Mountain School, Inc.
Renewal Executive Summary Report

I. Sources of Evidence for this Document

A.R.S. 15-183.I states that "[a] charter school that elects to apply for renewal shall file an application for renewal…which shall include a detailed business plan for the charter school, a review of fiscal audits and academic performance data for the charter school and a review of the current contract between the sponsor and the charter school."

The Arizona State Board for Charter Schools (ASBCS) determined that renewal of a charter is based on affirmative evidence in three areas:

- Success of the academic program, including academic achievement
- Viability of the organization, including fiscal management and compliance
- Adherence to the terms of the charter, including contract and legal compliance

Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal. These sources include:

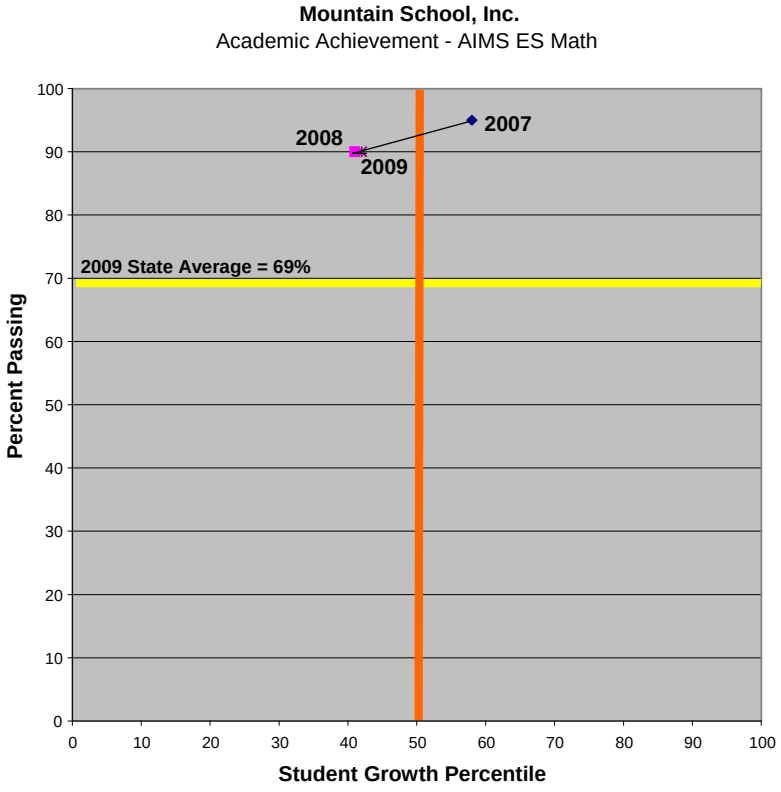
- Written application for renewal
- Student performance data
- Independent financial audits
- Five year interval summary reviews
- Site visit reports
- Monitoring reports

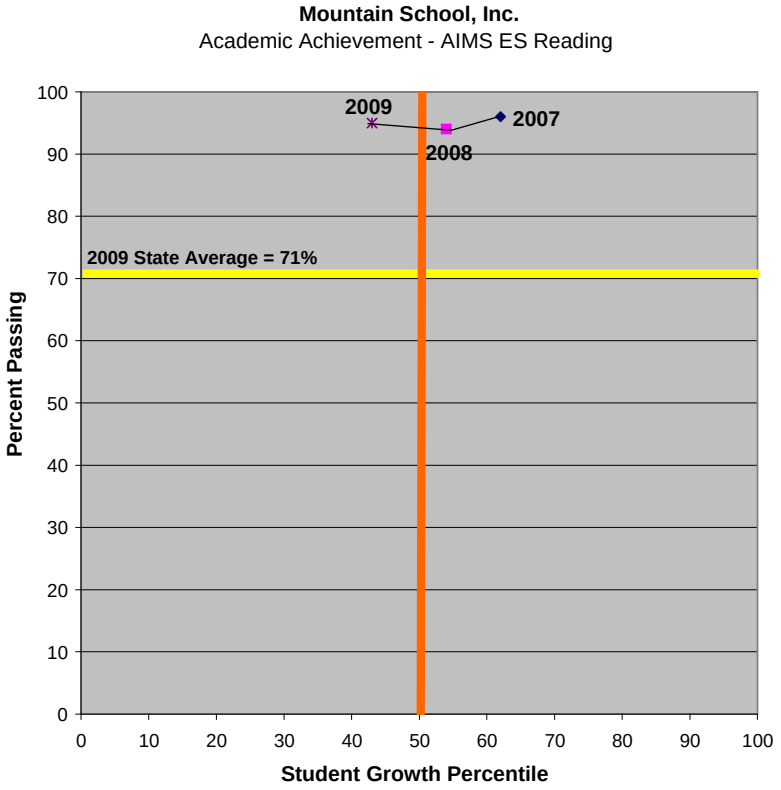
II. Profile

Mountain School, Inc. was granted a charter by the State Board of Education, effective August 5, 1996. Mountain School, Inc. is a non-profit corporation in good standing with the Arizona Corporation Commission. The charter was transferred to the Arizona State Board for Charter Schools on April 6, 2004. The charter representative is Renee Fauset. The school, Mountain School, is located at 311 W. Cattle Drive Trail in Flagstaff, serves grades K-6, and had a FY10 100th day ADM of 190.331.

Mission Statement (as provided in the contract):
Mountain School, Inc. is a non-profit, non-sectarian school serving grades K-6. Children are encouraged to develop their academic goals with the support and guidance of teachers and parents thus enabling the school to preserve the child's individuality, cultivate self-esteem and instill social responsibility.

III. Academic Performance





Fiscal Year	AZ LEARNS	Adequate Yearly Progress (AYP)
2009	Highly Performing	Yes
2008	Excelling	Yes
2007	Excelling	Yes

IV. Fiscal Compliance

As detailed in the Audit and Fiscal Compliance section of the *Renewal Summary Review*:

- The charter holder has timely submitted its annual audit.
- The fiscal year 2008 audit identified two issues which required a corrective action plan.
- No repeat issues were identified.

Mountain School, Inc. has received exceptions from the Uniform System of Financial Records for Charter Schools and State procurement regulations.

V. Legal and Contractual Compliance

For the previous five fiscal years –

- The charter holder timely submitted the Annual Financial Report.
- The charter has failed to timely submit the Budget for one or more years.
- All Declarations of Curricular and Instructional Alignment were submitted to the Arizona Department of Education (ADE) in a timely manner.
- The Highly-Qualified Teacher report, updated on May 7, 2010, indicated nine core teachers with one being reported as non-highly qualified.
- In 2008, Mountain School, Inc. was notified by the Arizona Department of Education (ADE) of withholdings due to failure to comply with the monitoring requirements of No Child Left Behind (High Risk Subgrantee).
- In 2004, noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services and a Corrective Action Plan was required.

VI. Renewal Application

A. Education Plan

Academic performance of the schools operated by the Charter Holder met the Board's level of adequate academic performance, including status and growth measures, for each of the previous three years. Therefore, the Charter Holder was not required to submit any portion of the academic section of the renewal application.

B. Detailed Business Plan

Organization

The application provides the following information and an organizational chart regarding the operations of the organization. Mountain School's Board of Directors oversees the operations by approving budgets and policies that govern the school. The executive director also serves as a liaison between the Board and teachers and provides interpretation of the policies and procedures that all employees are required to follow. The executive director serves as the educational leader of the school, providing the funds, materials and support for the classrooms teachers. The teachers are in charge of the classrooms and educate students with the help of aides and parent volunteers. The Parent Advisory Committee is in charge of the parent volunteers and helps parents find ways to assist the school in meeting its academic, fiduciary, and community goals. The aides are in charge of helping the teachers make sure the needs of all students are met. The administrative assistant is in charge of attendance and accounts receivable, along with other daily duties. The office aide assists the administrative assistant in doing clerical activity.

Sustainability

Fiscal Viability

Mountain School's application includes examples of its accounting procedures. The application states that data drives the decision-making when performing fiscal planning. In January, the planning process begins when the Director meets with a financial consultant. During this time, teachers discuss what needs the students are demonstrating that may affect curriculum decisions. After the State approves the budget, the consultant and Director agree on two scenarios for the school board to review. From there, the application states, the budget is proposed and approved. The Director is the only person on site that has fiscal authority.

The application states that fundraising is an ongoing effort and indicates that the school's most prominent fundraiser is a foot race that nets the school nearly $10,000.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Mountain School's financial statements. In each fiscal year, the charter holder ended the year with positive net assets. Mountain School did not submit the standard Budget Plan as required by the renewal application, but rather spreadsheets the charter holder developed on its own. The charter holder submitted month-by-month cash flow projections for fiscal years 2011 through 2013 with assumptions.[1] The projections submitted do not include the detail found in the Budget Plan. Additionally, the documents submitted by the charter holder do not include any financial information for fiscal years 2009 and 2010, which limits staff's ability to assess the reasonableness of the projected financial information. Based on information obtained from the Arizona Department of Education's website, the ADM used by the charter holder for the fiscal year 2011 projection is the current fiscal year 2010 ADM. The assumptions indicate that the fiscal year 2011 cashflow includes a 2% increase in state funding.

[1] In reviewing the month-by-month projections provided, please note that under the State's new payment schedule, charter holders will not receive a July state equalization assistance payment, but will receive two payments in June. The new payment schedule begins with fiscal year 2011.

Based on simple calculations using, for fiscal year 2010, information from ADE's website and, for fiscal year 2011, the charter holder's fiscal year 2011 projection, the charter holder's 2011 projection appears to be based on a per pupil state funding increase of approximately $38 over fiscal year 2010. Although it does not reflect a 2% increase, this increase in per pupil state funding for fiscal year 2011 is contrary to the Governor's Office of Strategic Planning and Budgeting's estimate of a $281 reduction in per pupil funding for Mountain School.[2] The cashflows submitted by the charter holder indicate that Mountain School's ending net assets will increase between fiscal years 2011 and 2013.

Strength and Stability of the Governing Body

Mountain School Board of Directors members:

Renee Fauset, President
Jim Manley, Vice-President
Ellen Majure, Secretary
Jay McCarthy, Member
Carla Conway, Member

The board has a handbook which outlines its role and responsibilities for the school. Portions of the handbook were included in the application. While the handbook included information that says the board approves curricula, assessment and criteria for promotion, the application did not include information about how the governing body monitors the school's academic performance.

Strength and Stability of the Corporate Board

The Governing Board and the Corporate Board of Mountain School are the same entity.

Succession Plan

Charter Holder: In the event of Mountain School Corporate Board principals resigning or retiring, the continuing members of the board discuss and recommend community leaders who may have an interest in serving the school in a board capacity. The prospective member is approached and invited to a meeting to discuss the possibility of becoming a board member.

Instructional Leadership: The instructional leader succession plan is a three-year process, where a master teacher is groomed to become the instructional leader and eventually the school director. The current instructional leader then becomes the executive director and works on compliance issues and the business side of the school. Eventually there will be the school director, the executive director and the business manager operating the school.

Merit pay is provided for those teachers tutoring and sponsoring after school clubs that extend and support the school's academic goals. Teachers at the school help in deciding about needed training to stay abreast of current best practices. Much of the professional development provided to the teachers during the past few years has been spent on SEI, RTI, accommodations in the classrooms for special needs students, challenging the top performing students and consistent art and music opportunities for students throughout the daily curriculum.

[2] The Office of Strategic Planning and Budgeting prepared separate estimates for each charter holder to use depending on whether the sales tax increase was approved by voters. The $281 amount reflects the estimate for Mountain School if the sales tax increase passed.

The application states that Mountain School announces openings in enough time to do a thorough search for the best fit for the school program. The best applicants are given an interview with a team of teachers, board members, and the school director.

Facilities Plan

Mountain School currently has no plans to move, build or remodel its facility. An addition was completed in 2007, which houses 6th grade, a gym, kitchen, a library and science/art room.

VII. Staff Recommendation

Based upon the information in the application, academic performance over the charter term, fiscal compliance, and legal and contractual compliance, I move to approve the renewal application and grant a renewal contract for Mountain School, Inc.