Kin Dah Lichi'i Olta' - Entity ID 78840
School: Kin Dah Lichi'i Olta'

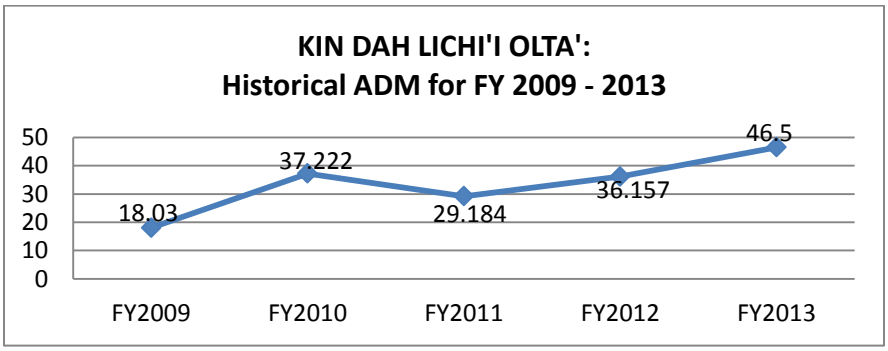
Renewal Executive Summary

Performance Summary

Kin Dah Lichi'i Olta' did not meet the academic performance expectations of the Board as set forth in the Performance Framework and was required to submit a Demonstration of Sufficient Progress. Through the submission and evidence reviewed during an on-site visit, the charter holder demonstrated sufficient progress toward meeting the Board's academic performance expectations. 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 "Does Not Meet Standard" or "Falls Far Below Standard" rating for fiscal year 2012. The charter holder did have compliance matters, including action taken by the Board in April, 2010, November, 2011, and, November, 2012. The charter holder is a Navajo non-profit organization. The charter holder was not required to submit the Organizational Membership portion of the Detailed Business Plan Section.

Profile

Kin Dah Lichi'i Olta' operates one school serving grades 7-8 and is located east of Ganado. The graph below shows the charter holder's actual 100th day average daily membership (ADM) for fiscal years 2009-2013.



A dashboard representation of Kin Dah Lichi'i Olta's academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Academic Performance Rating FY 2012

Charter Holder: Kin Dah Lichii Olta'
Entity ID 78840

Charter School: Kin Dah Lichii Olta
Entity ID 78841, Grades 7-8

1. Growth

Small Elementary		1a. SGP		1b. SGP Bottom 25%	
School	**School Year**	**Math**	**Read**	**Math**	**Read**
Kin Dah Lichii Olta'	2011-2012	82.5	42	NR	NR
Points Assigned		100	50	0	0
Weight		25	25	0	0

2. Proficiency

Small Elementary		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	**School Year**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**	**Math**	**Read**
Kin Dah Lichii Olta'	2011-2012	35/43	44/69	-6.5	-25.1	NR	NR	35/36	44/65	NR	NR
Points Assigned		50	50	50	25	0	0	50	50	0	0
Weight		7.5	7.5	7.5	7.5	0	0	7.5	7.5	0	0

3. State Accountability & Overall Rating

Small Elementary		3a. State Accountability	Overall Rating
School	**School Year**	**Grade**	
Kin Dah Lichii Olta'	2011-2012	25	59.375
Points Assigned		25	
Weight		5	100

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Fails Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage http://asbcs.az.gov

5/23/2013

I. Success of the Academic Program

The overall rating for the school on the Board's academic performance measures was 59.37 including points received for the FY 2012 letter grade of D as reported by the Arizona Department of Education.

The Demonstration of Sufficient Progress (DSP) submitted by the charter holder with the renewal application package was evaluated using the DSP evaluation criteria to determine if the school operated by the charter holder is making progress toward meeting the Board's academic performance expectations. At the time of the charter holder's Five-Year Interval Review, Performance Management Plans were not included in the Board's processes for review. However, in FY2012, the charter holder was required to submit a Performance Management Plan due to a compliance matter.

The DSP submitted by Kin Dah Lichi'i Olta' provided minimal data and a narrative that did not address any of the required areas (curriculum, monitoring instruction, assessment, and professional development) and more closely resembled a Performance Management Plan. The initial evaluation of the DSP resulted in a determination of Not Acceptable.

Staff conducted a site visit on May 21, 2013 to meet with Ora James, Principal, Eugene Curley, Math teacher, Anna D'Alesandro, Special Education teacher, Lucinda Wauneka, English Language Arts teacher, Eduardo Valles, Math coach, and Victoria Jones, Grant Writer/ Coordinator to review the documentation presented in the DSP and as well as additional information to be considered in the final evaluation of the charter holder's Demonstration of Sufficient Progress submission (presented in the charter holder's renewal portfolio: c. DSP Evaluation Instrument). Evidence discussed in the DSP was reviewed during the site visit. The charter holder provided additional evidence and documentation for the school (presented in the renewal portfolio: d. DSP Evidence) regarding all areas not sufficiently addressed in the submitted DSP including curriculum maps, lesson plans, pacing guides, tiered interventions and intervention action plans, assessment plan, process for monitoring instruction, job-embedded professional development, as well as benchmark data that shows improvement in reading and math for both grade levels.

Therefore, Kin Dah Lichi'i Olta', through an evaluation of the DSP submitted, including information and documentation reviewed and confirmed at the site visit, was able to demonstrate sufficient progress toward meeting the Board's academic performance expectations.

II. Viability of the Organization

The charter holder did not meet the Board's financial performance expectations because the charter holder received one or more "Falls Far Below Standard" and two or more "Does Not Meet 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 due to a Classroom Site Fund cash carryover balance at June 30, 2012 of approximately $63,372, the charter holder had $0 in unrestricted cash for fiscal year 2012.

Kin Dah Lichii Olta

Financial Data				
	2012	2011	2010	
Statement of Financial Position				2009
Cash	$43,213	$28,020	$181,531	$201,493
Unrestricted Cash	$0	$28,020	$181,531	
Total Assets	$199,202	$437,393	$388,268	
Total Liabilities	$13,909	$144,427	$159,250	
Current Portion of Long-Term Debt & Capital Leases	-	-	$20,367	
Net Assets	$185,293	$292,966	$229,018	
Statement of Activities				
Revenue	$374,826	$437,817	$449,351	
Expenses	$482,499	$373,869	$506,424	
Net Income	($107,673)	$63,948	($57,073)	
Change in Net Assets	($107,673)	$63,948	($57,073)	
Financial Statements or Notes				
Depreciation & Amortization Expense	$28,128	$28,128	$27,739	
Interest Expense	$0	$1,739	$1,739	
Lease Expense	$6,037	$2,707	$20,266	

Financial Performance				
	2012	2011	2010	3-yr Cumulative
Near-Term Indicators				
Going Concern	No	No	No	N/A
Unrestricted Days Cash	0.00	27.36	130.84	N/A
Default	No	No	No	N/A
Sustainability Indicators				
Total Liabilities to Equity Ratio	0.08	0.49	0.70	N/A
Net Income	($107,673)	$63,948	($57,073)	N/A
Cash Flow	$15,193	($153,511)	($19,962)	($158,280)
Fixed Charge Coverage Ratio	(12.18)	21.71	(0.17)	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: f. Financial Sustainability). The charter holder's submission addressed those measures where the charter holder received a "Does Not Meet Standard" or "Falls Far Below Standard" rating in fiscal year 2012. While a response was provided for each measure, it is not readily clear if the explanation provided for the Unrestricted Days Cash measure is meant to provide additional detail for all other measures as the responses for all other

measures are the statements pulled directly from the Financial Performance Framework & Guidance document.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action

In November 2012, the Board voted to withhold 10% of the charter holder's monthly State aid apportionment for failure to timely submit the fiscal year 2012 audit. No withholding occurred as the audit was submitted prior to the next scheduled payment.

In November 2011, the Board voted to withhold 10% of the charter holder's monthly State aid apportionment for failure to timely submit the fiscal year 2011 audit. In January 2012, the Board added failure to provide a learning environment that will improve pupil achievement to the basis of the withholding. The withholding occurred for four months.

In April 2010, the Board voted to withhold 10% of the charter holder's monthly State aid apportionment for failure to timely submit the Principal Declaration of Curricular and Instructional Alignment. The withholding occurred for three months.

B. Other Compliance Matters

Four of the last five audits have identified noncompliance with various Classroom Site Fund (CSF) requirements that have required corrective action plans (CAP) be submitted.

- Documentation Retention – The fiscal year 2010 audit indicated for the third time in four fiscal years[1] that the charter holder did not provide any supporting documentation behind the pay for CSF Project 1011 (base pay salary increases) and Project 1013 (maintenance and operations purposes specified in law). Similar issues were also identified in the fiscal years 2008 and 2007 audits. Specifically, in fiscal year 2007, the audit found for all 3 teachers reviewed, there was no determination of who was to be paid and why. In fiscal year 2008, the audit found that for both disbursements reviewed, the charter holder could not provide documentation supporting the payment. The charter holder submitted satisfactory CAPs in all years.
- Sufficient Cash – The fiscal year 2012 audit found that the charter holder did not have sufficient cash to cover its CSF cash carryover balance of $63,372. As of June 30, 2012, the charter holder had cash totaling $43,213. The charter holder submitted a satisfactory CAP.
- Use of Funds – The fiscal year 2009 audit found the charter holder used Project 1011 monies for performance pay instead of base pay and used Project 1013 monies for general supplies expenses. The charter holder submitted a satisfactory CAP.

The fiscal year 2012 audit identified a repeat fingerprinting issue that required a CAP. Specifically, the fiscal year 2012 audit found that 1 out of 3 employees had an expired fingerprint clearance card. This

[1] In accordance with the Board's the *Audit & Compliance Questionnaire Follow-up Matrix*, as a third year issue, the matter should have been brought to the Board for consideration. However, due to staffing constraints that required staff to shift focus from reviewing the fiscal year 2010 audit reporting packages to completing certain time-sensitive projects, the Board was not made aware of the matter. The issue was not repeated in the subsequent years.

issue was also identified in the fiscal year 2010 audit. Specifically, in fiscal year 2010, the audit indicated that 3 employee files reviewed had an expired fingerprint clearance card on file. The charter holder submitted satisfactory CAPs in both fiscal years.

The fiscal year 2012 audit identified a repeat financial record retention issue that required a CAP. Specifically, the fiscal year 2012 audit found that 1 out of 11 disbursements tested totaling $100 was not properly supported. A similar issue was also identified in the fiscal year 2011 audit. Specifically, in fiscal year 2011, the audit indicated that 2 out of 7 disbursements tested were not properly supported and for 4 of 7 disbursements tested, the recorded amount did not match with the cancelled check. The charter holder submitted satisfactory CAPs in both fiscal years.

The fiscal year 2009 identified an issue that required a CAP. Specifically, the fiscal year 2009 audit found that the charter holder did not maintain appropriate documentation of partial day attendances for any dates after January 15, 2009. The charter holder submitted a satisfactory CAP.

The fiscal year 2010 audit found that all 5 employee files tested did not include employment eligibility verification. Following review of the fiscal year 2010 audit, a letter was sent reminding the charter holder of its obligations under federal and state law. No written response was required at that time, but the letter stated that if the next audit indicates continued noncompliance in this area, a CAP may be required.

The fiscal years 2008, 2009 and 2010 audits identified two repeated audit issues that had not been corrected from the prior years' audits involving audit adjustments being required to properly state capital assets, accounts payable and due from state government and the charter holder not notifying parents and guardians of the availability of resume information for instructional employees. Additionally, the fiscal years 2009 and 2010 audits identified two repeated audit issues that had not been corrected from the prior years' audits involving not coding items in accordance with the USFRCS Chart of Accounts and not obtaining three oral quotes. The fiscal year 2010 audit identified a repeated audit issue involving personnel files not include all of the supporting documentation required by the USFRCS. The fiscal year 2009 audit identified two repeated audit issues involving not obtaining written quotes and purchases being in excess of purchase order amount.

In addition to the matters relating to the audit addressed in the "Compliance Matters Requiring Board or Other Agency Action" section, for the previous five fiscal years, the charter holder has failed to timely submit its Annual Financial Report and Budget for one or more years.

In March, 2010, ADE Exceptional Student Services notified the charter holder of non-compliance in some areas with regard to specific regulations for Part B, Individuals with Disabilities Act (IDEA), and Arizona Revised Statutes. The compliance issues were reported by ADE as resolved in March, 2011.

In January, 2011, ADE-Assessment Section notified Board staff that Kin Dah Lichi'I Olta charter school had failed to follow the procedures developed by ADE so that test materials could be provided to the school. ADE provided a timely and appropriate remedy which the school employed to reconcile the situation.

C. Charter Holder's Organizational Membership

The charter holder is a Navajo non-profit organization. The charter holder was not required to submit the 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 did not meet the academic performance expectations set forth in the Board's performance framework but was able to demonstrate sufficient progress toward the Board's expectations. Additionally, the Board has adopted an academic performance framework that allows for additional consideration of the charter holder throughout the next contract period. 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 Kin Dah Lichi'i Olta'.

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 Kin Dah Lichi'i Olta'. 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 comply with Classroom Site Fund requirements pursuant to A.R.S. § 15-977.
2. Failed to timely submit annual financial audits pursuant to A.R.S. § 15-183.E(6) and A.R.S. § 15-914.
3. Failed to maintain financial records pursuant to Public Records Law.
4. Failed to comply with fingerprinting requirements pursuant to A.R.S. § 15-183.C(5).
5. (Other specific reasons the Board found during its consideration.)