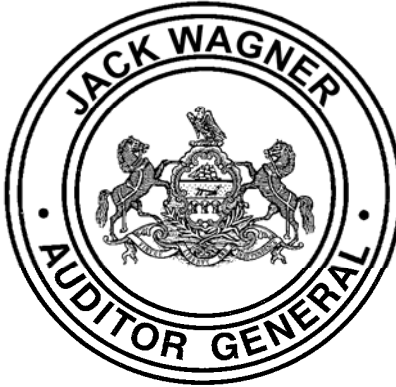


AVON GROVE CHARTER SCHOOL
CHESTER COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005 AND 2004,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006

WITH FINDINGS AND RECOMMENDATIONS

THROUGH OCTOBER 20, 2006



AVON GROVE CHARTER SCHOOL
CHESTER COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005 AND 2004,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006
WITH FINDINGS AND RECOMMENDATIONS
THROUGH OCTOBER 20, 2006

AVON GROVE CHARTER SCHOOL
CONTENTS

	Page
Independent Auditor’s Report	1
History of Charter Schools in Pennsylvania	3
Background	5
Summary of Charter School Revenue and Other Financial Sources	7
Objectives, Scope and Methodology	8
Conclusion	11
Finding No. 1 – Eleven Different Noncertified Teachers Lacked Physician’s Certificates At Some Time During the Audit Period	12
Finding No. 2 – In Violation of the Public Official and Employee Ethics Act, A Total of 10 of 14 Board Members, Plus the School Principal/Chief Administrative Officer, Failed to File Statements of Financial Interests At Some Time During the Audit Period	14
Supplementary Information:	17
Appendix I - Schedule of Local Revenue	17
Appendix II - Schedule of Federal Revenue	17
Appendix III - Schedule of State Revenue	19
Appendix IV - List of Sending School Districts	20
Appendix V - Description of State Revenue	21
Audit Report Distribution List	23



The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

We have conducted a performance audit of the Avon Grove Charter School for the years ended June 30, 2006, 2005 and 2004, and in certain areas extending beyond June 30, 2006. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

To plan and perform our audit of the Avon Grove Charter School, we considered the school's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls, we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurances on the effectiveness of the school's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

The results of our tests indicated that, in all significant respects, the Avon Grove Charter School was in compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, except as noted in the following two findings further discussed in the Conclusion section of this report:

- Finding No. 1 – Eleven Different Noncertified Teachers Lacked Physician's Certificates At Some Time During the Audit Period

- Finding No. 2 – In Violation of the Public Official and Employee Ethics Act, a Total of 10 of 14 Board Members, Plus the School Principal/Chief Administrative Officer, Failed to File Statements of Financial Interests At Some Time During the Audit Period

Independent Auditor's Report (Continued)

We believe that our recommendations, if implemented by the charter school, will help ensure compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

Sincerely,

December 11, 2007

/s/
JACK WAGNER
Auditor General

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
HISTORY OF CHARTER SCHOOLS IN PENNSYLVANIA

History of Charter Schools in Pennsylvania

Pennsylvania's charter schools were established by the Charter School Law (Law), enacted through Act 22 of 1997. In the preamble of the Law, the General Assembly stated its intent to provide teachers, parents, pupils, and community members with the opportunity to establish schools that were independent of the existing school district structure.¹ In addition, the preamble provides that charter schools are intended to, among other things, improve pupil learning, encourage the use of different and innovative teaching methods, and offer parents and students expanded educational choices.²

The Law permits the establishment of charter schools by a variety of persons and entities, including, among others, an individual; a parent or guardian of a student who will attend the school; any nonsectarian corporation not-for-profit; and any nonsectarian college, university or museum.³ Applications must be submitted to the local school board where the charter school will be located by November 15 of the school year preceding the school year in which the school will be established,⁴ and that board must hold at least one public hearing before approving or rejecting the application.⁵ If the local school board denies the application, the applicant can appeal the decision to the State Charter School Appeal Board⁶, which is comprised of the Secretary of Education and six members appointed by the Governor.⁷

Initial charters are good for a period of no less than three years and no more than five years.⁸ After that, the local school board can choose to renew a school's charter every five years, based on a variety of information, such as the charter school's most recent annual report, financial audits and standardized test scores. The board can immediately revoke a charter if the school has endangered the health and welfare of its students and/or faculty. However under those circumstances, the board must hold a public hearing on the issue before it makes its final decision.⁹

¹24 P.S. § 17-1702-A.

²Id.

³24 P.S. § 17-1717-A (a).

⁴24 P.S. § 17-1717-A (c).

⁵24 P.S. § 17-1717-A (d).

⁶24 P.S. § 17-1717-A (f).

⁷24 P.S. § 17-1721-A (a).

⁸24 P.S. § 17-1720-A.

⁹Pennsylvania Department of Education, Basic Education Circular, "Charter Schools," Issued 10/1/2004.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
HISTORY OF CHARTER SCHOOLS IN PENNSYLVANIA

History of Charter Schools in Pennsylvania (Continued)

Act 88 of 2002 amended the Law to allow for the establishment of cyber charter schools, which conduct a significant portion of their curriculum and instruction through the Internet or other electronic means.¹⁰ Unlike charter schools, cyber charter schools must submit their application to the Department of Education (DE), which determines whether the application for charter should be granted or denied. However, if DE denies the application, the applicant can still appeal the decision to the State Charter School Appeal Board. In addition, DE is responsible for renewing and revoking the charters of cyber charter schools.¹¹ There are currently 125 charter schools operating in Pennsylvania, 11 of which are cyber charter schools.¹² According to DE, nearly 50,000 children are enrolled in these schools.¹³

¹⁰ 24 P.S. § 17-1703-A.

¹¹ 24 P.S. § 17-1745-A (a), (f).

¹² Information obtained from the Department of Education as of October 12, 2007.

¹³ Department of Education Web site at http://www.pde.state.pa.us/charter_schools/site/default.asp.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The Avon Grove Charter School, located in Chester County, opened in April of 2002. The Avon Grove Charter School was originally chartered on April 11, 2002, for a period of five years by the Avon Grove School District. The administrative offices are located at 110 East State Road, West Grove, Pennsylvania.

According to the charter school's mission statement, the Avon Grove Charter School seeks to create a dynamic learning environment in which students are challenged to achieve academic excellence at every ability level. To achieve this objective, the charter school utilizes a "Discovery Learning" methodology to "drive" instruction that is differentiated to meet the needs and address the talents of all students. Further, Avon Grove Charter School's mission statement also avows that the charter school is committed to engendering a life-long love of learning within its students.

During the year ended June 30, 2006, the Avon Grove Charter School provided educational services to 1,238 students from 10 sending school districts through the employment of 10 administrators, 89 teachers, and 49 full-time and part-time support personnel. The charter school also provided educational services to 979 students during the 2004-05 school year, and 607 students during the 2003-04 school year.

Expenditures for the school years¹⁴ 2005-06, 2004-05 and 2003-04 were \$9,118,292, \$7,189,519 and \$4,639,142, respectively. Revenues of \$9,627,076, \$7,239,397 and \$4,709,962 supporting these expenditures were derived from local, state, and federal sources for the 2005-06, 2004-05 and 2003-04 school years, respectively (see Summary of Charter School Revenue, page 7). State revenue was received in the form of reimbursements for rental and sinking fund¹⁵ payments, health services, Social Security and Medicare Taxes, and retirement obligations (see Appendix III - Schedule of State Revenue, page 19).

¹⁴ A "school year" is synonymous to a "fiscal year" and covers the time period from July 1st to June 30th.

¹⁵ A "sinking fund" is an account established to repay monies that were borrowed through a bond issue.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
BACKGROUND

Background (Continued)

The charter school derives the majority of its operating revenue from the school districts whose students attend the charter school. These sending school districts are required by Section 1725-A of the Charter School Law¹⁶ and instructions from the Department of Education to provide the charter school with a calculation of allowable expenditures referred to as “selected expenditures” for non-special education students and special education students,¹⁷ based upon the school districts’ general fund budgeted expenditures and average daily membership (ADM) for the immediately preceding school year. (ADM refers to the number of days each student is enrolled at the charter school or school district over the course of the school year. This average is used to calculate various subsidies and reimbursements for school districts and charter schools). This funding calculation is to be paid to the charter school by the sending school districts, based on the actual ADM of their students who attend the charter school.

¹⁶ 24 P.S. § 17-1725-A.

¹⁷ Charter schools receive additional funding for special education students as calculated on the basis of 24 P.S. § 17-1725-A(a)(3).

AVON GROVE CHARTER SCHOOL
 PERFORMANCE AUDIT REPORT
 BACKGROUND

SUMMARY OF CHARTER SCHOOL REVENUE

<u>CHARTER SCHOOL REVENUES</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local Revenue*	\$8,972,977	\$6,834,200	\$3,796,240
Federal Revenue	212,717	38,100	744,692
State Revenue	<u>441,382</u>	<u>367,097</u>	<u>169,030</u>
<u>TOTAL REVENUE</u>	<u><u>\$9,627,076</u></u>	<u><u>\$7,239,397</u></u>	<u><u>\$4,709,962</u></u>

*Local revenue represents both local and state taxpayer dollars paid through the sending school district.

Note: Refer to Appendices for support schedules of all dollar figures.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE

The objective of our audit was to determine if the Avon Grove Charter School complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures pertaining to charter schools in Pennsylvania. Some examples of the objectives included in our audit of the Avon Grove Charter School were:

- to determine overall compliance with the Public School Code of 1949¹⁸ (Code) and the Charter School Law (Law);¹⁹
- to determine whether at least 75 percent of the charter school's professional staff members, including teachers and administrators, were properly certified and, if applicable, teaching in their areas of certification in accordance with Section 1724-A(a) of the Law;²⁰
- to determine whether the charter school complied with Sections 1109 and 1209 of the Code,²¹ to which charter schools are made subject by Section 1724-A(b) of the Law,²² requiring that noncertified professional employees of the charter school present evidence that they are: 1) at least 18 years of age, 2) a U.S. citizen, and 3) certified by a licensed Pennsylvania physician to be neither mentally nor physically disqualified from successful performance of the duties of a professional employee of the charter school;
- to determine whether the charter school satisfied instructional time requirements of a minimum of 180 days of instruction or 900 hours per year of instruction at the elementary level, or 990 hours per year of instruction at the secondary level pursuant to Section 1715-A(9) of the Law;²³
- to verify membership numbers reported to DE and determine whether ADM and tuition billings were accurate;

¹⁸ 24 P.S. § 1-101 *et seq.*

¹⁹ 24 P.S. § 17-1701-A *et seq.*

²⁰ 24 P.S. § 17-1724-A(a).

²¹ 24 P.S. §§ 11-1109 and 12-1209.

²² 24 P.S. § 17-1724-A(b).

²³ 24 P.S. § 17-1715-A(9).

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES AND SCOPE (Continued)

- to determine whether the charter school complied with the compulsory attendance provisions in accordance with both Section 1327 of the Code²⁴ and Chapter 11 of the State Board of Education Regulations²⁵ (Regulations) and, if not, whether the charter school removed days in excess of ten consecutive unexcused absences from the school's reported membership totals pursuant to Section 11.24 of the Regulations;²⁶
- to determine whether each of the charter school's trustees and administrators and each of the school board members of the host school district complied with the Code and the Public Official and Employee Ethics Act²⁷ (Ethics Act) by filing their Statement of Financial Interests Forms and to determine whether any violations of the Ethics Act occurred or any potential conflicts of interests exist;
- to determine whether the charter school is in compliance with Section 1724-A(c) of the Law²⁸ requiring that all employees of the charter school be enrolled in the Public School Employees' Retirement System at the time of filing the charter school application unless the board of trustees has a retirement plan that covers the employees or the employees are enrolled in another retirement program;
- to conclude on the charter school's progress in achieving its goals and the effectiveness of the monitoring and oversight procedures of the chartering school district and DE.

Unless otherwise indicated, the scope of our audit covered the years ended June 30, 2006, 2005 and 2004.

²⁴ 24 P.S. § 13-1327 (Charter schools are subject to the compulsory school attendance requirements of the Code pursuant to Section 17-1732-A(a) of the Law, 24 P.S. § 17-1732-A(a).)

²⁵ 22 Pa. Code, Chapter 11.

²⁶ 22 Pa. Code § 11.24.

²⁷ 65 Pa.C.S. § 1101 *et seq.*

²⁸ 24 P.S. § 17-1724-A(c).

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT
OBJECTIVES, SCOPE AND METHODOLOGY

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit required by the Public School Code.

The proper administration of a charter school requires its board of trustees to establish and maintain internal controls to provide reasonable assurances that specific charter school objectives will be achieved. Charter school trustees are responsible for the adoption and use of policies and procedures that promote the economic and efficient execution of its assigned duties and responsibilities. In completing our audit, we obtained an understanding of the charter school's internal controls as they relate to the charter school's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

CONCLUSION

The results of our tests indicate that, with respect to the audit objectives and items tested, the Avon Grove Charter School complied with some of the applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. For example, we determined that Avon Grove Charter School met the following provisions:

- the charter school demonstrated that at least 75 percent of the charter school's professional staff members, including administrators and teachers, were properly certified and, if applicable, teaching in their areas of certification in accordance with Section 1724-A(a) of the Law;²⁹
- the charter school satisfied instructional time requirements of a minimum of 180 days of instruction or 900 hours per year of instruction at the elementary level, or 990 hours per year of instruction at the secondary level pursuant to Section 1715-A(9) of the Law;³⁰
- the charter school validated membership numbers reported to DE and that ADM and tuition billings were accurate;
- the charter school complied with the compulsory attendance provisions in accordance with both Section 1327 of the Public School Code³¹ and Chapter 11 of the State Board of Education Regulations;³²
- the charter school is in compliance with Section 1724-A(c) of the Law³³ requiring that all employees be enrolled in the Public School Employees' Retirement System unless at the time of filing the charter school application the sponsoring school district or the board of trustees of the charter school has a retirement plan that covers the employees or the employees are currently enrolled in another retirement program; and
- the charter school reported in its annual report that it was successful in meeting all of its annual measurable goals.

²⁹ 24 P.S. § 17-1724-A(a).

³⁰ 24 P.S. § 17-1715-A(9).

³¹ 24 P.S. § 13-1327; Please note that charter schools are subject to the compulsory school attendance requirements of the Public School Code pursuant to Section 17-1732-A(a) of the Law, 24 P.S. § 17-1732-A(a).

³² 22 Pa. Code, Chapter 11.

³³ 24 P.S. § 17-1724-A(c).

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

CONCLUSION (Continued)

However, we determined that the Avon Grove Charter School did not comply with other applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit, as noted in the two findings listed below. The findings and recommendations were reviewed with representatives of the Avon Grove Charter School, and their comments have been included in this report.

Finding No. 1 – Eleven Different Noncertified Teachers Lacked Physician’s Certificates At Some Time During the Audit Period

Our review of the professional employees’ certification and assignments for the period July 1, 2003 through September 1, 2006, was performed to determine compliance with the Public School Code pursuant to Section 1724-A of the Charter School Law³⁴ (Law) and the Department of Education’s Bureau of Teacher Certification and Preparation, Certification and Staffing Policies and Guidelines.

Pursuant to Section 1724-A(a) of the Law, a charter school may not have any more than 25 percent of its professional staff complement made up of noncertified professional employees.³⁵ In addition, Section 1724-A(b) of the Law³⁶, requires, among other things, that noncertified professional employees present evidence that they meet the qualifications of Sections 1109 and 1209 of the Public School Code,³⁷ which includes that they are at least 18 years of age, a U.S. citizen, and certified by a licensed Pennsylvania physician to be neither mentally nor physically disqualified from successful performance of the duties of a professional employee of the charter school.

During the audit, we verified that the charter school complied with the requirements that their noncertified professional employees present evidence that they are at least 18 years of age and a U.S. citizen. However, we found that out of a total of 28 non-certified teachers employed by the charter school during the 2005-06, 2004-05 and 2003-04 school years, 11 different non-certified teachers did not possess a physician’s certificate as required by Sections 1109 and 1209 of the Public School Code.³⁸ Of the 11 different noncertified teachers cited, two are cited for all three school years of our audit period and three others are cited for the 2004-05 and 2003-04 school years.

³⁴ 24 P.S. § 17-1724-A.

³⁵ 24 P.S. § 17-1724-A(a).

³⁶ 24 P.S. § 17-1724-A(b).

³⁷ 24 P.S. §§ 11-1109 and 12-1209.

³⁸ Ibid.

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 1 (Continued)

In addition to causing Avon Grove Charter School to be out of compliance with state law, the school's lack of physician certificates for their noncertified teachers also presents the risk of exposing students to a teacher who is either mentally or physically disqualified from successful performance of the duties of a teacher.

According to school administrators, they were not aware of these legal requirements.

Recommendations

Now that Avon Grove Charter School's administration is aware of the requirements of the Code and the Law, its board of trustees should require the chief academic officer/administrator to:

- implement a system of internal controls that would ensure that all documents required for noncertified teachers by the Public School Code pursuant to Section 1724-A(b) of the Law³⁹ are obtained prior to the date of hire; and
- ensure that all noncertified teachers without a required physician's certificate, obtain one.

Response of Management

Management provided the following written response agreeing with the finding:

A position of Human Resources Coordinator has been created and filled to specifically address compliance in this area as well as other state and federal requirements.

Auditor's Conclusion

We are pleased that the charter school is addressing its compliance related issues; however, we did not recommend that the charter school create a position to fulfill these duties.

³⁹ 24 P.S. § 17-1724-A(b).

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 2 – In Violation of the Public Official and Employee Ethics Act, A Total of 10 of 14 Board Members, Plus the School Principal/Chief Administrative Officer, Failed to File Statements of Financial Interests At Some Time During the Audit Period

Our audit of charter school records for the calendar years ended December 31, 2005, 2004 and 2003 found that 10 of 14 members of the Avon Grove Charter School Board of Trustees, plus the school principal/chief administrative officer, who served during some period covered in this audit report, failed to file their annual Statements of Financial Interests with the State Ethics Commission. The chart below provides a summary of this information.

**Statement of Financial Interests Summary Chart
For the Calendar Years Ended December 31, 2005, 2004, and 2003**

<u>Position</u>	<u>Number of Individuals Who Failed to File Statements of Financial Interest</u>
Board President	1
Board Vice-President	1
Board Secretary	1
Board Treasurer	1
Board Member-at-Large	6
Principal/Chief Administrative Officer	1

Of the Statements of Financial Interests forms that were on file for the audit period, we found no evidence of potential conflicts of interests.

Public office is a public trust sustained by assuring the people of the impartiality and honesty of public officials and public employees. Accordingly, the Public Official and Employee Ethics Act (Ethics Act), requires all candidates for public office, public officials and certain public employees to annually complete a Statement of Financial Interests for the preceding calendar year, no later than May 1st of each year they hold their positions and the year after leaving such positions.⁴⁰

The Ethics Act specifically requires public officials and certain public employees to disclose matters on the Statement of Financial Interests that currently or potentially create conflicts of interest with their public duties. When a public official does not properly file a required disclosure, the public cannot examine the disclosure in order to determine whether conflicts of interest exist. This in turn erodes the public's trust. In addition, a board members' failure to file the Statement of Financial Interests constitutes a violation of the Ethics Act.

⁴⁰ 65 Pa.C.S. § 1101 *et seq.*

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 2 (Continued)

For example, Section 1104(d) of the Ethics Act, which pertains to the failure to file the required Statement of Financial Interests, provides, in pertinent part, as follows:

No public official shall be allowed to take the oath of office or enter or continue upon his duties, nor shall he receive compensation from public funds, unless he has filed a statement of financial interests . . .⁴¹

Likewise, Section 1109(b) of the Ethics Act provides, in pertinent part, that any person who is required to file a Statement of Financial Interests but fails to do so may be found guilty of a misdemeanor and may be fined not more than \$1,000 or imprisoned for not more than one year.⁴²

Finally, Section 1109(f) of the Ethics Act provides, in pertinent part, that any person who is required to file a Statement of Financial Interests but fails to do so in a timely manner or who files a deficient Statement of Financial Interests may be subject to a civil penalty, at a rate of not more than \$25 for each day such statement remains delinquent or deficient, with a maximum penalty under this chapter of \$250.⁴³

A copy of this finding will be forwarded to the State Ethics Commission for additional review and investigation, as it deems necessary.

Recommendations

The board of trustees should:

- seek the advice of its solicitor in regard to the board of trustees' responsibility when administrators and members fail to file a Statement of Financial Interests; and
- develop procedures to ensure that all individuals required to file Statements of Financial Interests do so in compliance with the Ethics Act.

⁴¹ 65 Pa.C.S. § 1104(d).

⁴² 65 Pa.C.S. § 1109(b).

⁴³ 65 Pa.C.S. § 1109(f).

AVON GROVE CHARTER SCHOOL
PERFORMANCE AUDIT REPORT

Finding No. 2 (Continued)

Response of Management

Management provided the following response agreeing with the finding:

Administrators and Board Members will be required to complete the required documentation by the due dates. The Human Resources Coordinator will maintain a checklist and gather all mandatory documentation as required.

AVON GROVE CHARTER SCHOOL
APPENDIX I

[UNAUDITED]

Schedule of Local Revenue

The charter school reported local revenue for the years ended June 30, 2006, 2005 and 2004 as follows:

<u>LOCAL REVENUE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Earnings on Investments	\$ 18,163	\$ 1,668	\$ 665
Food Service	98,316	109,070	59,456
Student Activities	34,544	8,251	1,898
Contributions and Donations from Private Sources	2,226	22,653	32,137
Miscellaneous	(53,008) *	21,933	19,650
Payments from Sending School Districts ⁴⁴			
Avon Grove	3,943,139	3,485,083	2,327,111
Coatesville Area	322,324	142,601	31,712
Downingtown Area	-	6,900	-
Garnet Valley	68,405	107,666	49,607
Governor Mifflin	23,931	-	-
Kennett Consolidated	1,184,078	958,080	481,103
Marple Newtown	-	(372) *	-
Octorara Area	253,135	153,062	67,036
Oxford Area	2,920,686	1,757,648	716,836
Philadelphia	-	1,636	-
Solanco	13,580	4,266	-
Unionville-Chadds Ford	98,859	54,055	9,029
West Chester Area	44,599	-	-
	<u>\$8,972,977</u>	<u>\$6,834,200</u>	<u>\$3,796,240</u>
<u>TOTAL PAYMENTS</u>			

*As explained by the charter school, the line items with an asterisk represent prior period adjustments that are revenues from a prior year returned to their source through the reconciliation process.

⁴⁴ These dollar amounts represent actual payments made to the Avon Grove Charter School from the sending school districts.

AVON GROVE CHARTER SCHOOL
APPENDIX II

[UNAUDITED]

Schedule of Federal Revenue

The charter school reported federal revenue of \$212,717, \$38,100 and \$744,692, respectively, for the years ended June 30, 2006, 2005, and 2004, as detailed in the following schedule:

<u>FEDERAL REVENUE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
NCLB (1), Title 1, Improving the Academic Achievement of the Disadvantaged	\$ 69,169	\$21,666	\$ 20,656
NCLB (1), Title II, Preparation/Training/Recruitment HQ Teachers/Principal	14,251	10,951	-
NCLB (1), Title IV, 21 st Century Schools	-	-	504,661
NCLB (1), Title V, Promoting Informed Parental Choice and Innovative Programs	1,684	1,551	219,375
NCLB (1), Title VI, Flexibility and Accountability	127,613	-	-
Miscellaneous	-	3,932	-
<u>TOTAL FEDERAL REVENUE</u>	<u>\$212,717</u>	<u>\$38,100</u>	<u>\$744,692</u>

AVON GROVE CHARTER SCHOOL
APPENDIX III

[UNAUDITED]

Schedule of State Revenue

The charter school reported state revenue of \$441,382, \$367,097 and \$169,030, respectively, for the years ended June 30, 2006, 2005 and 2004, as detailed in the following schedule:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>STATE REVENUE</u>			
Rental and Sinking Fund Payments	\$ 97,318	\$ 82,211	\$ 47,434
Health Services	15,394	-	-
Social Security and Medicare Taxes	186,988	177,550	97,935
Retirement	<u>141,682</u>	<u>107,336</u>	<u>23,661</u>
<u>TOTAL STATE REVENUE</u>	<u>\$441,382</u>	<u>\$367,097</u>	<u>\$169,030</u>

AVON GROVE CHARTER SCHOOL
APPENDIX IV

List of Sending School Districts
During the Audit Period

Avon Grove
Coatesville Area
Downingtown Area
Garnet Valley
Governor Mifflin
Kennett Consolidated
Marple Newtown
Octorara Area
Oxford Area
Philadelphia
Solanco
Unionville-Chadds Ford
West Chester Area

AVON GROVE CHARTER SCHOOL
APPENDIX V

Description of State Revenue (Source: Pennsylvania Accounting Manual)

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved charter school debt obligations for which the Department of Education has assigned a lease number.

Health Services

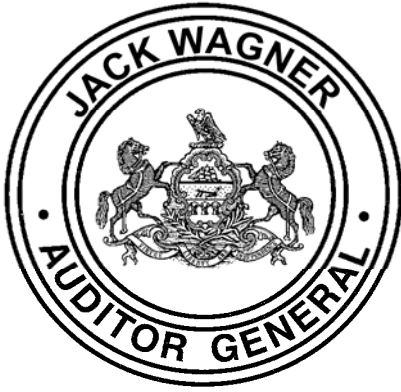
Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and health services.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.



BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the chief executive officer of the charter school, the board of trustees, our website address at www.auditorgen.state.pa.us, and the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Robin L. Wiessmann
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mr. John Godlewski
Director, Bureau of Budget and Fiscal Management
Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Dr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Dr. David Davare
Director of Research Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

Ms. Sheri Rowe
Division Chief
Department of Education
Division of Nonpublic, Private and Charter School Services
333 Market Street, 5th Floor
Harrisburg, PA 17126



BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST (Continued)

Mr. John J. Contino
Executive Director
State Ethics Commission
309 Finance Building
P.O. Box 11470
Harrisburg, PA 17108

Dr. Augustus J. Massaro
Superintendent
Avon Grove School District
375 South Jennerville Road
West Grove, PA 19390

Representative Dwight Evans
Chair, House Appropriations Committee
512 Main Capitol Building
Harrisburg, PA 17120

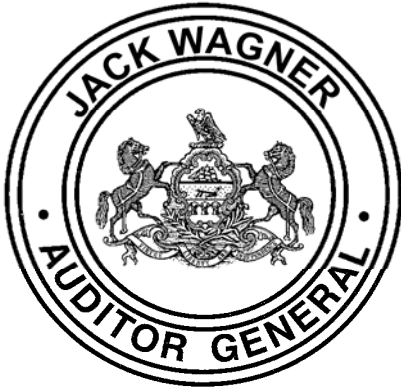
Representative Mario Civera, Jr.
Republican Chair, House Appropriations Committee
245 Main Capitol Building
Harrisburg, PA 17120

Senator Gerald LaValle
Democratic Chair, Senate Appropriations Committee
458 Main Capitol Building
Harrisburg, PA 17120

Senator Gibson Armstrong
Chair, Senate Appropriations Committee
231 Main Capitol Building
Harrisburg, PA 17120

Senator Raphael Musto
Democratic Chair, Senate Education Committee
17 East Wing
Harrisburg, PA 17120

Senator James Rhoades
Chair, Senate Education Committee
362 Main Capitol Building
Harrisburg, PA 17120



BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST (Continued)

Representative Jess Stairs
Republican Chair, House Education Committee
43 A East Wing
Harrisburg, PA 17120

Representative James Roebuck
Chair, House Education Committee
208 Irvis Office Building
Harrisburg, PA 17120

Senator Dominic Pileggi
350 Capitol Building
Harrisburg, PA 17120

Representative Art Hershey
202 Ryan Office Building
Harrisburg, PA 17120

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.