Happy Valley School, Inc. - Entity ID 79081
School: Happy Valley School

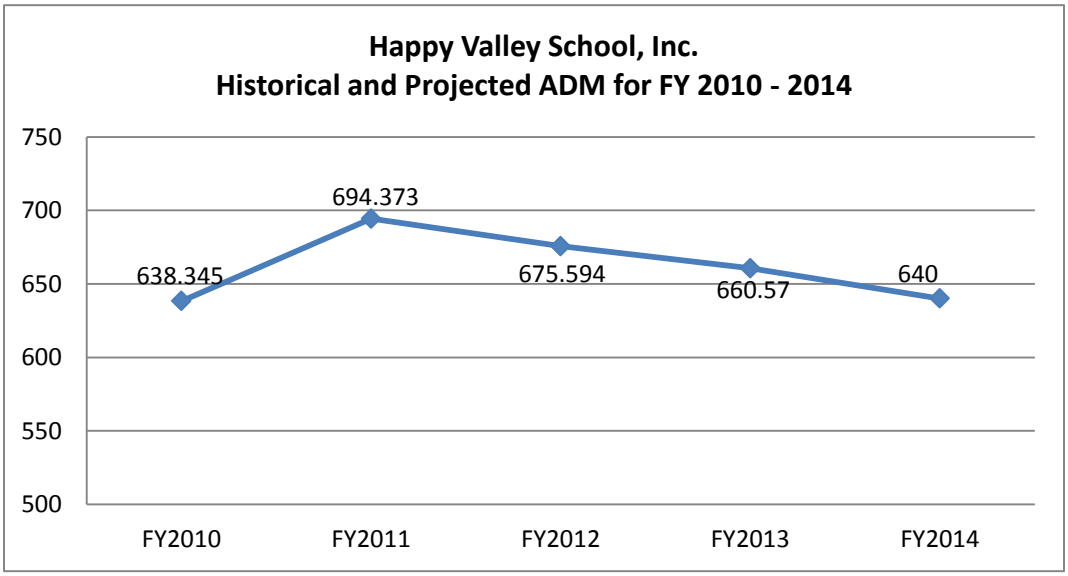
Renewal Executive Summary

Performance Summary

Happy Valley School, Inc. met the Board's academic performance expectations as set forth in the Performance Framework adopted by the Board and was waived from submitting the Academic Performance Section of the renewal application. The charter holder was required to submit the Financial Sustainability portion of the Detailed Business Plan Section of the renewal application. The charter holder's submission addressed those measures where the charter holder received a "Falls Far Below Standard" rating for fiscal year 2012. The charter holder did have compliance matters. The charter holder's organizational membership on file with the Board was consistent with the information on file with the Arizona Corporation Commission.

Profile

Happy Valley School, Inc. operates one school in Peoria, serving grades K-6. The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2010-2013 and the estimated count for FY2014 as of October 1, 2013.



A dashboard representation of Happy Valley School's academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Happy Valley School

Academic Performance

Edit this section.

Happy Valley School

		2012 Traditional Elementary School (K-6)			2013 Traditional Elementary School (K-6)		
1. Growth		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
1a. SGP	Math	59	75	12.5	51.5	75	12.5
	Reading	58	75	12.5	56.5	75	12.5
1b. SGP Bottom 25%	Math	62	75	12.5	46	50	12.5
	Reading	59	75	12.5	53	75	12.5
2. Proficiency		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
2a. Percent Passing	Math	92 / 66.3	100	7.5	89 / 64.8	100	7.5
	Reading	98 / 76.7	100	7.5	97 / 77.7	100	7.5
2b. Composite School Comparison	Math	21	100	7.5	19.5	100	7.5
	Reading	16.8	100	7.5	15.3	100	7.5
2c. Subgroup ELL	Math	NR	0	0	NR	0	0
	Reading	NR	0	0	NR	0	0
2c. Subgroup FRL	Math	81 / 55.7	75	3.75	85 / 55.4	100	3.75
	Reading	95 / 69.4	100	3.75	93 / 70.3	100	3.75
2c. Subgroup SPED	Math	79 / 31.5	100	3.75	70 / 28.7	100	3.75
	Reading	92 / 38.7	100	3.75	87 / 38.7	100	3.75
3. State Accountability		Measure	Points Assigned	Weight	Measure	Points Assigned	Weight
3a. State Accountability		A	100	5	A	100	5
Overall Rating		Overall Rating			Overall Rating		
Sooring for Overall Rating 89 or higher: Exoeeds Standard <89, but > or = to 63: Meets Standard <63, but > or = to 39: Does Not Meet Standard Less than 39: Falls Far Below Standard		81.88		100	84.38		100

http://online.asbcs.az.gov/schools/information/678/happy-valley-school#academic-performance-tab[10/3/2013 12:10:00 PM]

I. Success of the Academic Program

The academic performance of the school operated by the charter holder meets the Board's academic performance expectations set forth in the performance framework adopted by the Board. Therefore, the charter holder was not required to submit a Demonstration of Sufficient Progress.

II. Viability of the Organization

Based on the August 2012 financial framework, the charter holder did not meet the Board's financial performance expectations because the charter holder received one or more "Falls Far Below Standard" in fiscal year 2012. The following table includes the charter holder's financial data and financial performance for the last three audited fiscal years.

Please note that the fiscal year 2012 financial information presented below reflects the charter holders' two charter contracts with the Board. During the other fiscal years addressed in the table, the charter holder had one charter contract with the Board.

Happy Valley School, Inc.

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$825,244	$467,738	$493,510	$271,746
Unrestricted Cash	$758,391	$441,001	$468,154	
Total Assets	$3,977,748	$3,994,201	$3,836,005	
Total Liabilities	$4,258,983	$4,363,678	$4,290,914	
Current Portion of Long-Term Debt & Capital Leases	$190,900	$162,696	$131,965	
Net Assets	($281,235)	($369,477)	($454,909)	
Statement of Activities				
Revenue	$4,542,726	$4,621,451	$4,509,559	
Expenses	$4,454,484	$4,536,019	$4,379,749	
Net Income	$88,242	$85,432	$129,810	
Change in Net Assets	$88,242	$85,432	$129,810	
Financial Statements or Notes				
Depreciation & Amortization Expense	$167,259	$203,441	$230,001	
Interest Expense	$368,914	375,743	388,963	
Lease Expense	$9,000	$9,000	$9,000	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	62.14	35.49	39.02	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	(15.14)	(11.81)	(9.43)	N/A
Net Income	$88,242	$85,432	$129,810	N/A
Cash Flow	$357,506	($25,772)	$221,764	$553,498
Fixed Charge Coverage Ratio	1.11	1.23	1.43	N/A

The charter holder was required to submit additional information regarding the charter holder's financial situation (presented in the charter holder's renewal portfolio: c. Financial Sustainability). The charter holder's submission addressed the measure where the charter holder received a "Falls Far Below Standard" rating in fiscal year 2012.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action

Over the past five years, there were no items to report.

B. Other Compliance Matters

The fiscal year 2012 audit identified an issue that required a corrective action (CAP). Specifically, the audit indicated the charter holder did not have adequate control in place to monitor that Classroom Site Fund (CSF) expenditures were supplemental to local non-CSF funds. For 2 of 4 teachers tested whose detailed salary supporting documentation was reviewed specifically to determine if CSF Project 1011 was used for base salary increases, the charter holder used $130 of CSF Project 1011 funds for the teachers' salaries that were not an increase. The charter holder submitted a satisfactory CAP.

The fiscal year 2011 audit identified an issued that required a CAP. Specifically, the audit indicated for 2 of 10 disbursements made utilizing the debit card, the charter holder did not retain the proper supporting documentation for purchases made. The debits were for $67.73 and $131.11, respectively, and occurred during the first quarter of the fiscal year. The charter holder submitted a satisfactory CAP.

The fiscal year 2009 audit identified a repeated audit issue that had not been corrected from the prior year's audit involving certain disbursements not being approved in writing prior to the disbursements being made. For 10 of 20 disbursements tested in fiscal year 2009, approval prior to disbursement was not documented. Most disbursements were minor in nature; however, two were for $12,662 and $550, respectively.

In February 2013, ADE Exceptional Student Services notified the charter holder of non-compliance in special education matters with regard to a specific student. The compliance issues were reported by ADE as resolved in April 2013.

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 provided for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the charter holder. In this case, the charter holder meets the academic performance expectations set forth in the Board's performance framework. There is 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 Happy Valley School, Inc.

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 request for charter renewal and to not grant a renewal contract for Happy Valley School, Inc. 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: (Board member must specify reasons the Board found during its consideration.)