98,129)</u>
	<u>\$ 217,887</u>

NOTE 3. RECEIVABLES

Receivables at June 30, 2013, consisted of subsidies from federal, state, local, and private authorities. All receivables are considered collectible due to the stable condition of the state and private programs.

A summary of receivables is as follows:

<u>Receivables</u>	<u>Amount</u>
Federal	\$ 222,807
State	238,432
Private	<u>13,796</u>
	<u>\$ 475,035</u>

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4. LOCAL EDUCATIONAL AGENCY ASSISTANCE (REVENUE)

The School receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

Charter schools are funded by the local public school district. For non-special education students, a charter school receives for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year as defined by the Act. For the year ended June 30, 2013, the rate was \$8,064 per year per student for most of the students, plus additional funding for special education students and transportation. The annual rate is paid monthly and is prorated if a student enters or leaves during the year. Total revenue from student enrollment was \$5,913,907 for the year ended June 30, 2013.

NOTE 5. CAPITAL ASSETS, NET

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

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Leasehold improvements	\$ 67,954	\$ -	\$ -	\$ 67,954
Furniture and equipment	447,736	-	-	447,736
Less: accumulated depreciation	<u>(498,957)</u>	<u>(12,905)</u>	<u>-</u>	<u>(511,862)</u>
Capital assets, net	<u>\$ 16,733</u>	<u>\$ (12,905)</u>	<u>\$ -</u>	<u>\$ 3,828</u>

Depreciation expense for the year ended June 30, 2013, was \$12,905.

NOTE 6. FACILITY LEASING ARRANGEMENTS

The School leases the space for its school facility under an amended lease agreement that expires on September 4, 2014. During the year ended June 30, 2013, rent expense for the facility was \$957,025.

The following is a schedule of future minimum lease payments under the operating lease:

<u>Year ending June 30:</u>	<u>Amount</u>
2014	\$ <u>937,290</u>

NOTE 7. COMMITMENT

In May 2013, the School entered into a one-year agreement with an organization for various business services at a monthly rate of \$5,250. Minimum payments under the agreement are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2014	\$ <u>63,000</u>

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8. RETIREMENT PLAN

The School contributes to the Public School Employees' Retirement System (the "System"), a governmental cost-sharing, multiple-employer defined benefit pension plan administered by the Pennsylvania Public School Employees' Retirement System, which provides retirement and disability benefits, legislative-mandated ad-hoc cost-of-living adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 PA.C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the System. The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Diane J. Wert, Office of Financial Management, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/general/cafr.htm.

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

Member contributions are as follows:

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System prior to, 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, contribute at 7.50% (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 on or after July 1, 2011, may choose between two classes of membership and, therefore, two different base contribution rates that are subject to a limited fluctuation based on a "shared risk." Membership Class T-E members will have a base employee contribution rate of 7.5%, with shared risk contribution rate levels from 7.5% through and including 9.5%. Membership Class T-F members have a base employee contribution rate of 10.3%, with shared risk contribution rate levels from 10.3% through and including 12.3%.

With the "shared risk" program, members benefit when investments of the fund are doing well and share some of the risk when investments under perform. Membership Class T-E or T-F contribution rates will stay within the specified range, but may increase or decrease by .5% with the specified range once every three years, starting July 1, 2015. The contribution rates for these two membership classes will never go below the base rate or above the highest percentage rate.

PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. RETIREMENT PLAN (CONTINUED)

Contributions required of the School are based upon an actuarial valuation. For the fiscal year ended June 30, 2013, the rate of the School's contribution was 12.36% of covered payroll. The 12.36% rate is composed of a pension contribution rate of 11.5% for pension benefits and 0.86% for healthcare insurance premium assistance. Payroll expense for employees covered by the System for the year ended June 30, 2013, was approximately \$3,360,000. The School's contributions to the System for the years ended June 30, 2013, 2012 and 2011 amounted to \$396,017, \$325,054, and \$211,228, respectively.

NOTE 9. GRANT CONTINGENCIES

Grants received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

NOTE 10. LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local educational agencies	\$ 6,273,922	\$ 6,273,922	\$ 5,913,907	\$ (360,015)
Other sources	141,995	141,995	17,991	(124,004)
State sources	411,382	411,382	409,826	(1,556)
Federal sources	<u>888,388</u>	<u>888,388</u>	<u>1,000,154</u>	<u>111,766</u>
Total revenues	<u>7,715,687</u>	<u>7,715,687</u>	<u>7,341,878</u>	<u>(373,809)</u>
Expenditures:				
Instruction	3,772,545	3,772,545	3,442,475	(330,070)
Support services	3,832,241	3,832,241	3,991,440	159,199
Non-instructional services	<u>83,254</u>	<u>83,254</u>	<u>79,517</u>	<u>(3,737)</u>
Total expenditures	<u>7,688,040</u>	<u>7,688,040</u>	<u>7,513,432</u>	<u>(174,608)</u>
Net change in fund balance	27,647	27,647	(171,554)	(199,201)
Fund balance - beginning	<u>426,812</u>	<u>426,812</u>	<u>426,812</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 454,459</u>	<u>\$ 454,459</u>	<u>\$ 255,258</u>	<u>\$ (199,201)</u>

See independent auditor's report.

SINGLE AUDIT

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

<u>Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education, Passed-through the Pennsylvania Department of Education</u>			
Title I Grants to LEAs	84.010	013-130999	\$ 460,712
Improving Teacher Quality State Grants	84.367	020-130999	20,766
21st Century Community Learning Centers	84.287	N/A	396,000
<u>U.S. Department of Education Passed-through the School District of Philadelphia</u>			
Special Education Grants to States	84.027	N/A	<u>122,676</u>
Total Federal Financial Assistance			<u>\$ 1,000,154</u>

See accompanying notes to schedule of expenditures of federal awards.

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Philadelphia Electrical and Technology Charter High School (the "School"). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the School's financial statements.



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

To the Board of Trustees
Philadelphia Electrical and Technology Charter High School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Philadelphia Electrical and Technology Charter High School (a nonprofit organization) (the "School") as of and for the year ended June 30, 2013, which collectively comprise the School's basic financial statements, and have issued our report thereon dated May 8, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Citrico Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
May 8, 2014



CITRIN COOPERMAN

Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Philadelphia Electrical and Technology Charter High School

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

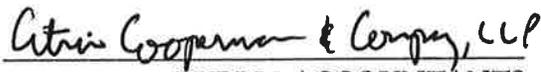
Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


CITRINCOOPERMAN.COM

Philadelphia, Pennsylvania
May 8, 2014

**PHILADELPHIA ELECTRICAL AND TECHNOLOGY CHARTER HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

A. SUMMARY OF AUDITOR'S RESULTS

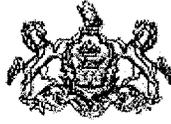
1. The auditor's report expresses an unqualified opinion on the financial statements of Philadelphia Electrical and Technology Charter High School (the "School").
2. No reportable conditions relating to the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the School expresses an unqualified opinion.
6. There were no audit findings that were required to be reported under OMB Circular A-133.
7. The programs tested as major programs were Title I Grants to LEAs, CFDA #84.010, and 21st Century Community Learning Centers, CFDA #84.287.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The School does not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no financial statement findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

There were no findings and questioned costs for federal awards, which would include audit findings as defined in OMB Circular A-133.



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

Bureau of Special Education
717-783-6913

FAX: 717-783-6139

January 27, 2011

Mr. Michael Nemitz
CEO
Philadelphia Electrical and Technology CHS
1420-22 Chestnut Street
Philadelphia, Pa 19102

Dear Mr. Nemitz:

Enclosed is the Report of Findings presenting results of the cyclical monitoring which was conducted by the Bureau of Special Education (BSE) in the Philadelphia Electrical and Technology CHS the week of December 14, 2010.

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

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

- Disapproval or rescinded approval of the local special education plan
- Deferment of the disbursement of state or federal funds pending resolution of the issue
- Reduction of the amount of funds (for example, by the amount of money it takes to provide an appropriate education to a particular child or children) if a charter school is unwilling to provide appropriate services

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

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

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

Sincerely,

John J. Tommasini
Director

Attachments: Executive Summary
Appendix: Detailed Report of Findings, Including Corrective Actions Required

CC: Chairperson
Jill Deitrich
CS Monitoring File



Executive Summary
BSE Compliance Monitoring Review
of the
Philadelphia Electrical and Technology CHS

PART I
SUMMARY OF FINDINGS

A. Review Process

Prior to the Bureau's monitoring the week of December 14, 2010, the Philadelphia Electrical and Technology CHS was formally notified of the dates the onsite review would be conducted. Notice and invitation to comment was also provided to the Local Task Force on Right-to-Education. The charter school was informed of its responsibility to compile various reports, written policies, and procedures to document compliance with requirements.

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

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

B. General Findings

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

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

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

C. Overall Findings

1. FACILITATED SELF ASSESSMENT (FSA)

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

FSA	In Compliance	Out of Compliance
Assistive Technology and Services; Hearing Aids	2	0
Positive Behavior Support Policy	0	1
Child Find (Annual Public Notice and General Dissemination Materials)	1	0
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	0	1
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 due to Identification, Educational Environment, Suspension or Expulsion	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 Philadelphia Electrical and Technology CHS is as follows:

Sections of the FILE REVIEW	In Compliance	Out of Compliance	NA
Essential Student Documents Are Present and Were Prepared Within Timelines	84	2	74
Evaluation/Reevaluation: Process and Content	216	53	511
Individualized Education Program: Process and Content	479	47	274
Procedural Safeguards: Process and Content	112	1	7
TOTALS	891	103	866

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	234	3	103
Program Implementation: Special Ed Teacher Interviews	321	16	117
Program Implementation: Parent Interviews	160	14	92
TOTALS	715	33	312

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	56	0	14

6. EDUCATIONAL BENEFIT REVIEW

	In Compliance	Out of Compliance
Educational Benefit Review		X

**PART II
CORRECTIVE ACTION PROCESS**

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

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

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

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

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

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

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



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

Bureau of Special Education
717-783-6913

FAX: 717-783-6139

August 8, 2011

Mr. Michael Nemitz
CEO
Philadelphia Electrical and Technology CHS
1420-22 Chestnut Street
Philadelphia, Pa 19102

Dear Mr. Nemitz:

I have been informed that the areas of noncompliance cited as a result of the special education compliance monitoring visit conducted on December 14, 2010 have been corrected as of June 29, 2011 by the charter school. It is with pleasure that I commend you and your staff for efforts made in achieving resolution of the noncompliance areas.

Please note, if you have improvement plans that were developed as a component of the corrective action plan, they will remain open and you are required to implement the improvement plans until the specific action for those items has been completed as approved by your adviser.

As you know, compliance monitoring is required by Federal regulations to determine a local education agency's compliance with Federal and State requirements for students identified as eligible for special education. Your response to the monitoring visit and subsequent corrective action assures the continuation of improved special education services to Pennsylvania students.

The Department of Education appreciates your cooperation and the Bureau of Special Education remains available to you should you desire further assistance in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Tommasini".

John J. Tommasini
Director