SUBJECT

Xavier Charter School Fiscal Status Update

APPLICABLE STATUTE, RULE, OR POLICY

I.C. § 33-5209(2)

BACKGROUND

Xavier Charter School (XCS) is a public charter school authorized by the Public Charter School Commission (PCSC). Located in Twin Falls, XCS is now in its fifth year of operations and serves grades K-12.

In December 2011, XCS presented an update to the PCSC. They reported the school was coming from a full year of inadequate fiscal oversight by the board and management company. XCS's interim administration team and new board were working to correct fiscal issues faced by the school. A second, independent fiscal audit for FY11 had confirmed a carryover of $500,000.

The State Department of Education (SDE) recently identified significant concerns with regard to XCS's inability to document expenditures attached to a significant sum of federal funding for Special Education. Additionally, XCS faces a potentially unsustainable facility lease situation.

DISCUSSION

During the 2010-11 school year, XCS's finances were managed by Paragon Schools LLC as part of a management services agreement that has since been terminated. It recently became apparent that required Special Education expenditure records for that year are unavailable. The SDE indicates that the federal government may require XCS to repay up to approximately $700,000 in federal funds whose use cannot be documented.

The federal government will require XCS to obtain a forensic audit in an attempt to reconstruct as much information as possible regarding the means by which funds were used. Although the cost of the audit will be high, possibly as much as $100,000 - $150,000, it is hoped that XCS will ultimately reduce its expenses by eliminating the need to pay back at least part of the federal funds.

XCS has provided the budgets included with these materials as an indication of the school's current financial status. However, the budgets do not include the cost of a forensic audit or any repayment of federal funds. School officials recognize that these expenses pose a significant threat to the fiscal viability of the school.

Additionally, XCS currently leases its built-to-suit facility from a Utah company. The lease agreement includes an annual increase in cost which is anticipated to become unsustainable if XCS cannot renegotiate the lease or obtain financing to purchase the building. At this time, both options appear unlikely, leaving the school's financial future uncertain.

IMPACT

Information item only.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends that the PCSC require XCS to submit monthly fiscal updates, including fund breakdowns for the purpose of monitoring federal funds. In accordance with a request from the SDE, which is in communication with the federal government regarding XCS, staff recommends that the PCSC require submission of these updates to both the PCSC office and the SDE.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.

May 31, 2012

Xavier Charter SchoolMay 2012	Proposed (Board Approved Budget for Fiscal Year)	Actual (Through Most Recent Month End)	Projected (Anticipated Year-End Numbers)	Percentage Used (Actual / Proposed)	Notes
REVENUE					
Salary Apportionment	$1,496,424.74	$1,162,964.38	$1,496,424.74	77.72%	
Benefit Apportionment	$240,119.26	$240,119.26	$240,119.26	100.00%	
Entitlement	$664,160.00	$675,134.00	$712,226.71	101.65%	
State Transportation	$109,000.00	$109,904.00	$109,904.00	100.83%	
Lottery		$26,924.00	$26,924.00	#DIV/0!	
Other State Funds (Specify)	$183,373.00	$160,244.38	$183,373.00	87.39%	Tech, Surplus Money , IRI, ISAT Remediation
Special Ed - Regular	$78,836.00	$113,386.52	$117,810.00	143.83%	We had a carryover of $38974 from FY 2010
Special Ed - ARRA				#DIV/0!	
Title I	$81,081.00	$39,199.46	$132,405.00	48.35%	Carryover of $51324
Federal Title I Funds : ARRA				#DIV/0!	
Medicaid Reimbursement	$25,000.00	$19,107.75	$25,000.00	76.43%	
Title IIA	$8,000.00	$2,131.48	$14,000.00	26.64%	Includes carryover from previous year
Local Revenue (Specify)	$31,698.00	$26,386.74	$31,698.00	83.24%	School Lunch Other Revenue and Non-reimburesable
Federal Startup Grant				#DIV/0!	
Other Grants (Specify)	$35,000.00	$35,000.00	$35,000.00	100.00%	Exceptional Child
Fundraising				#DIV/0!	
Interest Earned	$2,000.00	$1,309.10	$2,000.00	65.46%	
Other (Specify)	$22,000.00	$9,986.50	$9,986.50	45.39%	School Fees & Technology-Classroom
Other (Specify)	$84,690.00	$71,760.43	$86,000.00	84.73%	Federal reimbursement from School Lunch
TOTAL REVENUE	$3,061,382.00	$2,693,558.00	$3,222,871.21	87.99%	
EXPENDITURES					
100 Salaries					
Teachers	$916,028.00	$596,595.29	$947,573.00	65.13%	
Special Education	$43,216.00	$22,437.62	$43,216.00	51.92%	
Instructional Aides	$56,056.00	$77,566.20	$91,080.00	138.37%	Fund carryover provided additional positions in Title I and Title VIE
Classified/Office	$110,150.00	$76,787.68	$97,586.00	69.71%	
Administration	$77,000.00	$52,756.49	$81,275.00	68.51%	New Leadership Structure
Maintenance	$18,720.00	$15,294.32	$18,720.00	81.70%	
Other (Specify)	$56,056.00	$69,768.29	$72,390.00	124.46%	Title I - Para Proffessionals
Other (Specify)				#DIV/0!	
Total Salaries	$1,277,226.00	$911,205.89	$1,351,840.00	71.34%	
200 Employee Benefits					
PERSI/FICA/Benefits	$431,228.00	$418,100.74	$431,228.00	96.96%	Data from Both External PR and Internal PR
Other (Specify)				#DIV/0!	
Total Benefits	$431,228.00	$418,100.74	$431,228.00	96.96%	
300 Purchased Services					
Management Services	$0.00	$32,841.62	$37,000.00	#DIV/0!	Murphey Consulting (Mel Wiseman and Kelly Murphey)
Staff Dev/Title IIA	$8,000.00	$7,780.00	$9,000.00	97.25%	
Legal Pub/Advertising	$1,000.00	$1,900.00	$2,500.00	190.00%	
Legal Services	$5,000.00	$19,221.24	$25,000.00	384.42%	
Special Education	$37,534.00	$60,980.00	$61,300.00	162.47%	Contract w/ Edwise and Medicaid Person (Includes Title I and VIB)
Liablity & Property Ins	$7,980.00	$9,110.42	$9,110.42	114.17%	
Substitute Teachers	$3,000.00	$12,380.00	$15,000.00	412.67%	
Board Expenses		$101,590.00	$105,000.00	#DIV/0!	Bills from Previous FY expended this FY of $46,789 (PERSI, H.S.A., Utilities, Bus) plus contract settlement of Administrator & Board Approved Expense of $27,275 (Legal, HR Consultant)
Computer Services				#DIV/0!	
Transportation	$141,000.00	$124,046.11	$141,000.00	87.98%	
Travel	$0.00		$0.00	#DIV/0!	
Other (Specify)	$17,000.00	$54,879.00	$61,000.00	322.82%	Copy Machines Lease
Other (Specify)	$0.00	$16,890.00	$17,500.00	#DIV/0!	Cleaning Contractor
Total Services	$220,514.00	$441,618.39	$483,410.42	200.27%	
Facilities				#DIV/0!	
Building Lease	$786,065.00	$631,538.15	$795,727.01	2.45%	Rent Increase 1/2 of Year
Land Lease				#DIV/0!	
Modular Lease	$0.00		$0.00	#DIV/0!	

Utilities, Phones, Lndscp	$21,000.00	$41,870.00	$44,700.00	58.95%	Lawn, landscapers, power, water, phone, internet (prior year actuals were not available when the budget was built
Site Preparation				#DIV/0!	
Other (Specify)		$6,210.81	$8,000.00	#DIV/0!	Building Repairs & Maintenance Contract
Other (Specify)				#DIV/0!	
Total Facilities	$807,065.00	$679,618.96	$848,427.01	84.21%	
400 Supplies and Maintenance					
Textbooks	$47,500.00	$25,471.79	$25,992.59	53.62%	
School Supplies	$109,000.00	$118,302.75	$124,212.64	108.53%	
Power School	$7,800.00	$7,800.00	$7,800.00	100.00%	
Custodial Supplies	$5,000.00	$13,911.68	$15,000.00	278.23%	
Other (Specify)				#DIV/0!	
Other (Specify)	$99,649.00	$73,846.35	$90,000.00	74.11%	Food Service Supplies & Food
Total Supplies	$268,949.00	$239,332.57	$263,005.23	88.99%	
500 Capital Objects					
Furniture	$12,500.00	$11,240.00	$12,500.00	89.92%	Book shelves & desks
Technical AV Equipment	$3,900.00	$45,791.36	$45,791.36	1174.14%	Replace Servers & major networking software - Classroom Technology Monies - Library (Monies were appropriated from Revenue received - Budget did not reflect expenditures of tech grant)
Other (Specify)	$40,000.00	$19,000.00	$19,000.00	47.50%	Skyward Year 1
Other (Specify)		$13,706.86	$13,706.86	#DIV/0!	Freezer & Ice Machine
Other (Specify)				#DIV/0!	
Other (Specify)				#DIV/0!	
Total Capital Objects	$56,400.00	$89,738.22	$90,998.22	159.11%	
Debt Service					
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Total Debt Service	$0.00	$0.00	$0.00	#DIV/0!	
Grant Purchases					
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Total Grant Purchases	$0.00	$0.00	$0.00	#DIV/0!	
Reserve Fund				#DIV/0!	
Building Fund				#DIV/0!	
Total Expenses	$3,061,382.00	$2,779,614.77	$3,468,908.88	90.80%	
Carryover from Previous FY	$0.00	$522,783.00	$522,783.00	#DIV/0!	
Reserve/(Deficit)	$0.00	$436,726.23	$276,745.33	#DIV/0!	

ENTER SCHOOL NAME AND SUBMISSION DATE OF COMPLETED TEMPLATE	Proposed Budget	Notes	
REVENUE			
Local Revenue	$2,500.00		
State Revenue			
Entitlement	$1,027,579.51	Based on enrollment of 640	
Wages			
Administration	$113,783.37		
Teachers	$1,248,417.00		
Classified	$253,689.12		
Medicaid	$0.00		
Benefit	$279,191.00		
Transportation	$109,000.00		
Federal Revenue			
Title I	$81,081.00		
Special Ed	$82,488.00		
Title II	$0.00		
Startup Grant	$0.00		
Other Sources (Specify)	$35,000.00	State SED Support	
Other Sources (Specify)	$11,000.00	Transfer from Food Service	
Other Sources (Specify)	$84,690.00	School Lunch	
Total Revenue	$3,328,419.00		
EXPENDITURES			
100 Salaries			
Teachers	$1,102,807.50		
Admin	$68,604.00		
Classified	$173,579.61		
Special education	$48,271.00		
Other (Specify)	$53,577.00	Title I	
Other (Specify)			
Total Salaries	$1,446,839.11		
200 Benefits			
Benefit Dollars	$279,121.00		
PERSI/Payroll taxes	$182,603.04		
Other (Specify)			
Total Benefits	$461,724.04		
300 Purchased Services			
Transportation	$141,000.00		
Special Education	$28,270.97		
Proctor costs			
Legal	$30,000.00		
Insurance	$17,380.00		
Copier Lease	$27,464.00		
Printer Lease			
Facility Lease	$806,688.84		
Utilities	$50,000.00		
Professional Development	$8,000.00		
Technology	$0.00		
Management Services	$20,000.00		
Legal Publications/Advertising	$1,300.00		
Substitute Teachers	$12,000.00		
Board Expenses			
Other (Specify)	$136,357.75	Building Maintenance and Custodial	
Other (Specify)	$51,676.33	Title I and VI B Contractor	
Total Purchased Services	$1,330,137.89		
Supplies & Materials			
Teacher/Classroom	$117,518.60		
Office	$5,000.00		

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Janitorial	$35,982.00		
Textbooks	$19,992.00		
Other (Specify)			
Other (Specify)			
Total Supplies & Materials	$178,492.60		
Grant Expenditures			
Specify			
Specify			
Specify			
Total Grant Expenditures	$0.00		
Capital Outlay	$20,456.12	Lawn Mower, Skyward & Floor Scrubber	
Total Capital Outlay	$20,456.12		
Debt Retirement			
Total Debt Retirement	$0.00		
Insurance & Judgements	$0.00		
Total Insurance & Judgements	$0.00		
Transfers		Food Service $11,000	
Total Transfers	$11,000.00		
Contingency Reserve	$0.00		
Building Fund	$0.00		
Total Expenditures	$3,448,649.76		
Carryover from Previous FY	$276,745.33	Reflects projected reserve/(deficit) from "current year" worksheet	
Reserve/(Deficit)	$156,514.57		

	GENERAL M & O FUND								ALL OTHER FUNDS			
	Prior Year Actual	Prior Year Actual	Prior Year Budget	Proposed Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Prior Year Actual	Prior Year Actual	Prior Year Budget	Proposed Budget
REVENUES	**2009-2010**	**2010 - 2011**	**2011 - 2012**	**2012 - 2013**	**2013-2014**	**2014-2015**	**2015-2016**	**2016-2017**	2009-2010	2010 - 2011	2011 - 2012	2012 - 2013
Beginning Balances	*	$ 387,177	***	$ 276,745	$ 161,514	$86,273.91	$101,952.18	$87,066.34				$ 5,000
Local Tax Revenue												
Other Local	$ 130,321	$ 198,446	$ 24,050	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500		$ 81,070	$ 89,267	$ 89,267
County Revenue												
State Revenue	$ 2,582,760	$ 2,941,258	$ 2,838,942	$ 2,988,393	$ 3,094,007	$ 3,252,637	$ 3,533,869	$ 3,944,624	$ 878			
Federal Revenue	$ 399,630	$ 112,541							$ 453,144	$ 458,413	$ 241,607	$ 237,259
Other Sources			$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000	$ 11,000				
Totals	$3,112,711.00	$3,639,422.00	$2,873,992.00	$3,278,638.00	$3,269,020.65	$3,352,410.61	$3,649,321.54	$4,045,190.76	$454,022.00	$539,483.00	$330,874.00	$331,526.00

	Prior Year Actual	Prior Year Actual	Prior Year Budget	Proposed Budget	Projected Budget	Projected Budget	Projected Budget	Projected Budget	Prior Year Actual	Prior Year Actual	Prior Year Budget	Proposed Budget
EXPENDITURES	**2009-2010**	**2010 - 2011**	**2011 - 2012**	**2012 - 2013**	**2013-2014**	**2014-2015**	**2015-2016**	**2016-2017**	2009-2010	2010-2011	2011-2012	2012-2013
Salaries	$ 1,537,941	$ 1,422,180	$ 1,203,519	$ 1,277,831	$ 1,303,388	$ 1,329,455	$ 1,568,757	$ 1,882,509	$ 81,896	$ 168,532	$ 120,831	$ 169,008
Benefits	$ 364,934	$ 499,748	$ 397,033	$ 425,455	$ 446,728	$ 469,064	$ 492,517	$ 522,068	$ 23,122	$ 37,645	$ 17,070	$ 36,269
Purchased Services	$ 980,692	$ 898,437	$ 1,069,057	$ 1,260,462	$ 1,272,609	$ 1,284,939	$ 1,326,653	$ 1,370,453	$ 89,094	$ 218,232	$ 159,149	$ 69,676
Supplies & Materials	$ 65,517	$ 243,795	$ 124,213	$ 132,920	$ 139,566	$ 146,544	$ 153,872	$ 161,565	$ 162,647	$ 96,431	$ 21,391	$ 45,573
Capital Outlay	$ 1,353	$ 68,984	$ 80,170	$ 20,456	$ 20,456	$ 20,456	$ 20,456	$ 20,456	$ 97,263	$ 2,137	$ 1,433	
Debt Retirement												
Insurance & Judgments												
Transfers (net)											$ 11,000	$ 11,000
Contingency Reserve												
Unappropriated Balances	$ 162,274	$ 506,278	****	$161,514.00					$ -	$ 16,506	$ -	$ -
Totals	$3,112,711.00	$3,639,422.00	$2,873,992.00	$3,278,638.00	$ 3,182,747	$3,250,458.43	$3,562,255.20	$3,957,051.24	$454,022.00	$539,483.00	$330,874.00	$331,526.00
			Excess (Deficiency) of Revenue over Expenditures & Transfers		$86,273.91	$101,952.18	$87,066.34	$88,139.53				

Assumptions	YR	Annual Lease	Projected ADA		
3% Increase in State Revenue	2009-2010		569.45		
2% Increase in Salary	2010-2011		609.38		Support = $19,706
5% Increase in Benefits	2011-2012	$ 797,857	640.17		Add Support Unit
Increase in Lease	2012-2013	$ 809,825	640		0.81
of approx 1.5% per year	2013-2014	$ 821,927	655	Projected	1.259
(actual based upon CPI)	2014-2015	$ 834,256	670		5.26
5% Increase in cost of supplies	2015-2016	$ 846,770	685		6.33
	2016-2017	$ 859,472	700		

* Data Not Available
** Blank because carryover would be negative
*** 2011-2012 - Zero Carryover was budgeted
**** 2011-2012 - Unappropriated Balance will be approximately $300,000

18-May-12	Enrollment	Returning	New	Waiting List	
K	48	N/A	48	101	
1	56	47	9	64	
2	56	54	2	39	
3	56	53	3	46	
4	66	53	3	29	
5	66	58	8	8	
6	66	61	6	26	
7	66	61	6	16	
8	64	53	11	0	
9	63	52	8	0	
10	47	41	4	0	
11	27	24	2	0	
12	28	23	2	0	
Total	**709**	**580**	**112**	**329**	