

**Arizona State Board for Charter Schools
On-going Board Actions as of September 18, 2009**

Withholding

| School Name | Date of Board Action | Violation | Notes | Status of Corrective Action Plan | Date issue, if unresolved, will come back before the Board |
|--|-----------------------------|---|---|---|---|
| Discovery Plus Academy | 5/11/09 | Failure to comply with Classroom Site Fund requirements | Charter must demonstrate compliance through fiscal year 2009 audit or Agreed Upon Procedures. | | January 2010 |
| Shonto Governing Board of Education, Inc. dba Shonto Preparatory School | 4/13/09 | Failure to timely submit the FY08 single audit. | Audits received July 13, 2009. ADE alerted to return funds. | | July 2009 |
| Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School | 4/13/09 | Failure to timely submit the FY08 single audit. | Audits received July 13, 2009. ADE alerted to return funds. | | July 2009 |
| Sierra Summit Academy | 5/11/09 | Failure to comply with Classroom Site Fund requirements | Charter must demonstrate compliance through fiscal year 2009 audit or Agreed Upon Procedures. In addition to the 10% withholding, the Board directed staff to conduct a full compliance monitoring the school prior to the end of the 2008-2009 school year. | | January 2010 July 2009 |
| Cesar Chavez Learning Community, Inc. | 7/13/09 | Failing to: <ul style="list-style-type: none"> • provide a comprehensive program of instruction aligned to the Arizona Academic Standards. • ensure that the teachers of core | Staff met with the School on 7/22/09 and received add'l material from the School on 8/3/09 | 8/10/09 Staff sent follow-up letter to the School via email, fax, and US Mail regarding CAP issues that | NOIR issued 7/13/09 |

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| | | <p>academic subjects are “highly qualified” as that term is defined under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.).</p> <ul style="list-style-type: none"> • provide the minimum hours of instruction pursuant to A.R.S. §15-901.A.2. • report student attendance data in accordance with A.R.S. §§15-185.B.2, 15-901 and 15-902. • electronically submit membership and absence information to ADE at least once every 20 school days pursuant to A.R.S. §15-1042.G. • comply with federal immigration laws. • remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System. • maintain and retain teacher rosters as required by A.R.S. §39-121.01 and in | | <p>remain outstanding.</p> <p>School submitted 30 binders of information on 9/4/09. Documentation is under review.</p> | |

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| | | accordance with Public Records Law. | | | |
| North Star Charter School | July 13, 2009 | <ul style="list-style-type: none"> • failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma; • failing to maintain and secure records pursuant to Public Records Law including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.) for FY08 and FY09, and financial records for FY08 and FY09; • failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System. | | <p>Charter holder submitted table outlining progress toward CAP on 8/28/09.</p> <p>Staff visited school on 9/10 and 9/11. Collected documentation is under review.</p> | NOIR issued on 7/13/09 |

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| | | Failing to provide evidence of compliance with FERPA, fingerprinting requirements and background checks | | | |

Schools Under a Notice of Intent to Revoke

| School Name | Date of Board Action | Alleged Violation | Date of Revocation Hearing/Orders | Status |
|--|----------------------|---|--|---|
| Cesar Chavez Learning Community, Inc. | 7/13/09 | Failing to: <ul style="list-style-type: none"> • provide a comprehensive program of instruction aligned to the Arizona Academic Standards. • ensure that the teachers of core academic subjects are “highly qualified” as that term is defined under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.). • provide the minimum hours of instruction pursuant to A.R.S. §15-901.A.2. • report student attendance data in accordance with A.R.S. §§15-185.B.2, 15-901 and 15-902. • electronically submit membership and absence information to ADE at least once every 20 school days pursuant to A.R.S. §15-1042.G. • comply with federal immigration laws. • remain current with its reporting and member and employer contribution | Pre-Hearing Conference set for September 30, 2009 at 1:00 p.m. Hearing set for December 7, 8, and 9, 2009 | NOIR and NOH hand delivered and sent to School 7/22/09. School provided copy of notice sent to parents and staff - received 8/10/09 Copy of list of students received 8/10/09 |

Schools Under a Notice of Intent to Revoke

| School Name | Date of Board Action | Alleged Violation | Date of Revocation Hearing/Orders | Status |
|----------------------------------|----------------------|--|--|---|
| | | obligations to the Arizona State Retirement System. • maintain and retain teacher rosters as required by A.R.S. §39-121.01 and in accordance with Public Records Law. | | |
| North Star Charter School | 7/13/09 | <ul style="list-style-type: none"> • Failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma. • Failing to maintain and secure records pursuant to Public Records Law, including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the NCLB Act for FY08 and FY09, and financial records for FY08 and FY09, • Failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System, and • Failing to fingerprint or require the submission of a full set of fingerprints to conduct a state and national criminal records check on a contractor, subcontractor or vendor who was contracted to provide services on a regular basis on school property. | Pre-Hearing Conference set for September 30, 2009 at 2:00 p.m. Hearing set for November 16 and 17, 2009 | NOIR and NOH sent to School 8/13/09. School provided copy of notice sent to parents and staff - received 9/5/09 Copy of list of students received 9/5/09. |

Other Legal Matters

| School Name | Date of Board Action | Status |
|-------------|----------------------|--------|
|-------------|----------------------|--------|

Consent/Settlement Agreements that are being monitored

| School Name | Date of Board Action | Terms | Status of compliance with Terms |
|--|----------------------|---|---|
| Bradley Academy of Excellence, Inc. | 7/14/08 | <p>Federal Payroll Taxes</p> <ul style="list-style-type: none"> • Charter Operator agrees to comply with terms of its installment agreement with IRS to pay its overdue payroll taxes. On or before the 30th day of each month, beginning June 2008 and continuing until paid in full, the Charter Operator agrees to provide evidence to the Board that the Charter Operator made the required monthly payments under its installment agreement with the IRS. • Charter Operator agrees to remain current in its monthly employer's federal tax deposits for the current fiscal year and for all subsequent fiscal years of its operations. • Charter Operator agrees to notify the Board within 15 days if the Charter Operator terminates services with its current payroll processing vendor and hires a new vendor or decides to bring the payroll processing function back in-house. <p>Annual Audit</p> <ul style="list-style-type: none"> • Charter Operator agrees to submit its annual financial statement audit and legal compliance questionnaire for fiscal year ending June 30, 2008 by November 15, 2008. • Charter Operator agrees to submit its annual financial statement audit and legal compliance questionnaire for all subsequent fiscal years of its operation by November 15 of the following fiscal year. <p>Grant Completion Reports</p> | <p>Federal Payroll Taxes</p> <p>On May 19th, Charter Operator provided proof that first payment (May) was made to IRS.</p> <p>On June 19th, Charter Operator provided proof that June payment was made to IRS.</p> <p>On July 18th, Charter Operator provided proof that July payment was made to IRS.</p> <p>On August 20th, Charter Operator provided proof that August payment was made to IRS.</p> <p>On September 18th, Charter Operator provided proof that September payment was made to IRS.</p> <p>On October 21st, staff received an email indicating that the school had submitted paperwork to the IRS on 9/17/08 requesting a reduction of the current monthly payment to either \$5,000 or \$10,000 per month. Since neither Bradley nor its consultant received any response to this request prior to the morning of October 20th, a payment of \$5,000 was delivered to the IRS on October 20th (proof was provided to staff). Late in the afternoon on October 20th, the consultant received a call from the IRS requesting that Bradley pay \$10,000 instead of \$5,000. Bradley was given a deadline of November 7th to pay the additional \$5,000. Subsequent monthly payments of \$10,000 are to be made on the 20th of the month beginning in November.</p> |

Consent/Settlement Agreements that are being monitored

| School Name | Date of Board Action | Terms | Status of compliance with Terms |
|-------------|----------------------|---|---|
| | | <ul style="list-style-type: none"> • Charter Operator agrees to submit completion reports for all federal funds received for the fiscal year ending June 30, 2008 to ADE by the due date of September 30, 2008. • Charter Operator agrees to submit completion reports for all federal funds received in all subsequent fiscal years of its operation by the due date of September 30 of the following fiscal year. | <p>On October 22nd, staff requested and received copies of the paperwork submitted to the IRS on 9/17/08 requesting the monthly payment reduction. Additionally, Bradley indicated that it will request written confirmation of the new payment plan and provide this to staff.</p> <p>On November 6th, the Charter Operator provided proof that Bradley paid the additional \$5,000 requested by the IRS. This \$5,000 and the earlier \$5,000 cover the \$10,000 October payment. Staff was also informed that the Revenue Officer is working with her IRS Manager to develop written notification of the new payment plan.</p> <p>On November 20th, the Charter Operator provided proof that the November payment of \$10,000 was made to the IRS.</p> <p>On December 12th, the Charter Operator provided staff with copy of new IRS approved payment plan, which requires payments of \$10,000/month until remaining amount is paid in full.</p> <p>On December 19th, the Charter Operator provided proof that the December payment of \$10,000 was made to the IRS.</p> <p>On January 15th, the Charter Operator provided proof that the January payment of \$10,000 was made to the IRS.</p> <p>On February 20th, the Charter Operator provided proof that the February payment of \$10,000 was made to IRS.</p> <p>On March 18th, the Charter Operator provided proof that the March payment of \$10,000 was made to IRS.</p> <p>On April 29th, the Charter Operator provided proof that the April payment of \$10,000 was made to IRS.</p> |

Consent/Settlement Agreements that are being monitored

| School Name | Date of Board Action | Terms | Status of compliance with Terms |
|----------------------------|--|---|--|
| | | | <p>On May 20th, the Charter Operator provided proof that the May payment of \$10,000 was made to IRS.</p> <p>On June 18th, the Charter Operator provided proof that the June payment of \$10,000 was made to IRS.</p> <p>On July 14th, the Charter Operator provided proof that the July payment of \$10,000 was sent to the IRS.</p> <p>On August 20th, the Charter Operator provided proof that the August payment of \$10,000 was made to IRS.</p> <p>On September 18th, the Charter Operator provided proof that the September payment of \$10,000 was made to IRS.</p> <p>Annual Audit The fiscal year 2008 audit was timely submitted.</p> <p>Grant Completion Reports School submitted its fiscal year 2008 completion report on September 16, 2008.</p> |
| Kachina Country Day | Board will monitor compliance with the Stipulation and Agreement | <p>The Attorney General's Office and Kachina have agreed to a Stipulation and Agreement that sets forth the following that will be monitored by the Board over the course of the next five years:</p> <ol style="list-style-type: none"> 1. The school will annually certify compliance with Open Meeting Law for a period of 5 years. 2. Specified personnel of the school will be trained on Open Meeting Law. 3. The school will hire a compliance officer for one year | <p>The Board was made aware of the open meeting law issues at the 4/12/04 meeting. The Board agreed to monitor the school in accordance with a potential consent agreement drawn up by the Attorney General's Open Meeting Law Enforcement Team.</p> <p>The Board received certification on June 11, 2004 from the school that they have retained a Compliance Officer that began service on July 21, 2004 and will be retained for one year.</p> <p>On July 16, 2004 the Board received notification that the Kachina Board and employees responsible for minutes, notices and agenda items were trained on Open Meeting Law on July 15, 2004.</p> <p>On March 10, 2005, received a fax copy of the Annual</p> |

Consent/Settlement Agreements that are being monitored

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|-------------|----------------------|--|---|
| | | that will attend meetings and report to the Board. | <p>Certification of Compliance with Open Meeting Law.</p> <p>On July 5, 2005 the Board received a letter of compliance with open meeting law from Miller LaSota & Peters, the firm retained to act as Kachina's Open Meeting Law compliance officer.</p> <p>On 7/17/06 the school submitted its Annual Certification of Compliance with Open Meeting Law.</p> <p>On 7/16/07 the school submitted its Annual Certification of Compliance with Open Meeting Law.</p> <p>September 21, 2009 – Staff requested an update regarding the school's completion of the requirements of the consent agreement as our records do not confirm the completion of annual certification for 5 years.</p> |

Status of Board Requested Reports/Site Visits

| School Name | Date of Board Action | Board Request of School/Staff | Status of compliance with request |
|---|----------------------|--|---|
| Phoenix Advantage Charter School, Inc. | 5/12/08 | <p>Board instructed staff for a period not to exceed three years, to monitor the school's compliance with Classroom Site Fund requirements periodically as established between the staff and the school until such time as compliance is demonstrated through the review of a fiscal year audit that demonstrates compliance. The Board specified that the compliance would not be determined through the fiscal year 2008 audit.</p> <p>In a letter dated May 16, 2008, staff requested that the school provide by June 2, 2008: a specific timeline for eliminating the school's CSF carryover from prior years and distributing the "new" CSF allocations received annually going forward; a brief description of how the school plans to use the CSF monies coded to Project</p> | <p>On May 29, 2008, staff received response from school. School requested that compliance reviews be conducted on the status of CSF as of December 31st and June 30th of each year.</p> |

| | | <p>1013; and a schedule indicating when the school distributes the CSF monies to the teachers.</p> <p>In a letter dated June 13, 2008, the school was notified of the dates established for submitting the monitoring review reports to the Board:</p> <table border="1"> <thead> <tr> <th><u>Period Covered by Report</u></th> <th><u>Report Due Date</u></th> </tr> </thead> <tbody> <tr> <td>07/01/07-06/30/08</td> <td>07/22/08</td> </tr> <tr> <td>07/01/08-12/31/08</td> <td>01/22/09</td> </tr> <tr> <td>07/01/08-06/30/09</td> <td>07/22/09</td> </tr> <tr> <td>07/01/09-12/31/09</td> <td>01/22/10</td> </tr> <tr> <td>07/01/09-06/30/10</td> <td>07/22/10</td> </tr> </tbody> </table> | <u>Period Covered by Report</u> | <u>Report Due Date</u> | 07/01/07-06/30/08 | 07/22/08 | 07/01/08-12/31/08 | 01/22/09 | 07/01/08-06/30/09 | 07/22/09 | 07/01/09-12/31/09 | 01/22/10 | 07/01/09-06/30/10 | 07/22/10 | <p>PACS' financial office is located at Ahwatukee Foothills Prep (AFP). AFP's roof collapsed in July and flooded the school, which resulted in PACS not having normal access to its records or office functions. PACS was granted an extension until August 15th to provide the July 22nd report.</p> <p>On July 29th, PACS provided the first report. No issues were identified. At this time, PACS "fully expects" the fiscal year 2008 audit to reflect the school's compliance with all Classroom Site Fund requirements.</p> <p>On January 21st, PACS provided the second report. No issues were identified.</p> <p>PACS' fiscal year 2008 audit did not identify any noncompliance with Classroom Site Fund requirements.</p> <p>On July 30, 2009, PACS provided the third report. No issues were identified.</p> |
|---------------------------------|------------------------|--|---------------------------------|------------------------|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|----------|---|
| <u>Period Covered by Report</u> | <u>Report Due Date</u> | | | | | | | | | | | | | | |
| 07/01/07-06/30/08 | 07/22/08 | | | | | | | | | | | | | | |
| 07/01/08-12/31/08 | 01/22/09 | | | | | | | | | | | | | | |
| 07/01/08-06/30/09 | 07/22/09 | | | | | | | | | | | | | | |
| 07/01/09-12/31/09 | 01/22/10 | | | | | | | | | | | | | | |
| 07/01/09-06/30/10 | 07/22/10 | | | | | | | | | | | | | | |

Failing Schools

| School Name | Date of Board Action | Violation | Hearing Information | Status |
|-------------|----------------------|-----------|---------------------|--------|
| | | | | |

Civil Penalties

| School Name | Date of Board Action | Violation | Amount of Withholding | Date Appeal Timeframe Expires | Status of Corrective Action Plan |
|-------------|----------------------|-----------|-----------------------|-------------------------------|----------------------------------|
| | | | | | |

