Valley Academy, 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. School Profile

Valley Academy, Inc. was granted a charter by the State Board of Education, effective on the first day of the operation of the school which was June 7, 1995. Valley Academy, Inc. is a non-profit in good standing with the Arizona Corporation Commission. The charter was transferred to the Arizona State Board for Charter Schools on June 19, 2003. The charter representatives are Cuyler Reid and Heidi Mitchell. The school, also named Valley Academy, is located at 1520 W. Rose Garden Lane in Phoenix, serves K-8, and had a FY10 ADM of 728.445.

Mission Statement:
The mission of Valley Academy is to offer back-to-basics, traditional education by providing a challenging, sequential, teacher-directed, textbook-based curriculum supported by individual accountability and high academic and behavioral standards.

III. Academic Performance

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

Status Scores	2009	2008	2007
Reading	95	94	94
Math	96	95	95
% of students school-wide who passed AIMS.			

Student Growth Percentile (SGP)	2009	2008	2007
Reading	60	58	53
Math	58	60	52
% of students demonstrating typical growth compared to similar students.			

IV. Fiscal Compliance

The charter holder has timely submitted the annual audit. For the same five years, the audits revealed no audit issues requiring a corrective action plan and no repeat issues were identified.

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

V. Legal and Contractual Compliance

The charter holder timely submitted its Annual Financial Report and Budget for the past five years. All Declarations were submitted to the Arizona Department of Education (ADE) in a timely manner. The Highly-Qualified Teacher report, updated on May 10, 2010, indicated 34 core teachers with seven being reported as non-highly qualified. In 2004 noncompliance with the Individuals with Disabilities Education Act (IDEA) was determined by ADE Exceptional Student Services. A Corrective Action Plan met minimum compliance. A Five-Year Interval Review by ASBCS took place in 2006.

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 Board of Directors is responsible for adopting and directing school policies and procedures, assuring that policies and procedures are implemented and maintaining compliance with the charter contract, applicable State and federal laws and the school's accounting requirements. The board hires and oversees the C.E.O. The C. E. O. is responsible for the operation of the school, including all business and academic areas and works with the Board of Directors on developing long-range strategic plans for the school. The principal of the school reports to the C.E.O. and is in charge of managing the academic program at Valley Academy. The vice principal assists with the principal's duties and has direct oversight of classroom aides and ancillary programs. Classroom teachers provide direct instruction in an environment that supports the traditional, back-to-basics philosophy of the school using the school-adopted curriculum. As indicated on the organizational chart that is included with the application, the school support staff includes an office manager, accounting personnel, administrative personnel, a school nurse, maintenance personnel, food service personnel, and academic aides.

Sustainability

Fiscal Viability

Although Valley Academy is exempt from the Uniform System of Financial Records for Charter Schools (USFRCS) requirements, many accounting processes prescribed by the USFRCS are used. With input from staff, the board of directors and administration sets an annual budget and reviews budget performance monthly. In addition to reviewing monthly financial statements, the board of directors and administration review a "dashboard" report to ensure the continued financial and operational health of the organization. (For a copy of the "dashboard" report, please see the Budget section of the application labeled Dashboard. The board of directors also reviews the performance of all investments. Valley Academy maintains three months of operating reserve in case of emergencies. Additionally, the school maintains investments in preparation for future capital improvements. Total assets for the organization per the June 30, 2009 audited financial statement were $14,400,144, with an increase in net assets of $575,000 in fiscal year 2009.

The school currently maintains two bonds, proceeds from which were used for construction capital acquisitions. The debt service calculation for these bonds reveals a combined maximum annual debt service ratio of 2.0. As part of the 2008 bond offering, Moody's Investors Services conducted an extensive review of Valley Academy and awarded the school an investment grade rating – the first investment grade rating to be awarded to a charter school in Arizona. In recent months, Moody's reconfirmed this rating for the current fiscal year.

The school works closely with the Valley Academy Parents' Organization (VAPO) and receives financial and operation support from over 1,500 members of VAPO each year. The group regularly logs over 10,000 hours of volunteer time annually and raises approximately $50,000 annually in support of the school.

Another measure of fiscal viability is the number of students exceeding capacity who wish to enroll in the school. Valley Academy draws students from approximately 40 different zip code districts and has an extensive waiting list.

For fiscal year 2008 and fiscal year 2009, the independent certified public accountant issued an unqualified (or "clean") opinion on Valley Academy's financial statements. In each year, the charter holder ended the year with positive net assets. The Budget Plan submitted as part of the renewal application indicates that Valley Academy's ending net assets will increase between fiscal year 2010 and fiscal year 2012. According to the assumptions provided in the three-year Budget Plan, revenues are predicted to remain flat into the 2011 school year with a 2-percent increase anticipated for the 2012 year.

Strength and Stability of the Corporate Board
Strength and Stability of the Governing Body

Valley Academy has a single board that serves as both the corporate board and governing body. Valley Academy, Inc. is an Arizona non-profit corporation and is the charter holder. It is governed by a six-member Board of Directors elected by a majority vote of the members of the Board to serve three-year terms. This single board serves as both the corporate and school board. The board designates one or more charter representatives as liaisons to the school's sponsor. The board is responsible for those functions required by Arizona law, including adopting and directing school policies and procedures, assuring that policies and procedures are implemented and maintaining compliance with its charter contract, applicable state and federal laws and the organization's accounting requirements. The Board sets policy, approves educational programs and textbook adoption, sets salaries and compensation and adopts a yearly budget. The Board is also the final step in the organization's due process for employees, students and their families, and other stakeholders.

More detailed information describing members of the board, their experience and areas of expertise is included in the application. The current members of the board are:

Mark Mettes – Board President
Angela Fischer – Board Secretary
Letha Warner – Board Treasurer

Cuyler Reid – Board Member
Samuel Kerch – Board Member
Denise Burton – Board Member

Members of the management team include Heidi Mitchell, C.E.O., who is responsible for the oversight of all business and academic areas of the school. Ms. Mitchell's experience and expertise are described in more detail in the application. Leslie Szostak serves as principal and manages the academic program at the school. Victoria Wilber serves as the assistant principal. More detailed information about Ms. Szostak's and Ms. Wilber's experience is included in the application.

The application describes the recruitment and training of potential and selected board members. Any member of the public is eligible to submit an application for board service, and an application form is available on the school website. Prospective board members are encouraged to attend board meetings prior to applying for service and to read an informational guide provided by the school that includes the school's history, mission, philosophy, and curriculum. It outlines the duties of board membership and introduces other board members and school administrators through short biographies. Board members serve three year terms, which are renewable with the approval of the Board by a majority vote of the board.
The Valley Academy Board of Directors holds itself responsible for providing a traditional, back-to-basics education as described in the charter. The Board of Directors reviews AIMS results annually. For the lower grades, a report on DIBELS testing is presented. Analysis of Valley Academy AIMS scores includes comparison to surrounding districts, charter schools, and to the highest performing schools in the state. AIMS scores are analyzed by current grade level and by cohort, comparing previous years. When scores dip below 90% in any subject area in any grade level, administration develops and presents to the Board plans to increase performance. The monthly dashboard report to the board lists the numbers of academic probation and serious behavioral issues. These statistics are compared to previous years.

According to the application, the key to Valley Academy's academic success is the board's commitment to the school's traditional philosophy by providing a challenging, sequential, teacher-directed, standards-based, textbook-driven curriculum supported by individual accountability and high academic and behavioral standards.

Succession Plan
The Valley Academy Board of Directors consists of between 3 – 11 members. Board members serve three year terms which may be renewed with an invitation and a majority vote of the board. The board solicits new members from the community and parents. Per corporate bylaws, the board is an independent body, meaning that its members are not paid employees of the school, and neither they nor their family members have a business relationship with the school.

The C. E. O. is hired by the Board of Directors. In the event of an opening, the board will direct support staff to advertise the position both within the organization and to the general public. Board members interview candidates, have background investigations done, and hire the best qualified candidate. Written procedures are in place to facilitate the transition from one employee to the next.

The Principal is hired by the C. E. O. who uses the same procedure as the Board of Directors when hiring the C.E.O. Parents and teachers are invited to assist with this selection process. Whenever possible, Valley Academy prefers to promote from within to ensure that new employees support the philosophy of the school.

Valley Academy faculty salaries generally match surrounding district scales. The school offers Arizona State Retirement and generous insurance benefits. The school selects highly qualified teachers with a preference toward certified professionals. Valley supports its staff through varied professional development opportunities and with the establishment of a professional learning community.

Facilities Plan

The Valley Academy campus is located on nine acres of land east of the intersection of 19th Avenue and Rose Garden Lane in Phoenix, Arizona, in the area of the Deer Valley Airpark. Scheduled expansion of the nearby Loop 303 will mean that the Deer Valley Airpark will have freeways on three sides (Loop 303 to the north, I-17 to the west and Loop 101 to the south). For parents working in the area, the location provides short commuting times to local businesses.

In the summer of 2009, construction was completed on the campus, and Valley Academy opened the 2009-2010 school year in a new, two story, 53,000 square-foot facility. The new building contains all classrooms for grades 1 – 8, a multi-purpose room with warming kitchen, music room, library, computer lab, science lab, staff work room, and staff lounge. As part of the construction project, the school upgraded security and technology. With support from the Parent Organization, the school has expanded play areas, play fields, and installed a double-wide basketball court. Renovated, upgraded modular buildings currently house the kindergarten, pre-school, administration and maintenance areas.

Phase II of the Valley Academy campus has been designed. An artist's rendering is included in the application. This construction project will replace the rest of the modular buildings, providing new office areas, pre-school and kindergarten classrooms, maintenance areas, and a gymnasium. Phase II is currently estimated to cost approximately $4 million. The school projects a start date for Phase II to be approximately five years in the future. Similar to Phase I, the school plans to save toward this project in order to continue to maintain a responsible debt ratio.

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 Valley Academy, Inc.