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

Transfer Executive Summary

The State Board of Education (SBE) approved a motion at its January 25, 2010 meeting not to proceed with the renewal of current charter contracts and refer charter holders currently sponsored by the SBE and whose charters are due to expire to the Arizona State Board for Charter Schools (Board) for the consideration of a transfer of the charter. Since that time, state law was amended to provide for additional charter sponsors.

Sources of Evidence for this Document

Pursuant to A.R.S. 15-183.V, the Arizona State Board for Charter Schools (Board) has established a process for the transfer 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

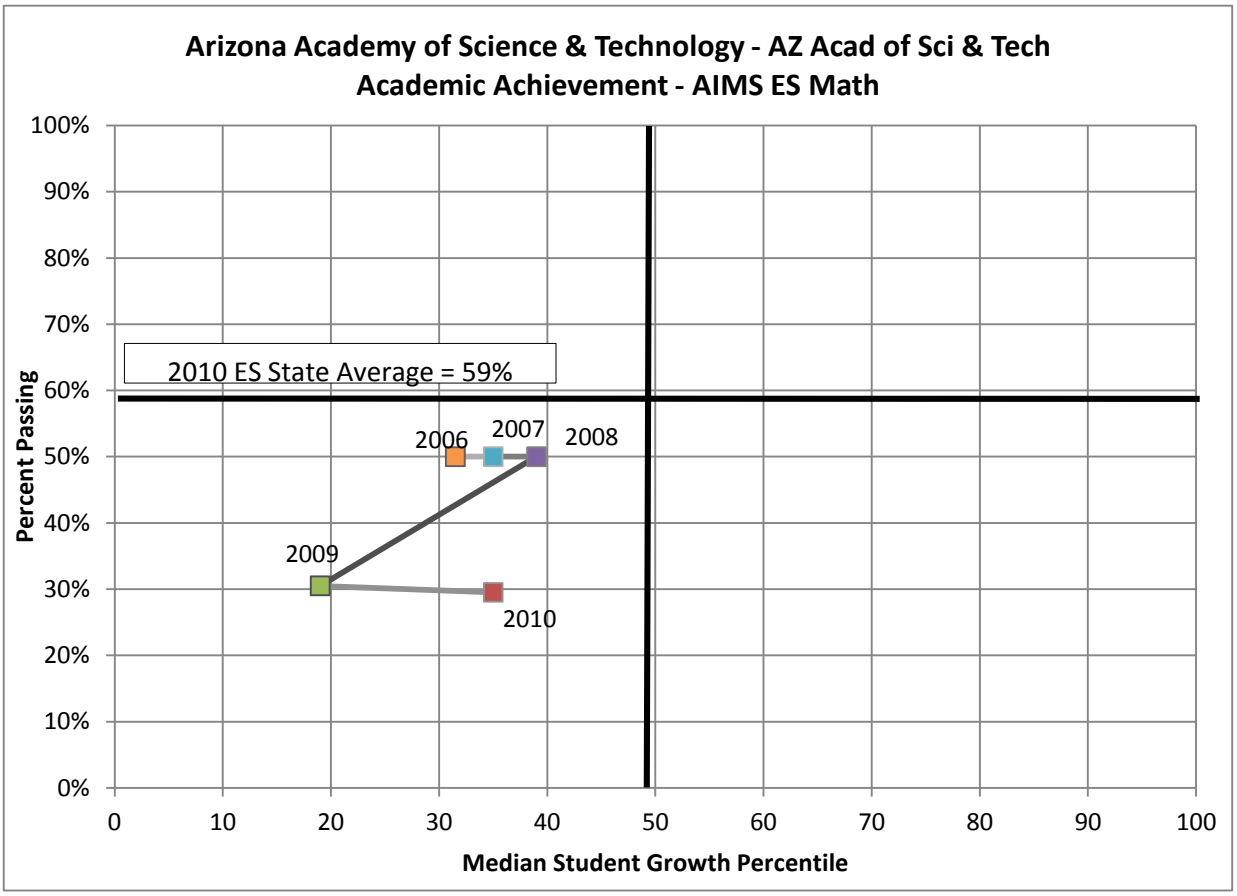
Evaluation of the Charter Holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining transfer of a charter. These sources include, but are not limited to:

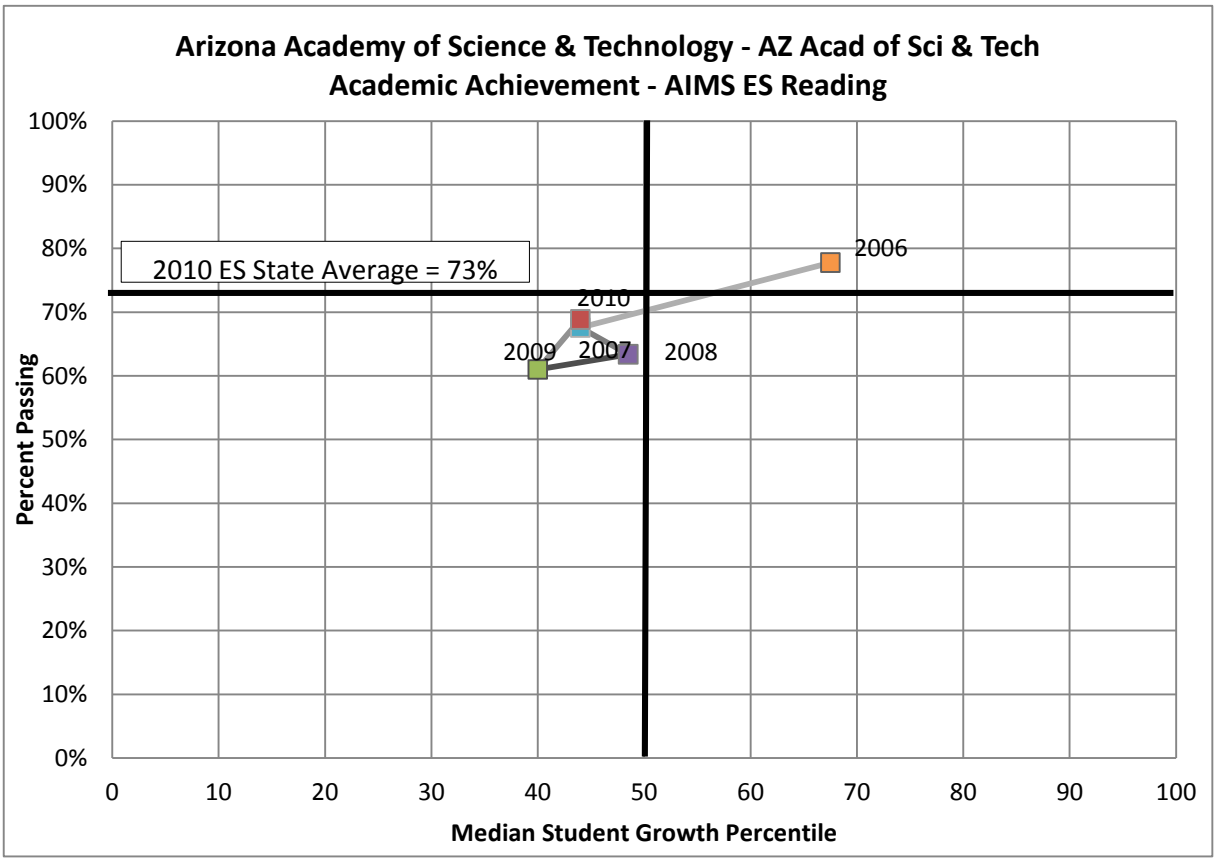
- Pupil achievement data
- Independent financial audits
- Five-year interval summary reviews
- Site visit reports
- Monitoring reports
- Application package
    - In addition to the items included in the portfolio, other documents submitted and reviewed were the Charter Contract release, Board Minutes, Charter Contract Copy, Certificate of Occupancy, Fire Marshal's Report, Lease Agreement, Liability Insurance, and Declarations.

Profile

Arizona Academy of Science and Technology operates one (1) school serving grades K-8 with a total FY11 average daily membership (ADM) of 104.576. The current contract is set to expire on August 20, 2013. Additional information can be found in the Summary Review.

Graphs displaying the academic achievement for the past five years, if available, are provided on the next page.


Arizona Academy of Science & Technology - AZ Acad of Sci & Tech
Academic Achievement - AIMS ES Math
2010 ES State Average = 59%
2006
2007
2008
2009
2010
Percent Passing
Median Student Growth Percentile
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
100


Arizona Academy of Science & Technology - AZ Acad of Sci & Tech
Academic Achievement - AIMS ES Reading
2010 ES State Average = 73%
2006
2010
2009
2007
2008
Percent Passing
Median Student Growth Percentile
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
100

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 Comprehensive Program of Instruction section of the application. A PMP was submitted for Math and Reading. The PMP instructions require documentation of academic oversight by the board which includes meeting agendas and minutes. No documentation was submitted.

The Performance Management Plan is included in the charter holder's portfolio with the evaluation instrument completed by staff that identified whether the required information provided included a Full Description, a Partial Description, or a Very Limited Description.

II. Viability of the Organization

The charter holder's fiscal years 2009 and 2010 financial statements were prepared assuming the organization will continue as a going concern.[1] The fiscal year 2010 audit states, " The School has an accumulated deficit of $217,046 and owes significant debt which was incurred to fund operations in prior years." Further, the audit states that the school continues to make minimal payments to reduce the outstanding debt.

While the fiscal year 2010 financial statements still show a deficit resulting from liabilities in excess of assets, the charter holder has had a positive change in net assets for each of the past three years. This has resulted in the deficit being reduced from $375,508 at the beginning of fiscal year 2008 to $217,046 at the end of fiscal year 2010. Further, for the first time in the past five audits, the charter holder had sufficient cash or other readily available resources [$29,825] at June 30, 2010 to satisfy obligations due within the next year [$12,485].

According to the audits, the debt incurred to fund operations in prior years includes notes payable to related parties and accrued payroll to a related party. According to 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, 2010, the total amount owed, including interest, was $252,757.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action[2]

[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 continue for the next year, the audit opinion would include a paragraph explaining this concern as was the case with Arizona Academy of Science & Technology. The charter holder's fiscal years 2006, 2007 and 2008 financial statements were also prepared assuming the organization will continue as a going concern.

[2] For more information about the areas of compliance reviewed for this section, please see "Transfer Application FAQs".

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. ADE informed ASBCS on June 1, 2011 that a final determination on the implementation of a Title I program was being reconsidered based on additional information received from the charter holder.

B. Other Compliance Matters[3]

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

According to the charter holder, the Governing Board is responsible for policy and operational decisions as well as financial oversight. The Executive Director is responsible to the Governing Board for all aspects of operating the school which includes implementation of educational goals, hiring staff, and providing monthly financial reports to the Governing Board. The Principal oversees the actual day-to-day business of the school campus and reports to the Executive director.

The Corporate Board Members were updated with the Arizona Corporation Commission on May 13, 2011 and now align with the records on file with ASBCS. The members are:

Grant Creech
Vaughn Flannigan
An Nguyen

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

The complete submission regarding the charter holder's organizational membership is included in the portfolio.

Staff Recommendation

Transfer is based upon consideration of academic, fiscal, legal, and contractual compliance of the charter holder. In this case, there is an ongoing review of the implementation of the Title I program and a record of academic performance that does not currently meet or demonstrate sufficient progress toward the Board's level of adequate academic performance. With that taken into consideration, along with the information in the transfer application package, I move to approve Arizona Academy of Science and Technology's request for transfer of its charter from the State Board of Education to the Arizona State Board for Charter Schools effective July 1, 2011 with the understanding that continued or additional deficiencies in future performance may negatively impact the Board's decision with regard to any future action taken with this charter.