
AGENDA ITEM: Compliance Matters – PLC Arts Academy at Scottsdale, Inc.

Issue

In accordance with A.A.C. R7-5-605(D), if state aid is withheld for two months from a charter holder for failure to submit an audit, the Board shall consider the charter holder's noncompliance and may subject the charter holder to additional charter oversight including issuing a notice of intent to revoke the charter contract. Pursuant to rule, PLC Arts Academy at Scottsdale, Inc. ("Charter Holder") has been placed on the agenda for the Board's consideration of the Charter Holder's failure to submit its fiscal year 2018 audit.

Charter Holder Profile

The Charter Holder was granted a charter in 2010. The Charter Holder operates one school, PLC Arts Academy at Scottsdale, serving grades K-6 in Scottsdale. For fiscal year 2019, the Charter Holder is reporting an average daily membership count of 64.143 as of January 9, 2019. For additional information on the Charter Holder, *see Appendix A: Charter Holder Profile*.

Fiscal Year 2018 Audit

On December 10, 2018, the Board approved withholding 10 percent of the Charter Holder's monthly state aid apportionment for failure to submit the fiscal year 2018 audit. On December 10, 2018, an email describing the Board's action was sent to the Charter Holder. The December 10th email also included the following: "Please note that in accordance with A.A.C. R7-5-605(D), Board staff will bring charter holders having state aid withheld for failure to timely submit their audit reporting packages to the Board after two months of withholding for consideration of additional oversight, including issuance of a Notice of Intent to Revoke the Charter". Funds have been withheld from the Charter Holder's January 2019 and February 2019 payments.

On January 17, 2019, the Charter Holder provided an email from the auditor indicating they are on track to have the audit completed by January 30th. On January 30, 2019, the Charter Holder provided an email from the auditor requesting guidance from the Charter Holder on certain matters and indicating the earliest the audit can be completed is February 4th.

Having reviewed the Charter Holder's prior compliance with submitting its audit, Board staff found the Charter Holder timely submitted its audits for fiscal years 2014 through 2017.

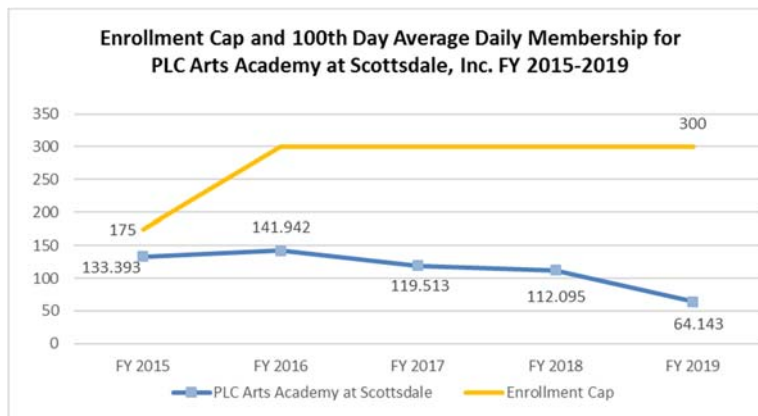
Appendix A: Charter Holder Profile

School Profile

School Name	PLC Arts Academy at Scottsdale		
Date Open	August 2011		
Location	Scottsdale		
Grades Served	K-6		
FY 18 Letter Grade	B		
	FY 16	FY 17	FY 18
ELA AzMERIT (41%+)	78%	75%	67%
Math AzMERIT (41%+)	65%	58%	56%
Science AIMS (52%+)	80%	95%	89%

*FY 18 State Average Passing

100th Day Average Daily Membership for FY 2015–FY 2018, and FY 2019 ADM as of February 1, 2019.



Financial Performance

Financial Performance

PLC Arts Academy at Scottsdale, Inc. Interpreting the Financial Performance Dashboard

	Fiscal Year 2016		Fiscal Year 2017			
Near-Term Measures						
Going Concern	No	Meets	No	Meets		
Unrestricted Days Liquidity <small><30, but ≥15: Does Not Meet <15: Falls Far Below</small>	108.76	Meets	81.57	Meets		
Default	No	Meets	No	Meets		
Sustainability Measures*						
Net Income <small>≤0: Does Not Meet</small>	\$22,243	Meets	(\$289,074)	Does Not Meet		
Fixed Charge Coverage Ratio <small><1.10: Does Not Meet</small>	1.44	Meets	0.25	Does Not Meet		
Cash Flow (3-Year Cumulative) <small>Negative: Does Not Meet**</small>	\$306,558	Meets	\$177,360	Meets		
Cash Flow Detail by FY	FY 2016	FY 2015	FY 2014	FY 2017	FY 2016	FY 2015
	(\$425,713)	\$664,407	\$67,864	(\$61,334)	(\$425,713)	\$664,407

Meets Board's Financial Performance Expectations * Negative numbers indicated by parentheses.
** Target effective beginning with FY16 audits.

Operational Performance Dashboard

Click on any of the measures below to see more information.

Effective July 1, 2017 and going forward:

An "*" means the noncompliance has been addressed under AAC R7-5-505(F), a complete corrective action plan has been received and implementation is required under AAC R7-5-510(C)(1), the charter holder is complying with the terms of an agreement with the Board, or no further action is required at this time.

A "***" means a corrective action plan has been assigned by another entity, the appeal window for action taken by another entity has not closed, appeal of an action taken by another entity is pending, or is an issue of noncompliance in which another entity oversees.

Measure	2015	2016	2017	2018	2019
1.a. Does the delivery of the education program and operation reflect the essential terms of the educational program as described in the charter contract?	Meets	Meets	Meets	Meets	--
Educational Program - Essential Terms	No issue identified	No issue identified	No issue identified	No issue identified	--
1.b. Does the charter holder adhere with applicable education requirements defined in state and federal law?	Meets	Meets	Meets	Meets	--
Services to Student with Disabilities	No issue identified	No issue identified	No issue identified	No issue identified	--
Instructional Days/Hours	No issue identified	No issue identified	No issue identified	No issue identified	--
Data for Achievement Profile	No issue identified	No issue identified	No issue identified	No issue identified	--
Mandated Programming (State/Federal Grants)	No issue identified	No issue identified	No issue identified	No issue identified	--
2.a. Do the charter holder's annual audit reporting packages reflect sound operations?	Meets	Meets	Meets	Meets	--
Timely Submission	Yes	Yes	Yes	Yes	No - Not Yet Submitted
Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified	--
Completed 1st Time CAPs	No issue identified	No issue identified	No issue identified	No issue identified	--
Second-Time/Repeat CAP	No issue identified	No issue identified	No issue identified	No issue identified	--
Serious Impact Findings	No issue identified	No issue identified	No issue identified	No issue identified	--
Minimal Impact Findings (3+ Years)	No issue identified	No issue identified	No issue identified	No issue identified	--
2.b. Is the charter holder administering student admission and attendance appropriately?	Meets	Meets	Meets	Meets	--
Estimated Count/Attendance Reporting	No issue identified	No issue identified	No issue identified	No issue identified	--
Tuition and Fees	No issue identified	No issue identified	No issue identified	No issue identified	--
Public School Tax Credits	No issue identified	No issue identified	No issue identified	No issue identified	--
Attendance Records	No issue identified	No issue identified	No issue identified	No issue identified	--
Enrollment Processes	No issue identified	No issue identified	No issue identified	No issue identified	--
2.c. Is the charter holder maintaining a safe environment consistent with state and local requirements?	Meets	Meets	Meets	Meets	--
Facility/Insurance Documentation	No issue identified	No issue identified	No issue identified	No issue identified	--
Fingerprinting	No issue identified	No issue identified	No issue identified	No issue identified	--

2.d. Is the charter holder transparent in its operations?	Meets	Meets	Meets	Does Not Meet	--
Academic Performance Notifications	No issue identified	No issue identified	No issue identified	No issue identified	--
Teacher Resumes	No issue identified	No issue identified	No issue identified	No issue identified	--
Open Meeting Law	No issue identified	No issue identified	No issue identified	Minutes (Contract Amendment)* Minutes (Contract Amendment - 2nd Time)* (more info)	--
Board Alignment	No issue identified	No issue identified	No issue identified	Inconsistency in Reporting* (more info)	--
2.e. Is the charter holder complying with its obligations to the Board?	Meets	Meets	Meets	Does Not Meet	--
Timely Submissions	No issue identified	No issue identified	No issue identified	Complaint Response* (more info)	--
Limited Substantiated Complaints	No issue identified	No issue identified	No issue identified	No issue identified	--
Favorable Board Actions	No issue identified	No issue identified	No issue identified	No issue identified	10% Withholding (more info)
2.f. Is the charter holder complying with reporting requirements of other entities to which the charter holder is accountable?	Meets	Meets	Meets	Does Not Meet	--
Arizona Corporation Commission	No issue identified	No issue identified	No issue identified	No issue identified	--
Arizona Department of Economic Security	No issue identified	No issue identified	No issue identified	No issue identified	--
Arizona Department of Education	No issue identified	No issue identified	No issue identified	National School Lunch Program Review** Procurement Review - School Lunch** (more info)	--
Arizona Department of Revenue	No issue identified	No issue identified	No issue identified	No issue identified	--
Arizona State Retirement System	No issue identified	No issue identified	No issue identified	No issue identified	--
Equal Employment Opportunity Commission	No issue identified	No issue identified	No issue identified	No issue identified	--
Industrial Commission of Arizona	No issue identified	No issue identified	No issue identified	No issue identified	--
Internal Revenue Service	No issue identified	No issue identified	No issue identified	No issue identified	--
U.S. Department of Education	No issue identified	No issue identified	No issue identified	No issue identified	--
3. Is the charter holder complying with all other obligations?	Meets	Meets	Meets	Meets	--
Judgments/Court Orders	No issue identified	No issue identified	No issue identified	No issue identified	--

Other Obligations	No issue identified	No issue identified	No issue identified	No issue identified	--
OVERALL RATING	Meets Operational Standard	Meets Operational Standard	Meets Operational Standard	Meets Operational Standard	--
BOARD EXPECTATIONS	--	--	Meets Operational Expectations	Meets Operational Expectations	--

Last Updated: 2018-12-10 12:24:28