Arizona Academy of Science & Technology - Entity ID 6378
School: Arizona Academy of Science & Technology

Renewal Executive Summary

Sources of Evidence for this Document

Pursuant to A.R.S. 15-183.I, a charter may be renewed for successive periods of twenty years. The Arizona State Board for Charter Schools (Board) has established a process for the renewal of a charter that is based on affirmative evidence in three areas:

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

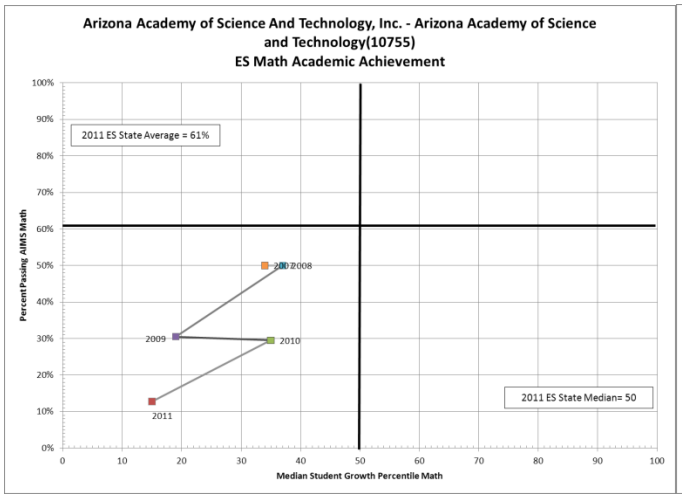
Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal of a charter. These sources include, but are not limited to:

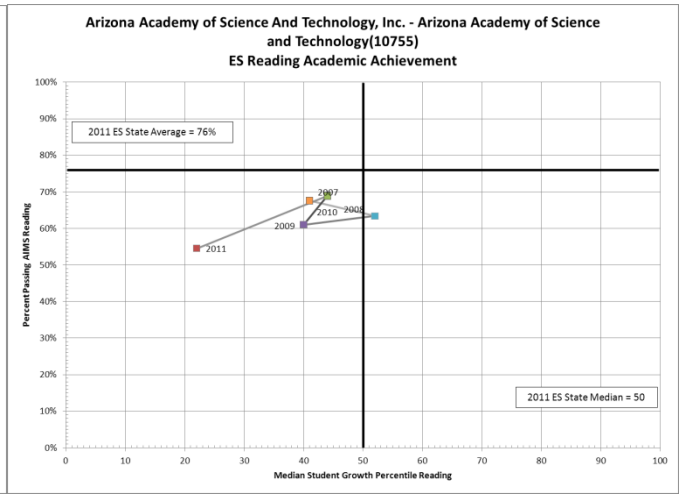
- Pupil achievement data
- Independent financial audits
- Five-year interval summary reviews
- Site visit reports
- Monitoring reports
- Application package for renewal

Profile

The transfer application for Arizona Academy of Science & Technology from the State Board of Education to the State Board for Charter Schools was approved on June 13, 2011. An audio recording of the discussion during the meeting regarding Arizona Academy of Science & Technology's transfer is available at http://asbcs.az.gov/board_information/meeting_info/2011/June.asp.

Arizona Academy of Science & Technology operates one school serving grades K-8.
Graphs displaying the academic achievement for the past five years, if available, are provided on the next page.





I. Success of the Academic Program

The academic performance of the school operated by the charter holder did not meet or demonstrate sufficient progress toward the Board's level of adequate academic performance. Therefore, the charter holder was required to submit a Performance Management Plan in the academic section of the renewal application and to complete the Renewal Budget Plan.

On March 30 the charter holder submitted a PMP narrative and templates. Academic oversight documentation was not submitted.

A leadership team discussion took place on May 21 at Arizona Academy of Science & Technology with Grant Creech (Executive Director/ Charter Representative), Vaughn Flannigan (Principal), Tara Gonzales (2nd Grade Teacher & Mentor Teacher), and Angelica Vargas (Community & Student Support Services Coordinator).

The discussion focused on changes that have occurred since the time of the approved transfer. Mr. Flannigan was hired as school principal in April 2011. Based on evaluations of staff 60% of the instructional staff were not renewed at the end of the 2011 school year. Based on evaluations of staff for the 2011-2012 school year 100% of instructional staff will be retained. Prior to the 2011-2012 school year two mentor teachers (K-3/4-8) were identified among retained staff to provide additional instructional coaching to teachers. Teacher teams (K-3/4-8) meet weekly to review formative assessment data and discuss appropriate modifications to instruction. The mentor teachers provide support to the implementation of instructional modifications based on data analysis.

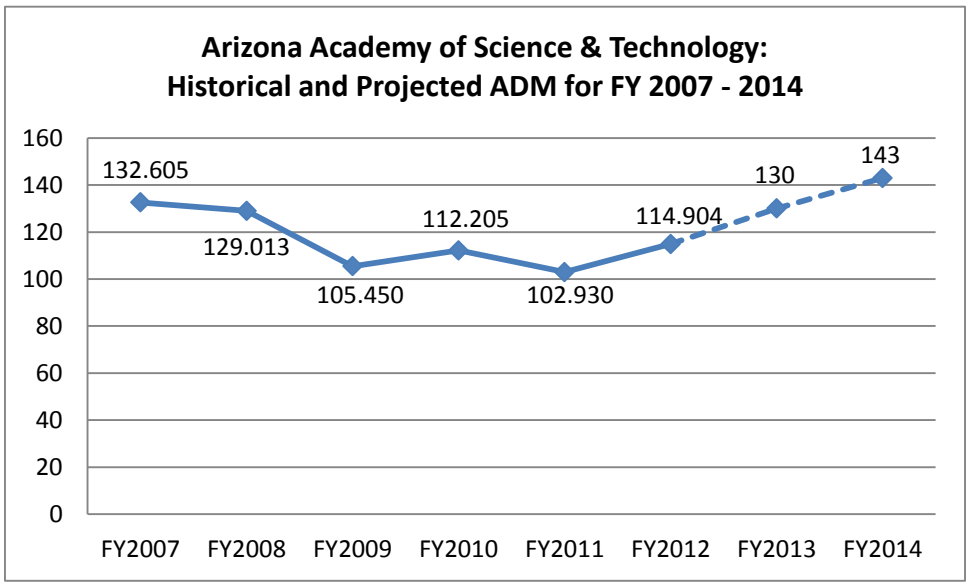
A PMP was submitted as part of the approved transfer application. The renewal PMP contains action steps that continue and build upon the actions steps in the transfer PMP. A review of curriculum and assessment resources was completed in accordance with the steps described in the transfer application PMP. The purchase and implementation of new instructional resources and assessment materials that address identified areas of need are included in the renewal PMP. The leadership team discussion also supported all other areas in the Performance Management Plan narrative and templates submitted.

Required submissions for the Academic Performance Section and the Renewal Budget Plan, as well as the applicable evaluation instrument and checklist, are included in the charter holder's portfolio. The evaluation instrument completed by staff identifies whether the required information provided included a Full Description, a Partial Description, or a Very Limited Description. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

II. Viability of the Organization

Because the charter holder's fiscal years 2010 and 2011 financial statements were prepared assuming the organization will continue as a going concern[1] and because the fiscal years 2010 and 2011 audits identified negative net assets at the end of each year, the charter holder was required to complete the Renewal Budget Plan and submit the Financial Sustainability Narrative and supporting evidence. Required submissions for the charter holder's Financial Sustainability portion of the Detailed Business Plan Section of the application and the applicable checklist are included in the charter holder's portfolio. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2007 through 2011, the fiscal year 2012 ADM as of May 11, 2012 and projected ADM through 2014. Projections were provided by the charter holder as part of the submitted Renewal Budget Plan. The ADM included in the Renewal Budget Plan for fiscal years 2011 and 2012 is in line with reports available through the Arizona Department of Education's website.



As indicated in the graph above, the charter holder's ADM has fluctuated up and down during the past six fiscal years.[2] Between fiscal year 2011 and fiscal year 2012, the charter holder's ADM grew by

[1] "Going concern" is the idea that an organization will continue to engage in its activities for the foreseeable future. If the auditor doubts that the organization will exist for at least the next year, the auditor's report would include a paragraph indicating this, as was the case for Arizona Academy of Science and Technology.

[2] In fiscal year 2007, the charter holder operated two sites. Beginning in fiscal year 2008 and continuing to present, the charter holder operates one site.

approximately 11.5%. The projected ADM included in the Renewal Budget Plan for fiscal years 2013 and 2014 anticipates growth of approximately 13% and 10%, respectively.

In reviewing the five most recent audits (2007-2011), the financial statements in each year were prepared assuming the organization will continue as a going concern. While the fiscal year 2010 financial statements showed a deficit resulting from liabilities in excess of assets, the charter holder had a positive change in net assets for fiscal years 2008 through 2010. This resulted in the deficit being reduced from $376,620 at the beginning of fiscal year 2008 to $217,046 at the end of fiscal year 2010.

However, in fiscal year 2011, the deficit increased to $249,849. The Renewal Budget Plan projects positive changes in net assets for fiscal years 2013 and 2014. Related to the going concern, the fiscal year 2011 audit states, " The School has an accumulated deficit of $249,849 which includes the current year decrease in net assets as well as amounts incurred to fund operations in prior years." According to the audits, the debt incurred to fund operations in prior years includes notes payable to a related party and accrued payroll to a related party. According to the information contained in the last five years' audits, the total amount owed to related parties, including interest, peaked at $349,864. As of June 30, 2011, the total amount owed, including interest, was $205,186.

In the Financial Sustainability Narrative, the charter holder addresses its efforts to reduce the related party notes payable and accrued payroll. As of March 29, 2012, the charter holder indicates that the remaining balance is $166,936. According to the narrative, the notes payable will be satisfied in May 2012; the accrued payroll will be paid in an estimated 3.32 years. The financial sustainability narrative also mentions the charter holder's new lease with its landlord. Finally, the charter holder indicates that it is projecting positive year end net assets in fiscal year 2015.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action[3]

In April 2008, ADE Academic Achievement Division determined the LEA was out of compliance with the requirements of NCLB because of failure to document the implementation of a Title I program. On-site visits occurred on January 27 and April 21, 2011 to verify the implementation of a targeted assistance program. On May 10, 2011 ADE notified the charter holder that they were unable to conduct an exit interview because each time there was insufficient information to make a final determination. Upon the conclusion of the second on-site visit on April 21, 2011, ADE determined that no evidence of a valid Targeted Assistance Program was in place and informed the charter holder that they needed to return Title I, Part A funds by June 30, 2011 in the amounts of: 2010 - $136.00 and 2011 - $47,028.61. On May 25, 2011 ADE/ADD staff met with the charter holder. The charter holder presented evidence that Arizona Academy of Science and Technology provided a targeted assistance program for at least part of the 2010-11 school year. On June 8, 2011 ADE informed the charter holder that amendments were required to remove disallowed costs. The charter holder submitted journal entries to remove disallowed items. ADE monitored the Targeted Assistance Program during the 2011-2012 year. No compliance issues were noted during the monitoring.

[3] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".

B. Other Compliance Matters[4]

In February 2009, ADE Exceptional Student Services notified the charter holder of partial compliance in some areas with regard to specific regulations for Part B, Individuals with Disabilities Education Act (IDEA) and the Arizona Revised Statutes. The compliance issues were reported by ADE as resolved in February 2010.

The fiscal year 2010 audit identified an issue that required a corrective action plan (CAP). Specifically, the audit indicated that a fingerprint check was not on file for the school secretary. The charter holder submitted a satisfactory CAP.

Additionally, the fiscal year 2008 audit identified an issue that required a CAP. Specifically, the audit indicated that the charter holder did not have sufficient cash to cover its Classroom Site Fund carryover. The carryover amount equaled $42,945 and the cash shortfall equaled $23,193. The charter holder submitted a satisfactory CAP.

For the previous five fiscal years, the charter holder has failed to timely submit the Annual Financial Report for one or more years.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was consistent with the information on file with the Arizona Corporation Commission, the charter holder was not required to submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section.

Board Options

Option 1: The Board may approve the renewal. Staff recommends the following language for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the charter holder. In this case, there is a record of academic performance below the Board's level of adequate academic performance, which has been addressed by the charter holder through the inclusion of a performance management plan as part of the renewal application package and can be incorporated in the charter contract. There is also a record of past contractual noncompliance which has been reviewed. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the charter holder, I move to approve the request for charter renewal and grant a renewal contract to Arizona Academy of Science and Technology that incorporates the performance management plan.

Option 2: The Board may deny the renewal. The following language is provided for consideration: Based upon a review of the information provided by the representatives of the charter holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the charter holder over the charter term, I move to deny the

[4] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".

request for charter renewal and to not grant a renewal contract for Arizona Academy of Science and Technology. Specifically, the charter holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it:

1. Failed to provide a learning environment that improved pupil achievement in accordance with A.R.S. § 15-181(A).
2. Other specific reasons the Board may have found during its consideration including…