

2012-13 Charter Review Report

Achievement Preparatory Academy Public Charter School

Fifth Year Review

May 13, 2013

DC Public Charter School Board
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RECOMMENDATION

The District of Columbia Public Charter School Board staff recommends Achievement Preparatory Public Charter School be granted charter continuance based on the school's overall academic, compliance, and fiscal performance.

EXECUTIVE SUMMARY

Achievement Preparatory Public Charter School ("Achievement Prep PCS") began operation in 2008 under authorization from the District of Columbia Public Charter School Board ("PCSB"), and serves students in grades four through eight. In 2010-11, it scored 81.5% on the Performance Management Framework ("PMF"), and in 2011-12, the school scored 86.3% on the PMF, making Achievement Prep among the very highest-performing charter schools in the District of Columbia. The school's academic performance is even more impressive given the very high percentage of low-income students at the school. Indeed by some measures, such as math proficiency, Achievement Prep PCS has closed the "achievement gap" with schools in the city's wealthiest neighborhoods.

On February 25, 2013, the PCSB Board voted to approve, with conditions, a charter amendment presented by Achievement Prep PCS to expand its charter to serve students in pre-kindergarten through third grade; adopt the PMF as its goals; establish an LEA structure with three campuses; elect to become a DCPS charter for the purposes of special education; and increase its enrollment ceiling from 315 to 765 students.

At the same February 2013 meeting, the PCSB Board approved, with conditions, an acquisition by Achievement Prep PCS of Septima Clark PCS, in which Achievement Prep PCS would acquire certain assets of Septima Clark PCS and enroll its students in grades kindergarten through eighth in the 2013-14 school year.

This year, PCSB conducted a five-year review of Achievement Prep PCS as required under the SRA,¹ and determined that, of the eleven goals that Achievement Prep PCS has pursued and for which there is sufficient data, Achievement Prep PCS has met ten of these goals. The following report details this finding, and also assesses Achievement Prep PCS's legal compliance and fiscal management over the past five years.²

With respect to Achievement Prep's fiscal management, the report notes that the school has submitted no Determination and Findings forms for contracts over \$25,000 during fiscal years 2010 to 2012, despite evidence from audits that as many as 11 such contracts were entered into. Schools are required by law to submit this information to PCSB. Achievement Prep PCS must submit the outstanding Determination and Findings forms, and implement a reporting system moving forward to ensure it remains in compliance with this requirement.

¹ SRA §38-1802.12 (a)(3).

² At the time this report was prepared, a new partnership between DCPS and Achievement Prep PCS was announced, which is not detailed in this report.

GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The SRA provides that as part of a charter review, PCSB must determine whether, at least once every five years, a school has met its goals and academic achievement expectations set out in its charter agreement.³ Goals are general aims (usually related to a school’s mission), which may be categorized as academic, non-academic, and organizational, whereas student academic achievement expectations (“expectations”) are student academic aims measured by assessments. Goals and expectations are only considered as part of a charter review if they were included in a school’s charter agreement, charter amendment, or Accountability Plans approved by the PCSB Board (collectively, the “Charter”).

Achievement Prep PCS identified eighteen goals in its charter application, fifteen of which are included in the chart below.⁴ Of the eleven goals that Achievement Prep PCS has pursued and for which there is sufficient data, Achievement Prep PCS has met ten of these goals. The chart below summarizes these determinations, which are detailed further in the body of this report.

For each goal that is identified as either not pursued or for which there is insufficient evidence, staff recommends that Achievement Prep PCS either a) amend its charter to remove the goals or b) begin collecting and annually reporting data on the progress towards meeting these goals.

	Goal or Expectation	Met?
1	Students master content in reading and demonstrate proficiency as readers of the English language.	Yes
2	Students master content in writing and demonstrate grade level proficiency or higher and progress one year or more every year in writing.	Yes
3	Students master content in math and demonstrate increased academic achievement in mathematics annually in tested areas.	Yes
4	Students demonstrate grade level proficiency or higher, and progress one year or more every year in science.	Yes
5	Students will demonstrate an increase in achievement scores in reading on the Woodcock Johnson III assessment for special education students.	Goal Not Pursued ⁵

³ SRA §38-1802.13 (a)(2).

⁴ See Achievement Preparatory Public Charter School Application, included in this document as Attachment A. The other three goals are related to governance and financial management. Achievement Prep PCS’ performance in these areas is assessed elsewhere in this report.

⁵ Achievement Prep PCS never administered the Woodcock Johnson III assessment.

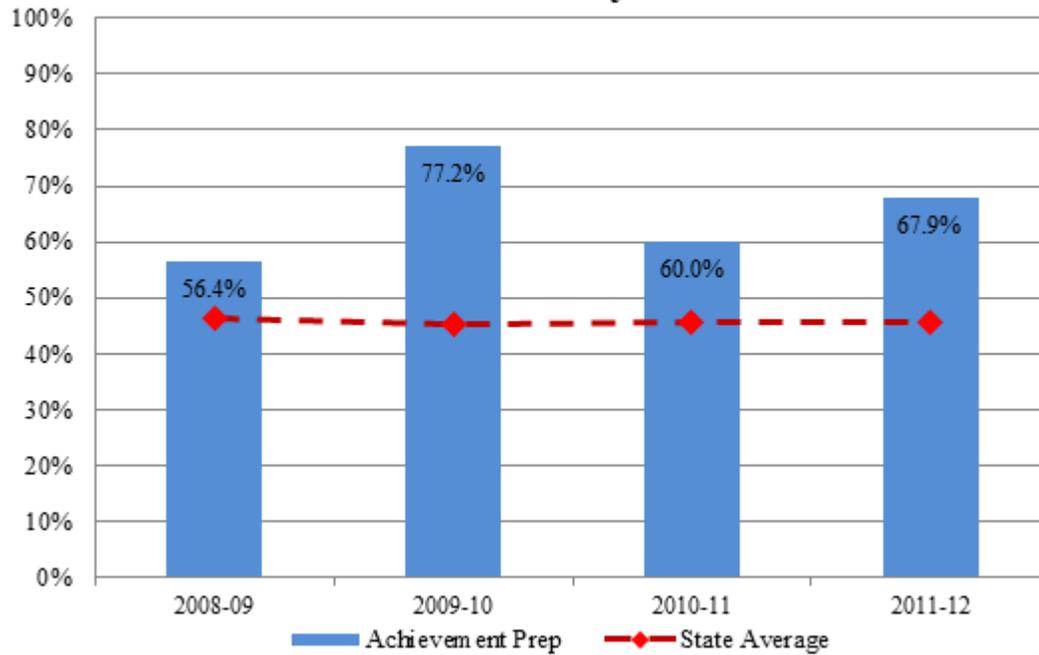
6	Students will demonstrate an increase in achievement scores in mathematics on the Woodcock Johnson III assessment for special education students.	Goal Not Pursued
7	Students demonstrate high levels of attendance and homework completion.	Yes
8	Students consistently demonstrate the DREAM values (Determination, Respect, Enthusiasm, Accountability, and Mastery) in their actions and interactions within the school community.	Yes
9	Maintain annual out of school suspensions less than 5%.	No
10	Parents/families actively engage in their child's learning and support the mission of the school.	Yes
11	Parents/families demonstrate high satisfaction with the academic program and the clear and open communication of Achievement Prep.	Insufficient Evidence ⁶
12	The community will demonstrate overall satisfaction with Achievement Prep.	Insufficient Evidence
13	The faculty and staff will demonstrate overall satisfaction with Achievement Prep.	Yes
14	Achievement Prep PCS will demonstrate effective systems of home/school communication.	Yes
15	Achievement Prep PCS will demonstrate full enrollment and strong student retention.	Yes

⁶ PCSB did not have sufficient documentation on record to make a determination whether the school met this goal.

1. Students master content in reading and demonstrate proficiency as readers of the English language.

Assessment: **Achievement Prep PCS has met this goal.** Achievement Prep PCS has performed between 10% and 32.1 % above the state reading proficiency rate since it opened in 2008-09.

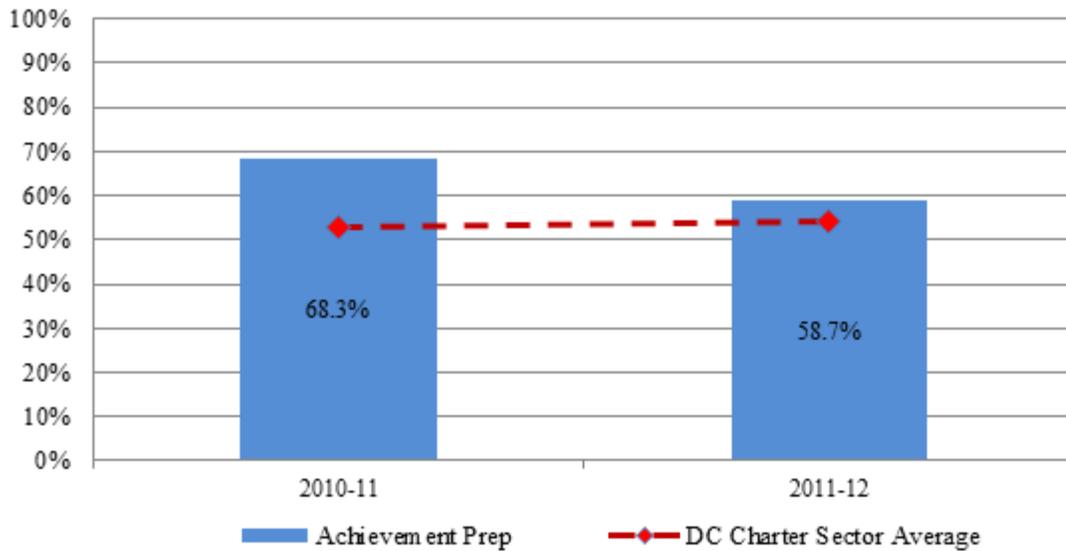
Achievement Prep PCS - DC-CAS Reading Proficiency Rates



Source: OSSE

The below graph represents Achievement Prep PCS’s reading Median Growth Percentage (“MGP”), which is the median of Achievement Prep PCS’s individual student growth percentiles. In reading, a majority of Achievement Prep PCS students are growing at the same rate or exceeding the rate of peers with comparable starting scores attending other public charter and traditional schools in the District.

Achievement Prep PCS - Reading MGP



Source: PMF

Qualitative Evidence

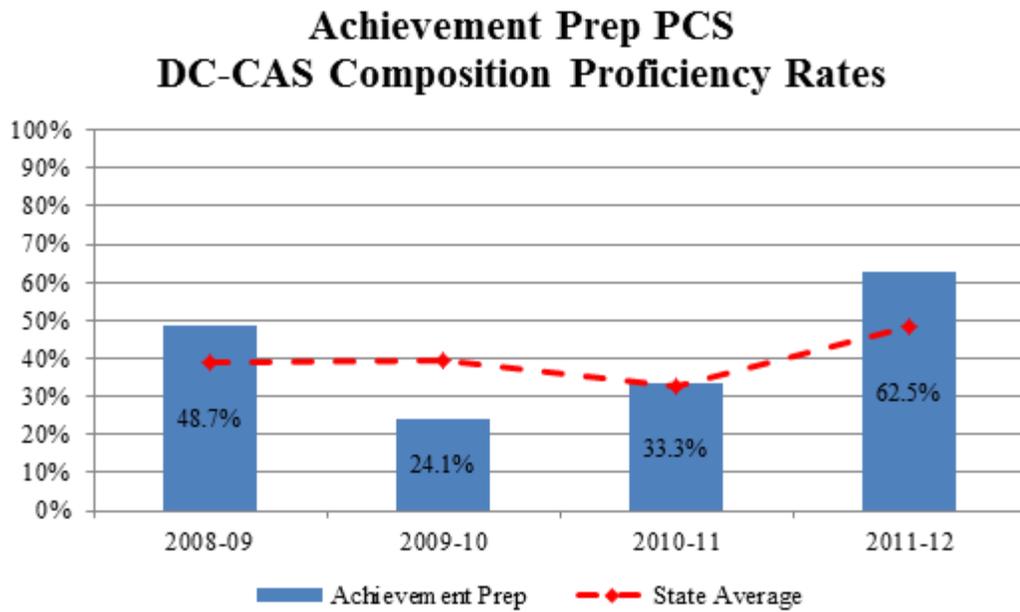
In January 2013, PCSB conducted a Qualitative Site Review (“QSR”) of Achievement Prep PCS, in which the following was observed:

[A] consistently implemented, structured system [was] in place for students to achieve proficiency as readers of the English language. Teachers used assessments directly related to the lesson at hand and there was a structured system of intervention and enrichment in place. Administrators indicated in focus groups that each Friday students are assessed for the objectives taught and based on these assessments are placed into groups for either intervention or enrichment. The QSR team observed fifth graders analyzing selected poems, identifying similes and metaphors, and describing inferences in the selections. Teachers also challenged students to brainstorm ways to identify words related to cause and effect.

2. Students master content in writing and demonstrate proficiency as writers of the English language.

Assessment: **Achievement Prep PCS has met this goal.**

Achievement Prep PCS has performed above the state composition proficiency rate every year, except for 2009-10. Additionally, the school improved its composition rate by 29.2 percentage points in 2011-12.

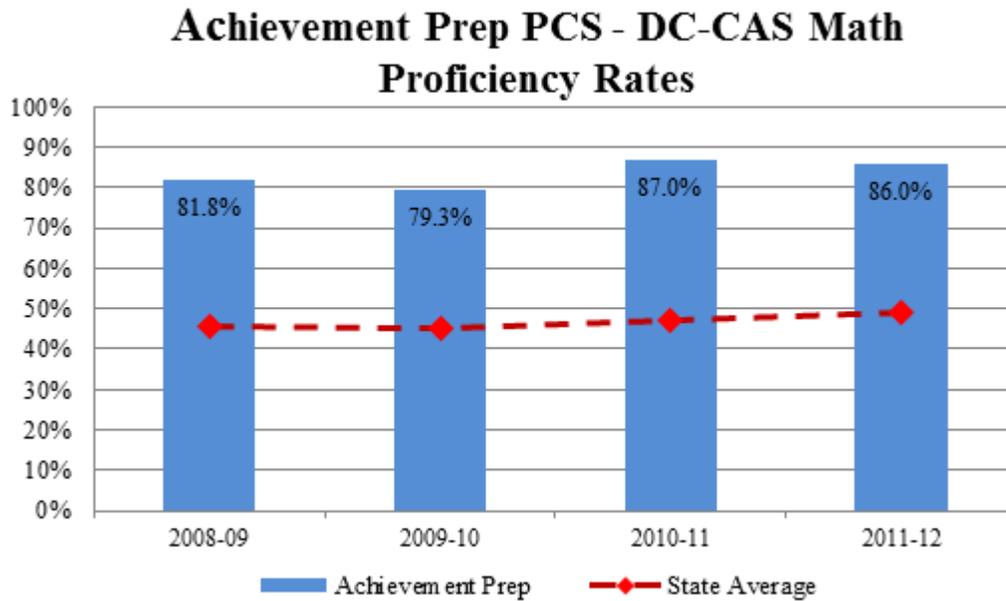


Source: OSSE

3. Students master content in math and demonstrate increased academic achievement in mathematics annually in tested areas.

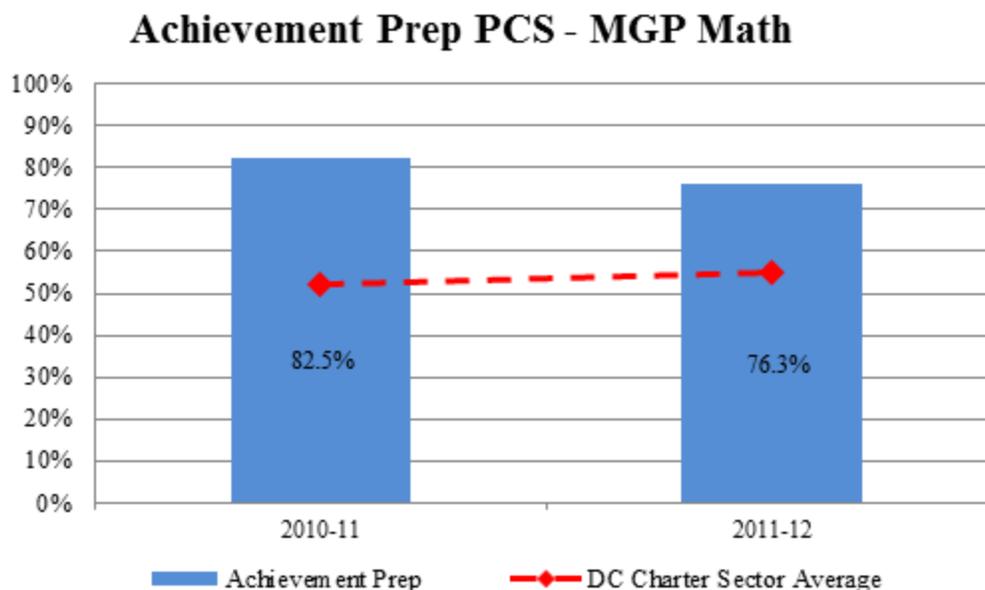
Assessment: Achievement Prep PCS has met this goal.

Achievement Prep PCS has performed between 36% and 40% above the state math proficiency rate since it opened in 2008-09 making it among the highest performing schools in the city.



Source: OSSE

The below graph represents Achievement Prep PCS’s math MGP, which is the median of Achievement Prep PCS’s individual student growth percentiles. In math, a majority of Achievement Prep PCS students are growing at the same rate or exceeding the rate of peers with comparable starting scores attending other public charter and traditional schools in the District. In 2010-11, the school had the highest math MGP out of all DC charter schools, and in 2011-12, it had the second highest MGP.



Source: 2011 and 2012 PMF Reports

Qualitative Evidence

In January 2013, the PCSB QSR team observed the following, which supports that the school has met this goal.

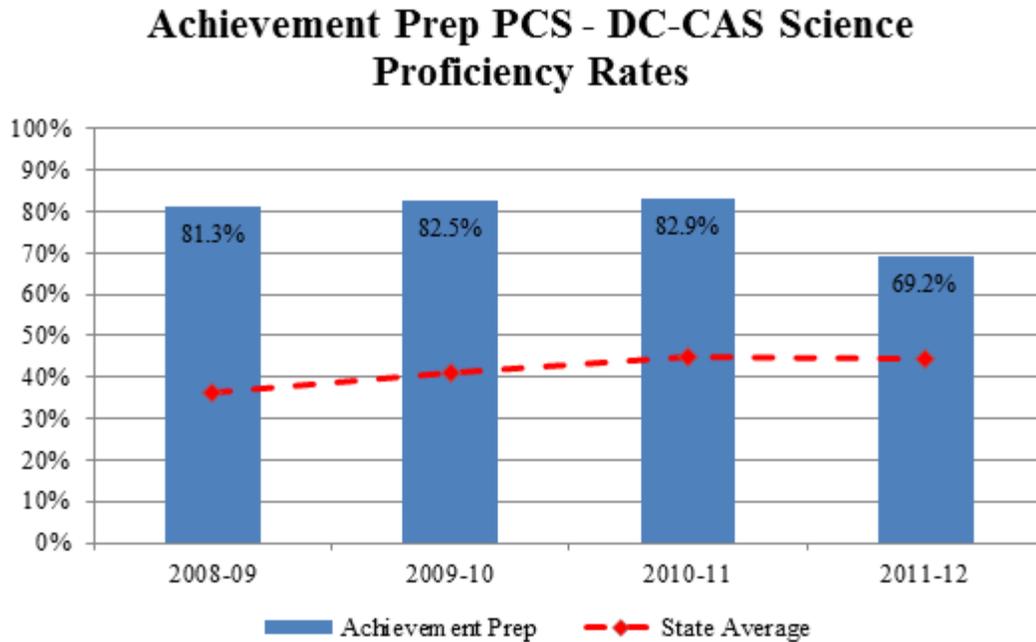
[A] structured system [was] in place to effect content mastery and increased academic achievement in math; the implementation of this strategy was consistent across the classrooms observed. Teachers used assessments directly related to the lesson at hand and there was a structured system of intervention and enrichment in place. Administrators indicated in focus groups that each Friday students are assessed for the objectives taught and based on these assessments are placed into groups for either intervention or enrichment. Classroom observations revealed that the teachers and students used content vocabulary throughout the lesson. Observations of the math classes revealed that students were encouraged to not only answer the questions posed but to explain their thought processes.⁷

⁷ See Achievement Prep PCS 2012-13 QSR, p. 1, included in this document as Attachment B.

4. Students demonstrate grade level proficiency or higher, and progress one year or more every year in science.

Assessment: **Achievement Prep PCS has met this goal.**

Achievement Prep PCS has performed above the state science proficiency rate since it opened in 2008-09.



Source: OSSE

5. Students will demonstrate an increase in achievement scores in reading on the Woodcock Johnson III assessment for special education students.

6. Students will demonstrate an increase in achievement scores in mathematics on the Woodcock John III assessment for special education students.

Assessment: **These goals have not been pursued.**

Achievement Prep PCS has not administered the Woodcock Johnson III assessment to its special education students. The school’s compliance with special education law, as well as the academic performance of Achievement Prep PCS students with disabilities, is discussed later in this report. Moving forward, PCSB encourages Achievement Prep PCS to adopt measurable academic expectations for its students with disabilities.

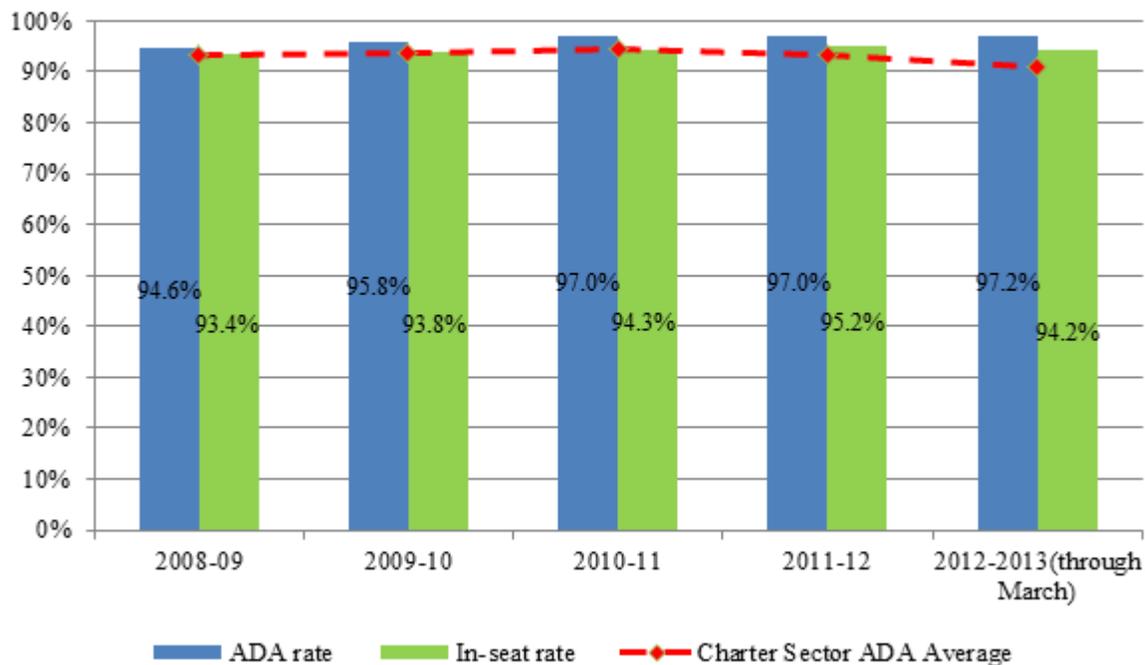
7. Students demonstrate high levels of attendance and homework completion.

Assessment: **Achievement Prep PCS has achieved this goal.** The school has demonstrated high levels of attendance since it opened in 2008-09 and requires its students to complete homework daily.

Attendance

In each year of operation, the school's average daily attendance has been higher than that of the charter sector.

Achievement Prep PCS Attendance Rate



Source: ProActive

Homework Completion

Achievement Prep PCS has continuously reported to PCSB that all of its students are required to read for at least twenty minutes per night as homework, among other homework assignments.⁸ In its 2008-09 Annual Report, the school noted that its students' homework completion rate was 93%.⁹

Starting in 2011-12, Achievement Prep PCS started tracking its students' homework completion using the paycheck system "Kickboard." Each student is assigned homework every night in four different subjects.

⁸ See Annual Report 2008-09, p. 4, included in this document as Appendix C; see also Annual Report 2009-10, pp. 3-4, included in this document as Appendix D; see also Annual Report 2010-11, p. 6, included in this document as Appendix E; and Annual Report 2011-12, p. 7, included in this document as Appendix F.

⁹ See Appendix C, p. 13.

Achievement Prep PCS submitted an overview for 2011-12 detailing the number of homework assignments that were not completed each month, indicating that Achievement Prep PCS students consistently complete homework at a high rate.¹⁰

Finally, the QSR observed qualitative evidence that Achievement Prep PCS students complete homework: “The QSR team observed that the school collects homework for all subjects in advisory periods before school. Leadership and staff interviews revealed that content must have been taught for the previous two days to being assigned to students as homework.”¹¹

8. Students consistently demonstrate the DREAM values (Determination, Respect, Enthusiasm, Accountability, and Master) in their actions and interactions within the school community.

Assessment: Achievement Prep PCS has met this goal.

In Achievement Prep PCS’s first year in operation, its students participated in a “...*Be the Dream* character and leadership education class twice per week, where the focus is on the development and practice of DREAM values.”¹² In the same year, the school reported that “100% of the scholars made a DREAM values presentation in 2008-09, and 97% scored at least 75% or better...”¹³

The QSR team’s observations of Achievement Prep PCS in 2012-13 strongly support that the school has met this goal.

The QSR team observed that at the end of each class, teachers and students review DREAM values and determine whether the class demonstrated these values during class time. The teacher discusses each value and describes what the class did or did not do in each category. DREAM posters were prevalent throughout the building. In the student focus group, the students were able to define the DREAM values and discuss how they implement them throughout their days. In the classrooms observed, students were respectful to each other during class and used hand gestures to encourage their peers who were struggling to answer questions.¹⁴

¹⁰ See Kickboard homework completion data, included in this document as Appendix G.

¹¹ See Appendix B, p. 1.

¹² See Appendix C, p. 5.

¹³ See Appendix C, p. 13.

¹⁴ See Appendix B, p. 2.

Additionally, and significantly,

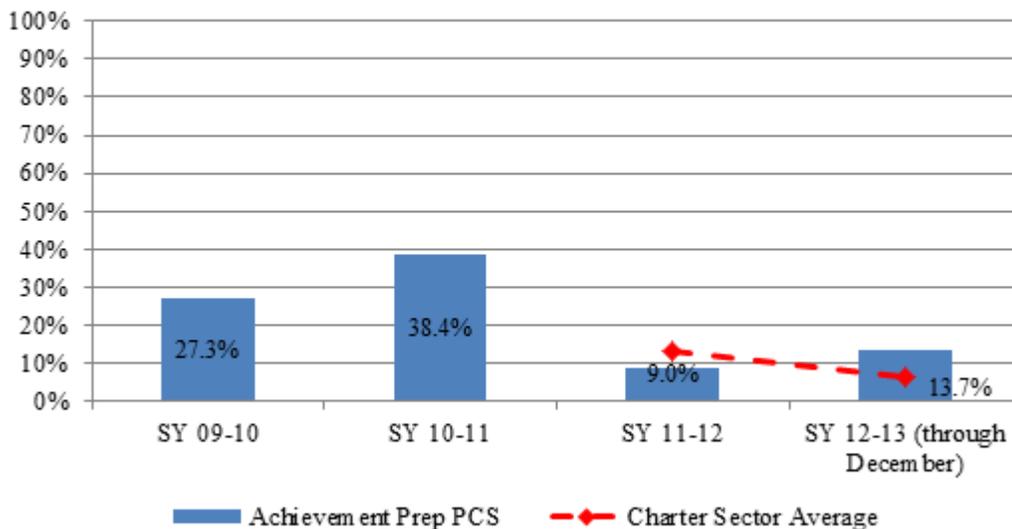
...[T]he QSR team did not observe any instructional time lost to disruptions due to student misbehavior. The QSR team noted DREAM values consistently implemented in all classrooms. The review team observed respectful and positive interactions between teachers and students. Students were also respectful towards their peers and celebrated their successes with claps, hand gestures, and mantras.¹⁵

9. Maintain annual out of school suspensions less than 5%.

Assessment: Achievement Prep PCS has not met this goal.

Achievement Prep PCS’s out-of-school suspension rate has been above 5% since it opened in 2008-09. However, this rate dropped by 29.4% points from 2010-11 (when it was 38.4%) to 2011-12 (when it was 9.0%). In 2011-12, the school’s suspension rate was below the charter sector average, but in the first semester of 2012-13, the school’s suspension rate was higher than the charter sector average.

Achievement Prep PCS - Students Receiving Out-of-School Suspensions



Source: ProActive

¹⁵ See Appendix B, p. 4.

10. Parents/families actively engage in their child’s learning and support the mission of the school.

Assessment: Achievement Prep PCS has met this goal.

Achievement Prep PCS has consistently reported a high percentage of parent involvement in its school. In the 2008-09 school year, it reported that 100% of its families “attended two or more school sponsored events.”¹⁶ In the previous three academic years, the school reported that 95% to 100% of its families participated in at least three school sponsored events per year, including parent/teacher conferences, back to school nights, family events, or volunteer opportunities.¹⁷

In its 2011-12 annual report, Achievement Prep PCS detailed a family event that it executes on a monthly basis. On the fourth Thursday of each month, Achievement Prep PCS sponsors a Family Night, where students’ families are invited to the school for food, activities and “community building.”¹⁸

However, Achievement Prep PCS notes in a submission to PCSB that “[a] formal parent association has not yet taken root at Achievement Prep... [but that] [t]his school year the association has been its strongest since opening, with the association holding regular meetings and reaching out to increase parent participation.”¹⁹ It notes that less than 25% of its parents participate in this association.²⁰

11. Parents/families demonstrate high satisfaction with the academic program and the clear and open communication of Achievement Prep.

Assessment: There is insufficient evidence to assess this goal.

Achievement Prep has not provided evidence to PCSB regarding this goal.

12. The community will demonstrate overall satisfaction with Achievement Prep PCS.

Assessment: There is insufficient evidence to assess this goal.

Achievement Prep has not provided evidence to PCSB regarding this goal.

¹⁶ See Appendix C, p. 6.

¹⁷ See Appendix D, p. 6; see Appendix E, p. 8; see Appendix F, p. 9.

¹⁸ See Appendix F.

¹⁹ See Achievement Prep PCS submission, included in this document as Appendix H.

²⁰ See Appendix H.

13. The faculty and staff will demonstrate overall satisfaction with Achievement Prep PCS.

Assessment: Achievement Prep PCS has met this goal.

Achievement Prep PCS submitted the results of its staff survey from school year 2011-12, which details that its teachers were satisfied with the school's instructional culture, observation and feedback processes, and teacher evaluation and development.²¹

Additionally, the QSR team observed evidence that the school had met this goal.

The teacher focus group indicated that staff is very satisfied with Achievement Prep because the leadership team enables them to teach effectively; they cited student proficiency in reading and math as evidence of this. Staff also indicated that the administrators support them in the classroom by providing mentor teachers to assist them if necessary... The teacher focus group participants also said that they appreciate that the school culture and climate are deliberately developed based on faculty discussion and consensus. One example cited was student discipline: the entire staff discusses student discipline issues when they occur and based on consensus, rules are developed on how to handle the issues.²²

14. Achievement Prep PCS will demonstrate effective systems of home/school communication.

Assessment: Achievement Prep PCS has met this goal.

Achievement Prep PCS noted in its 2008-09 annual report that it "...is committed to educating parents and our community about the school's mission and goals. One of Achievement Prep's aims is to have parents feel comfortable understanding and interpreting assessment information. Parents as Partners meetings, monthly newsletters, parent-teacher conferences, and periodic parent workshops are all part of Achievement Prep's strong emphasis in communicating its educational approaches to instruction to parents."²³

In the same annual report, Achievement Prep PCS detailed its methodology for sharing information about its assessments with its parents:

Standardized test data from spring 2009 will be shared with parents in several ways. A letter explaining the performance of Achievement Prep

²¹ See Mid-year Interim Survey, March, 2012, included in this document as attachment I.

²² See Appendix B, p. 2.

²³ See Appendix C, p. 14.

scholars and an explanation of the Adequate Yearly Progress (AYP) designation will be sent at the beginning of the 2009-10 school year. Aggregate data will be presented to families at Back to School Night, at the beginning of September 2009...Individual student scores will be disseminated and small group sessions will be offered where parents can meet with school leaders and discuss their own scholar's performance.²⁴

More recently, the school submitted information that it does not mail report cards to parents, but instead requires that parents come to the school to meet with teachers at least four times per year to discuss the student's academic performance. It estimates that because of this system, attendance at parent-teacher conferences remains over 80%.²⁵

Since 2011-12, the school has used its Kickboard tracking system to communicate with Achievement Prep PCS parents on a weekly basis. Every week, the school issues a "paycheck" for students rewarding them for their academic and behavioral progress. This paycheck is submitted to students' parents for their review, with information about the student's academic and behavioral performance. Parents are required to sign these paychecks (and invited to submit comments on them) and return them to Achievement Prep PCS on a weekly basis. Achievement Prep PCS submitted a 2011-12 overview detailing the number of signed paychecks that were not returned by parents each month, indicating that Achievement Prep PCS parents consistently review, sign, and return paychecks at a high rate.²⁶

15. Achievement Prep PCS will demonstrate full enrollment and strong student retention.

Assessment: Achievement Prep PCS has met this goal.

In its first two years of operation, Achievement Prep PCS's enrollment was well below its capacity. However, enrollment has increased in each year of operation, and for the 2012-13 academic year, the school's enrollment rate is at or near capacity. While Achievement Prep PCS' actual enrollment was above its enrollment ceiling in 2012-13, in violation of PCSB policy, the PCSB Board approved to raise its enrollment ceiling for the 2013-14 school year.

	2008-09	2009-10	2010-11	2011-12	2012-13
Enrollment	65	99	138	202	315
Ceiling	120	120	180	240	300

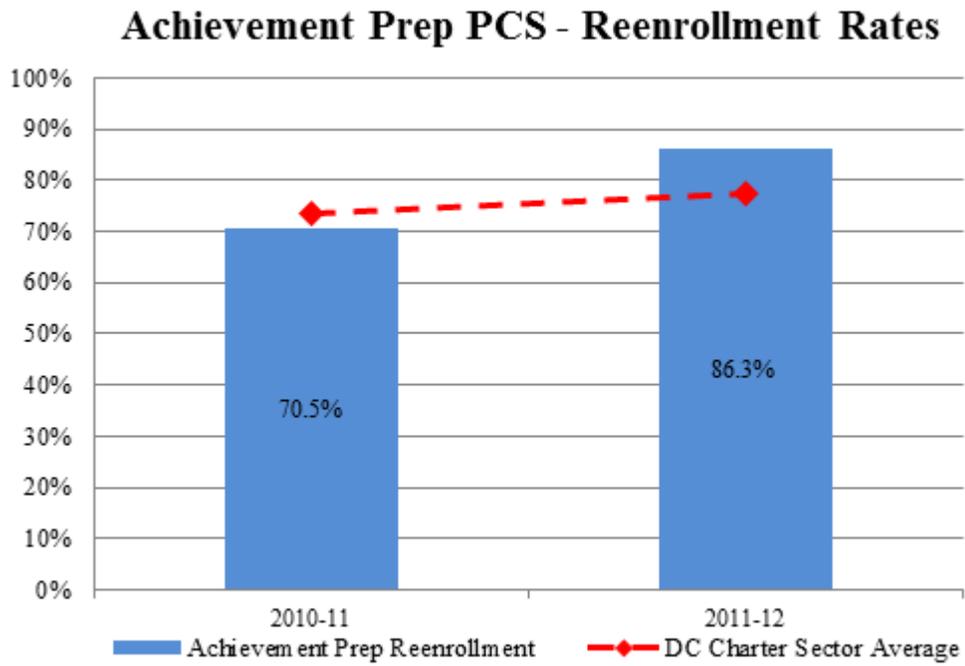
Source: ProActive

²⁴ See Appendix C, pp. 14-15.

²⁵ See Appendix H.

²⁶ See Kickboard paycheck data, included in this document as Appendix J.

For the 2010-11 academic year, Achievement Prep PCS's reenrollment rate was below the DC Charter sector average. However, for the 2011-12 academic year, the school's reenrollment rate increased by more than 15 percentage points, and was above the DC Charter average.



Source: PMF

COMPLIANCE WITH APPLICABLE LAWS

The SRA provides that PCSB shall conduct a review at least once every five years to determine if the charter school is in compliance with applicable laws.²⁷ The SRA contains a non-exhaustive list of applicable laws, and the PCSB also monitors charter schools for compliance with additional laws. The following section identifies these laws and includes a determination of whether Achievement Prep PCS has consistently complied with these laws over the past five years.

General Laws

For the 2012-13 academic year, PCSB found that Achievement Prep PCS was in full compliance with all applicable laws. In previous years, there was one incident of noncompliance, related to governance.

Health and Safety

The SRA requires schools to maintain the health and safety of its students.²⁸ To ensure that schools adhere to this clause, PCSB monitors schools for various health and safety indicators, including but not limited to, whether schools have qualified staff members that can administer medications, that schools conduct background checks for all school employees and volunteers, and that schools have a “School Emergency Response Plan” in place and conduct emergency drills as required by the District of Columbia Fire Department. Achievement Prep PCS has been in compliance with all health and safety requirements over the past five years.

Discipline

PCSB reviews school disciplinary policies to ensure that they afford students due process²⁹ and that students and parents are made aware of these due process safeguards. Over the past five years, Achievement Prep PCS's disciplinary policies have ensured due process, and the school has communicated these policies to students and parents.

Enrollment and Attendance

The SRA requires that schools have a fair and open enrollment process that randomly selects applicants and does not discriminate against students. PCSB requires that schools announce a cutoff date for enrollment. Achievement Prep PCS has been in compliance with these requirements over the past five years.

Maintenance and Dissemination of Student Records

The Family Educational Rights and Privacy Act requires that schools properly maintain and disseminate student records.³⁰ Achievement Prep PCS has complied with these requirements over the last five years.

²⁷ SRA § 38.1802.12 (c)(2).

²⁸ SRA § 38.1802.04 (c)(4)(A).

²⁹ As required by *Goss v. Lopez*, 419 U.S. 565 (1975).

³⁰ 20 U.S.C. § 1232g.

Title I of the Elementary and Secondary Education Act

Because Achievement Prep PCS receives Title I funds, it is required to adhere to a number of requirements under the Elementary and Secondary Education Act (“ESEA”), including hiring “Highly Qualified Teachers” and communicating certain information to parents about its participation in No Child Left Behind (“NCLB”) program.³¹

Achievement Prep PCS has been in compliance over the past five years. Teachers were either “Highly Qualified” or the school had an action plan for any staff that were not considered “Highly Qualified.”³²

Civil Rights Statutes and Regulations

Charter schools must comply with all applicable local and federal civil rights statutes.³³ There is no indication that Achievement Prep PCS has violated any civil rights statutes.

Governance

The SRA requires that a school's board of trustees have an odd number of members, not exceeding fifteen, two must be parents of students currently attending the school. A majority of members must be District of Columbia residents.³⁴ Over the past five years, Achievement Prep PCS has had an odd number of members on its board of trustees, a majority of which were D.C. Residents. For the 2008-09 academic year, Achievement Prep PCS did not have two parents of students on the board.³⁵ However, by the 2010-11 academic year, Achievement Prep PCS was in full compliance, and has had two parents on the board since.

Special Education Laws

Charter schools are required to comply with Subchapter B of the Individuals with Disabilities Education Act³⁶ and Section 504 of the Rehabilitation Act of 1973.³⁷ In 2012, PCSB conducted a desktop audit of six special education indicators to assess Achievement Prep PCS’s compliance with these laws and the educational progress of its special education students.³⁸

Academic Performance of Achievement Prep PCS Special Education Students

Federal special education laws are in place, among other reasons, to ensure that schools adequately assist

³¹ 20 U.S.C. § 6300, *et. seq.*

³² See Achievement Prep PCS Compliance Review (2012-13 Academic Year), included in this document as Appendix K.

³³ SRA § 38-1802.02 (11). This includes the Age Discrimination Act of 1985, the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, § 504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Act of 1990.

³⁴ SRA § 38-1802.05 (a)

³⁵ See Achievement Prep Compliance Review (2008-09 Academic Year), included in this document as Appendix L.

³⁶ 20 USC §1413(a)(5).

³⁷ 20 USC §794.

³⁸ See Achievement PCS –Desktop Audit, included in this document as Appendix M.

students with disabilities in making academic progress. As part of the special education desktop audit, PCSB reviews how schools' students with disabilities performed on the DC-CAS.

On the 2012 DC-CAS, Achievement Prep PCS students with disabilities scored 21% proficient in reading, 4% above the state average for students with disabilities. In math, its students with disabilities scored 39% proficient on math, 19% higher than the state average for students with disabilities. The achievement gap between the general school population and the special education population is more significant, with a 48% gap in reading and a 47% gap in math.

Compliance Review of Achievement Prep PCS by the DC Office of the State Superintendent

As part of the desktop audit, PCSB examines special education compliance and monitoring documentation prepared by the District of Columbia Office of the State Superintendent ("OSSE"). In 2010, OSSE found Achievement Prep PCS to be 78% compliant with its special education requirements, with OSSE noting that the school "Needs Assistance" in fulfilling all applicable federal and local special education regulations.³⁹

Financial Laws

Procurement Contracts

SRA §38-1802.04(c)(1) requires DC charter schools to utilize a competitive bidding process for any procurement contract \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for which contractor was selected. To ensure compliance with this law, PCSB requires schools to submit a Determinations and Findings form to detail any qualifying procurement contract entered into.

Achievement Prep PCS submitted no Determination and Findings forms for such contracts during fiscal years 2010 to 2012. In the school's 2009-2010, 2010-2011, and 2011-2012 financial audits, eleven \$25,000+ expenditures were identified for which Achievement Prep PCS should have submitted a corresponding Determination and Findings form. Because no Determination and Findings forms were submitted, Achievement Prep PCS was out of compliance with the contracting provision of the SRA during these periods. This is an important issue, and Achievement Prep PCS must submit the outstanding Determination and Findings forms, and implement a reporting system moving forward to ensure it remains in compliance with this requirement.

Timely Audits

The SRA requires schools to submit to PCSB an annual financial audit conducted by an independent

³⁹ See 2010 OSSE report, included in this document as Appendix N. OSSE uses the same determination levels as the United States Department of Education: (1) meets requirements; (2) needs assistance; (3) needs intervention; or (4) needs substantial intervention.

certified public accountant or accounting firm.⁴⁰ Over the past four years, Achievement Prep PCS has submitted all financial audits in a timely manner.

Submission of Information about Donors and Grantors

The SRA requires schools to submit to PCSB an annual list of all donors and grantors that have contributed monetary or in-kind donations having a value equal to or exceeding \$500.⁴¹ Achievement Prep PCS has fulfilled this requirement by reporting this information in its annual reports.⁴²

⁴⁰ SRA §38-1802.04(c)(11)(ix).

⁴¹ SRA §38-1802.04(c)(11)(xi),

⁴² See Appendix C, pp. 10-11; Appendix D, pp. 10-11; Appendix E, p. 12; Appendix F, p. 11.

FISCAL MANAGEMENT AND ECONOMIC VIABILITY

The SRA requires the Board to revoke a charter at any time if it determines that the school:

- Has engaged in a pattern of non-adherence to generally accepted accounting principles;
- Has engaged in a pattern of fiscal mismanagement; or
- Is no longer economically viable.

As part of the charter review process, PCSB has reviewed Achievement Prep PCS's financial record regarding these areas.

Adherence to Accounting Principles

The school has consistently adhered to generally accepted accounting principles, as established by the Financial Accounting Standards Board.

Fiscal Management

Per its audited financial statements, Achievement Prep PCS has not engaged in fiscal mismanagement. The school's audit reports reflect sound accounting and internal controls, and no instances of incompliance that are required to be reported per the U.S. Government Accountability Office's Auditing Standards. The school has consistently submitted all necessary financial documents to PCSB in a timely manner.

Economic Viability

A review of annual audits indicates Achievement Prep PCS is economically viable. One indicator of economic viability is a positive year-end annualized net income. Achievement Prep PCS has concluded each of its last three fiscal periods with positive net income balances.

Net working capital⁴³ and a liquidity ratio⁴⁴ greater than one points to a school's ability to meet its immediate financial obligations. As detailed in the table below, Achievement Prep PCS has successfully managed its working capital needs since it opened. Achievement Prep PCS's liquidity ratio has been greater than one at the conclusion of each of the last four years, reaching a high of 5.10:1 during FY2011.

Fiscal Period	2009	2010	2011	2012
Net Working Capital	\$68,320	\$105,017	\$342,737	\$468,699
Liquidity Ratio	1.51	1.85	5.10	3.87

⁴³ Net working capital is an organization's total assets, less its total liabilities.

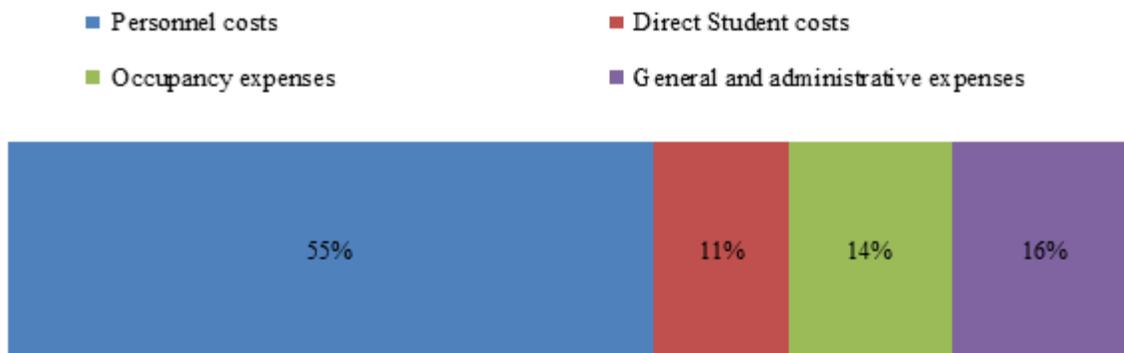
⁴⁴ Liquidity Ratios are calculated by dividing total assets by total liabilities.

However, the school does not yet have sufficient long-term solvency. PCSB recommends that schools accrue net asset reserves equal to three to six months of operational expenditures. For the financial period ending June 30, 2012, Achievement Prep PCS’s total net assets approached \$603K (up from \$343K the prior year), and monthly expenditures were approximately \$263K indicating a net asset reserve of approximately 2.3 months.

Fiscal Period	2009	2010	2011	2012
Net Income	\$(51,445)	\$118,626	\$204,150	\$137,907
Cumulative Reserves	\$142,151	\$260,777	\$464,927	\$602,834

The chart below details APA PCS’s expenditures as a percentage of revenues. The school makes spending decisions appropriate for managing education programs. Program service and General and Administrative costs are in line with comparable industry amounts and PCSB financial metrics for general education charter schools.

Achievement Prep: Expenditures as % of Revenues (FY2009-FY2012 averages)⁴⁵



⁴⁵ Note that the chart on expenditures as percentage of revenues does not equal 100% because revenues exceeded expenditures in FY2012.