Detailed Business Plan Section Checklist

Charter Holder: Shonto Governing Board of Education, Inc. (Entity ID 6353)

Each Detailed Business Plan will be reviewed to determine if all of the required elements have been addressed:

Yes – Required element addressed.
No – Required element not addressed.
Not **A**pplicable – Required element not applicable to the charter holder.

Arizona State Board for Charter Schools (Board) staff will complete the Detailed Business Plan Section Checklist. The Checklist will be used by the Board in its consideration of the charter holder's request for charter renewal. " No" answers may adversely affect the Board's decision regarding a charter holder's request for charter renewal.

II b.1. CHARTER HOLDER'S ORGANIZATIONAL MEMBERSHIP				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Evidence of the appropriate filings with either the Board, Arizona Corporation Commission or both submitted.			X	
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART A – RENEWAL BUDGET PLAN				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ Completed Renewal Budget Plan submitted.	X			
○ 4 years of financial information provided as required by the *Renewal Instructions* with fiscal years clearly identified.	X			

○ Renewal Budget Plan includes average daily membership (ADM) used in each fiscal year and the basis for projected ADM.	X			The ADM included in the Renewal Budget Plan for fiscal year 2011 (119.49) is in line with the reports available through the Arizona Department of Education's (ADE) website. However, the ADM included in the Renewal Budget Plan for fiscal year 2012 (122) is higher than the charter holder's ADM included in ADE reports as of April 16, 2012 (94.477).
○ Assumptions provided for key components of the Renewal Budget Plan, including the basis for all projected revenue line items used.		X		The Renewal Budget Plan does not include the basis for the projected increase in the State Equalization Assistance line item for fiscal years 2013 and 2014. Please note that as of March 26, 2012, the charter holder's projected state equalization for fiscal year 2012 is $572,044 according to ADE's website. This amount reflects approximately $91,000 in adjustments that have been made, so far, this fiscal year.
○ Increases or decreases of 10% or more in the "total expenses" line item from year to year in the Renewal Budget Plan are explained in the "Assumptions/Notes" section.			X	
○ Each "Other" line item used is explained in the "Assumptions/Notes" section to specify what is included.		X		No explanation provided for amounts included in the "Other" line items used in the Renewal Budget Plan's instructional and non-instructional expenses sections.

○ For those required to submit the Academic Performance Section of the renewal application, the charter holder's previous two audits and the Renewal Budget Plan demonstrate the charter holder has the financial capacity to implement the "budget" as detailed in the Academic Performance Section.	X			In other sections of this checklist, discrepancies were identified between the fiscal year 2012 ADM and state equalization assistance included in the Renewal Budget Plan and the information available through ADE's website. Additionally, the Renewal Budget Plan projects expenses exceeding revenues for fiscal years 2012 through 2014. In spite of this information, this section received a "yes" due to the charter school ending fiscal year 2011 with approximately $759,000 in cash and the charter holder ending fiscal year 2011 with nearly $13.4 million in cash and investments.
○ Renewal Budget Plan is mathematically correct.	X			Taking into account rounding issues, the Renewal Budget Plan is mathematically correct. Please note that the Renewal Budget Plan represents the charter school operations only. As of June 30, 2011, the charter holder had net assets of $15,071,628.
II b.2. CHARTER HOLDER'S FINANCIAL SUSTAINABILITY PART B – FINANCIAL SUSTAINABILITY NARRATIVE				
Required Elements	**Yes**	**No**	**N/A**	**COMMENTS**
○ For those required to complete the renewal application's "Charter Holder's Financial Sustainability" section because at least one of the two previous audits identified a going concern or identified negative net assets or negative members'/stockholders' equity at year end, a narrative is provided.			X	

○ Narrative does not exceed one page in length.			X	
○ Narrative explains the charter holder's current financial situation.			X	
○ Narrative includes the specific steps the charter holder has already taken to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	
○ Evidence provided that supports each of the steps already taken by the charter holder to improve its financial situation and ensure the continued financial sustainability of the charter school(s).			X	
TOTAL (Sections II b.1, II b.2 Part A, and II b.2 Part B)	5	2	7	

Check one *(required)*:

☐ MEETS THE REQUIREMENTS (All applicable "Required Elements" received a "Yes".)

☒ DOES NOT MEET THE REQUIREMENTS (One or more applicable "Required Elements" received a "No".)

Board Staff Review Date: April 17, 2012