

SUBJECT

Xavier Charter School Fiscal Status Update

APPLICABLE STATUTE, RULE, OR POLICY

I.C. §33-5209

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 sixth year of operations and serves grades K-12.

In September 2012, the PCSC issued to XCS a notice of defect (NOD) on the grounds of failure to demonstrate fiscal soundness. The school's significant fiscal concerns arose from failure to properly document expenditures attached to a significant sum of federal funding for Special Education, an unsustainable facility lease situation, and improper payroll tax filings during the first quarter of 2010.

At the December 4, 2012, PCSC meeting, XCS provided documentation regarding two of these key issues: 1) a letter from the SDE confirming that the school would not be required to repay federal funds at this time; 2) a lease amendment reducing payments to a manageable sum through June 2013. Concerns regarding payroll taxes and lease payments beyond FY13 remained.

DISCUSSION

XCS reports that the payroll tax issue has been resolved. A letter from the IRS confirms that the school will not be required to pay any additional taxes, penalties, or fees.

No new information is available regarding lease negotiations for FY14 and beyond. A November 2012 lease amendment reflected a concession of \$359,000 in FY13 that reduced the school's lease payments for the year to a total of \$450,000. However, the lease is currently set to increase to \$809,000 for FY14. Negotiations with the landlord regarding the FY14 lease are ongoing and unresolved. XCS reports that these negotiations have been collaborative, and a non-binding MOU between the parties reflects the landlord's willingness to consider additional concessions if a purchase agreement cannot be reached. XCS is currently seeking to negotiate a three-year or five-year sliding scale lease with adjusted payments based on state funding.

While XCS is working to negotiate a new long-term lease with the landlord, the board and administration have indicated that they are moving forward with trying to bond and purchase the facility. However, while the bonding agent has recommended they apply, he has not expressed confidence in XCS's ability to bond. There are several factors impacting the school's ability to bond, including XCS's current cash balance and cash flow projections. Additionally, the school's ability to bond is influenced by the notice of defect that was issued in September and remains in

effect. XCS is requesting that the PCSC lift the notice of defect in order to maximize the school's opportunity to bond.

Current information indicates that XCS will be able to balance its budget through July 2013. However, cash flow projections indicate that the school will need a short-term loan or other cash influx to cover FY13 encumbered salaries until the August 2013 payment is received. XCS currently has a commitment from a stakeholder to provide the school with a short-term loan to cover this potential shortage.

XCS's long-term financial outlook remains a matter of concern. It appears the school's survival will be largely dependent on the availability of facility financing or a long-term lease concession limiting annual payments to \$450,000 for the foreseeable future.

IMPACT

No action is required of the PCSC in response to corrective action plans or updates thereto.

Pursuant to I.C. §33-5209(3) and IDAPA 08.02.04.301.04, the public charter school must "comply with the terms and conditions of the corrective action plan and...cure the defect at issue within a reasonable time..." If the public charter school fails to comply with the plan and cure the defect, "the authorized chartering entity may provide notice to the public charter school of its intent to revoke the charter."

The PCSC may, at its discretion, formally acknowledge the lifting of a notice of defect in the event the PCSC believes the school has cured such defect.

If the PCSC determines that the school has failed to cure an identified defect within a reasonable period of time, the PCSC may issue a notice of intent to revoke the charter.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends that the PCSC lift the notice of defect on XCS in the interest of providing maximum opportunity for the school to obtain facility financing. However, the PCSC should continue careful monitoring of XCS's financial situation due to ongoing concern regarding long-term fiscal viability.

COMMISSION ACTION

A motion to lift the notice of defect issued to Xavier Charter School on the grounds of failure to demonstrate fiscal stability.

Moved by _____ Seconded by _____ Carried yes _____ or no _____

February 14, 2013



XAVIER CHARTER SCHOOL
1218 North College Road W
Twin Falls, ID 83301
(208) 734-3947 Phone (208) 733-1348 Fax

January 15th, 2013

Idaho Public Charter School Commission
650 W. State Street
P.O. Box 83720
Boise, ID 83720-0037

Dear Public Charter School Commission,

In preparation for the PCSC meeting of February 14th, 2013, the following information is respectfully submitted:

- Amended budget – The school budget and finances continue to be diligently analyzed and examined. A budget amendment will be voted on by the Xavier Board on January 24th. This amendment reflects our new lease rate, and further refines expected revenue and expenses for the year. The enclosed budget using the PCSC template is based upon this amendment.
- Cash flow – Xavier continues to monitor cash flow closely. We are utilizing a projected cash flow statement to estimate the time when we will not be able to meet our financial obligations due to insufficient cash flow. This projected cash flow statement was created in conjunction with a local CPA who is familiar with school finance, a retired Superintendent, and school personnel. The cash flow projections reflect a reduction in our lease to \$450K for the remainder of the current fiscal year. This projection demonstrates viability through July 2013, but may require a short term loan or an influx of other money until the August 2013 payment arrives.
- Lease – The lease rate for FY 2013 was renegotiated to \$450,000. However the lease rate is presently structured to return to the previous level of approximately \$809,000 for FY 2014. The Xavier Board of Directors and attorney are negotiating with our landlord to either reduce the lease amount for FY 2014 and beyond, or purchase the building at terms that would be financially viable for Xavier. The relationship with the landlord continues to be collaborative. One of the requirements that would aid in our ability to bond would be lifting of the notice of defect.
- Federal Funds – Please see the enclosed letter from the State Department of Education dated November 27th, 2012. Repayment of Federal Funds for FY 2010 is no longer in question. While additional work is required, we continue to make steady progress on the issues expressed by the State Department of Education.

February 14, 2013

- IRS – The enclosed letter from the IRS addresses taxes from 2010. Xavier will not be required to pay additional tax, and potential penalties have been waived.

Xavier faced significant concerns and issues in the summer of 2012 after having recently put a new leadership structure in place. At the time, there was the possibility that Xavier would be required to pay back approximately \$628,000 in Federal Funds, there was the potential for a tax liability of \$81,000, the carryover figure from year to year was significantly less than expected, there were some questions concerning the set up and operation of our accounting software, Xavier personnel along with the State Department of Education had concerns about several of our Federal Programs, and the building lease rate was at an unsustainable level. While additional strides must be made, there has been significant progress on all of these issues. Long term lease abatement and or purchase of our facility at a rate that is fiscally viable still requires resolution. We will continue to work diligently on this and other challenges that face Xavier. If you have additional questions or concerns please feel free to contact us at your convenience.

Sincerely,



Deborah Burr
Board Chair



Thad Biggers
Head of Schools

February 14, 2013

XAVIER CHARTER SCHOOL
 SUMMARY GENERAL FUND CASH FLOW WORKSHEET
 FOR FISCAL YEAR ENDING JUNE 30, 2013
 Updated Jan 9th, 2013

	7-1-2012 Thru 11-30-12	Dec, 2012	Jan, 2013	Feb, 2013	Mar, 2013	Apr, 2013	May, 2013	Jun, 2013	July, 2013	August, 2013	Annual
BEGINNING CASH											
Cash & LGIP	(4,316.86)										
June Benefits Paid in July	(52,738.40)										
	<u>(57,055.26)</u>	<u>1,029,319.84</u>	<u>767,207.90</u>	<u>555,072.11</u>	<u>645,527.13</u>	<u>474,794.22</u>	<u>304,061.31</u>	<u>347,943.12</u>	<u>177,210.18</u>	<u>74,790.18</u>	<u>(57,055.26)</u>
INFLOWS											
100- General Fund	<u>2,138,573.28</u>	<u>0.00</u>	<u>0.00</u>	<u>261,188.00</u>	<u>0.00</u>	<u>0.00</u>	<u>214,614.72</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,614,376.00</u>
TOTAL INFLOWS	<u>2,138,573.28</u>	<u>0.00</u>	<u>0.00</u>	<u>261,188.00</u>	<u>0.00</u>	<u>0.00</u>	<u>214,614.72</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,614,376.00</u>
OUTFLOWS											
100- TOTAL ELEMENTARY	186,523.28	57,374.54	57,374.53	57,374.53	57,374.53	57,374.53	57,374.53	57,374.53	54,280.00	54,280.00	696,705.00
100- TOTAL SECONDARY	138,252.92	49,142.15	49,142.15	49,142.15	49,142.15	49,142.15	49,142.15	49,142.18	44,770.00	44,770.00	571,788.00
100- TOTAL EXCEPTIONAL CHILD	17,680.07	2,724.31	2,724.27	2,724.27	2,724.27	2,724.27	2,724.27	2,724.27	3,370.00	3,370.00	43,490.00
100- TOTAL INSTRUCT REL TECH	19,873.36	4,566.68	4,566.66	4,566.66	4,566.66	4,566.66	4,566.66	4,566.66			51,840.00
100- TOTAL BOARD	10,065.50	5,089.08	5,089.07	5,089.07	5,089.07	5,089.07	5,089.07	5,089.07			45,689.00
100- TOTAL DISTRICT ADMIN	27,924.69	2,287.07	2,287.04	2,287.04	2,287.04	2,287.04	2,287.04	2,287.04			43,934.00
100- TOTAL SCHOOL ADMIN	41,805.02	8,396.14	8,396.14	8,396.14	8,396.14	8,396.14	8,396.14	8,396.14			100,578.00
100- TOTAL BUSINESS OP	107,081.51	14,794.23	14,794.21	14,794.21	14,794.21	14,794.21	14,794.21	14,794.21			210,641.00
100- TOTAL ADMIN TECH	21,760.28	3,897.70	3,897.67	3,897.67	3,897.67	3,897.67	3,897.67	3,897.67			49,044.00
100- TOTAL CUSTODIAL	474,636.53	67,485.39	30,599.08 *								572,721.00
100- TOTAL MAINTENANCE	1,211.48	6,950.94	15,954.09 *	5,150.33	5,150.29	5,150.29	5,150.29	5,150.29			49,868.00
100- TOTAL GROUNDS	1,012.00	403.71	403.71	403.71	403.71	403.71	403.71	403.71			3,837.97
100- TOTAL TRANSPORTATION	556.95	39,000.00	16,907.17	16,907.20	16,907.17	16,907.17	16,907.17	16,907.17			141,000.00
100- OTHER PAYMENTS	3,814.59										3,814.59
TOTAL OUTFLOWS	<u>1,052,198.18</u>	<u>262,111.94</u>	<u>212,135.79</u>	<u>170,732.98</u>	<u>170,732.91</u>	<u>170,732.91</u>	<u>170,732.91</u>	<u>170,732.94</u>	<u>102,420.00</u>	<u>102,420.00</u>	<u>2,584,950.56</u>
ENDING CASH	<u>1,029,319.84</u>	<u>767,207.90</u>	<u>555,072.11</u>	<u>645,527.13</u>	<u>474,794.22</u>	<u>304,061.31</u>	<u>347,943.12</u>	<u>177,210.18</u>	<u>74,790.18</u>	<u>(27,629.82)</u>	<u>(27,629.82)</u>

Details/Assumptions

7-1-12 to 11-30-12 data based upon actuals

Revenue based upon actuals and estimates from SDE

Expenses based upon actuals and estimates for remainder of FY

Assumes no significant building/maintenance issues

Assumes enrollment remains stable

Assumes Federal Fund revenue matches expenses

* Final rent payment \$30,599.08 paid from Custodial & \$15,954.09 paid from Maintenance

February 14, 2013

CURRENT FISCAL YEAR BUDGET COMPARISON

Xavier Charter School 8/16/2012	Proposed (Board Approved Budget for Fiscal Year)	Actual (Through Most Recent Month End)	Projected (Anticipated Year- End Numbers)	Percentage Used (Actual / Proposed)	Notes	State Comparison (Anticipated Year End Numbers) <i>This column for state use only.</i>	Difference Between State and School's Projected
REVENUE							
Salary Apportionment	\$1,565,265.00	\$1,249,774.00	\$1,565,265.00	79.84%			
Benefit Apportionment	\$186,123.00	\$150,221.00	\$186,123.00	80.71%			
Entitlement	\$673,798.00	\$576,266.00	\$673,798.00	85.53%			
State Transportation	\$109,000.00	\$70,525.00	\$109,000.00	64.70%			
Lottery				#DIV/0!			
Other State Funds (Specify)	\$8,029.00		\$8,029.00	0.00%	IRI, Hiring Positions, Technology		
Special Ed - Regular	\$82,488.00		\$82,488.00	0.00%			
Special Ed - ARRA				#DIV/0!			
Title I	\$91,086.00		\$91,086.00	0.00%			
Federal Title I Funds : ARRA				#DIV/0!			
Medicaid Reimbursement	\$10,000.00		\$10,000.00	0.00%			
Title IIA	\$13,598.00		\$13,598.00	0.00%	\$5000 was carry-over, We will receive \$8598 for FY12-13		
Local Revenue (Specify)	\$500.00	\$5,252.00	\$500.00	1050.40%	Building Rental		
Federal Startup Grant	\$90,000.00		\$90,000.00	0.00%	Fed Food Reimbursable - THIS IS NOT FEDERAL STARTUP GRANT		
Other Grants (Specify)	\$79,000.00	\$23,730.00	\$79,000.00	30.04%	Food NON-Reimbursable		
Fundraising				#DIV/0!	Misc Other		
Interest Earned	\$2,000.00	\$426.00	\$2,000.00	21.30%			
Other (Specify)	\$8,296.00		\$8,296.00	0.00%	Exceptional Child/SED Support		
Other (Specify)				#DIV/0!			
TOTAL REVENUE	\$2,919,183.00	\$2,076,194.00	\$2,919,183.00	71.12%		\$0.00	
EXPENDITURES							
100 Salaries							
Teachers	\$959,656.00	\$285,835.00	\$959,656.00	29.79%			
Special Education	\$48,271.00	\$15,241.00	\$48,271.00	31.57%			
Instructional Aides	\$82,100.00	\$21,047.00	\$82,100.00	25.64%			
Classified/Office	\$140,245.92	\$32,304.00	\$140,245.92	23.03%			
Administration	\$78,872.92	\$31,092.00	\$78,872.92	39.42%			
Maintenance	\$9,800.00	\$7,085.00	\$9,800.00	72.30%			
Other (Specify)	\$58,266.70	\$26,967.00	\$58,266.70	46.28%	Child Nutrition		
Other (Specify)	\$36,000.00	\$21,546.00	\$36,000.00	59.85%	Technology		
Total Salaries	\$1,413,212.54	\$441,117.00	\$1,413,212.54	31.21%			
200 Employee Benefits							
PERSI/FICA/Benefits	\$353,487.00	\$101,216.00	\$353,487.00	28.63%			
Other (Specify)	\$10,926.00	\$9,382.00	\$10,926.00	85.87%	Workers Comp		
Total Benefits	\$364,413.00	\$110,598.00	\$364,413.00	30.35%			
300 Purchased Services							
Management Services	\$61,858.00	\$35,561.00	\$61,858.00	57.49%	Admin Consultant, Title IA contracted services		
Staff Dev/Title IIA	\$13,598.00	\$8,257.00	\$13,598.00	60.72%			
Legal Pub/Advertising	\$8,510.00	\$2,100.00	\$8,510.00	24.68%			
Legal Services	\$30,000.00	\$4,378.00	\$30,000.00	14.59%			
Special Education	\$28,270.97	\$18,382.00	\$28,270.97	65.02%			
Liability & Property Ins	\$6,454.00	\$6,454.00	\$6,454.00	100.00%			
Substitute Teachers	\$10,000.00	\$2,134.00	\$10,000.00	21.34%			
Board Expenses	\$17,640.00	\$8,750.00	\$17,640.00	49.60%	Audit & Memberships		
Computer Services	\$27,903.00	\$5,081.00	\$27,903.00	18.21%	One-Call, Webpage, IP Monitoring Software, Plato, IDLA		
Transportation	\$141,000.00	\$50,925.00	\$141,000.00	36.12%			
Travel	\$5,000.00	\$0.00	\$5,000.00	0.00%	Travel & Purchase Services		
Other (Specify)	\$24,610.00	\$13,375.00	\$24,610.00	54.35%	Custodial Contract & Pest Contract & Snow Removal		
Other (Specify)				#DIV/0!			
Total Services	\$374,843.97	\$155,397.00	\$374,843.97	41.46%		\$0.00	
Facilities							
Building Lease	\$450,000.00	\$450,000.00	\$450,000.00	0.97%			

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CURRENT FISCAL YEAR BUDGET COMPARISON

Land Lease				#DIV/0!		
Modular Lease				#DIV/0!		
Utilities, Phones, Lndscp	\$75,880.00	\$10,989.00	\$75,880.00	2.81%		
Site Preparation				#DIV/0!		
Other (Specify)	\$3,623.00	\$444.00	\$3,623.00	140.24%	Fire/Security Monitoring& HVAC Contract	
Other (Specify)	\$3,816.00	\$900.00	\$3,816.00	1334.51%	Storage Rental	
Total Facilities	\$533,319.00	\$462,333.00	\$533,319.00	86.69%		\$0.00
400 Supplies and Maintenance						
Textbooks	\$25,323.00	\$22,839.00	\$25,323.00	90.19%		
School Supplies	\$43,203.00	\$30,586.00	\$43,203.00	70.80%	Paper & Teacher Supplies	
Power School	\$3,500.00	\$3,500.00	\$3,500.00	100.00%		
Custodial Supplies	\$27,982.00	\$5,678.00	\$27,982.00	20.29%		
Other (Specify)	\$27,938.40	\$35,562.00	\$27,938.40	127.29%	Copy Machine Lease, Maintenance & Copies	
Other (Specify)	\$50,572.00	\$35,604.00	\$50,572.00	70.40%	Food Service Supplies & Food	
Total Supplies	\$178,518.40	\$133,769.00	\$178,518.40	74.93%		\$0.00
500 Capital Objects						
Furniture				#DIV/0!		
Technical AV Equipment				#DIV/0!		
Other (Specify)	\$13,820.00	\$13,820.00	\$13,820.00	100.00%	Skyward 2 of 3 payments	
Other (Specify)	\$2,838.12	\$960.00	\$2,838.12	33.83%	Lawn Mower	
Other (Specify)	\$3,798.00	\$2,160.00	\$3,798.00	56.87%	Floor Cleaning Equipment	
Other (Specify)	\$1,180.00	\$1,012.00	\$1,180.00	85.76%	Building Maintenance	
Total Capital Objects	\$21,636.12	\$17,952.00	\$21,636.12	82.97%		\$0.00
Debt Service						
Specify				#DIV/0!		
Specify				#DIV/0!		
Specify				#DIV/0!		
Total Debt Service	\$0.00	\$0.00	\$0.00	#DIV/0!		\$0.00
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!		\$0.00
Reserve Fund				#DIV/0!		
Building Fund				#DIV/0!		
Total Expenses	\$2,885,943.03	\$1,321,166.00	\$2,885,943.03	45.78%		
Carryover from Previous FY	(\$66,639.00)		(\$66,639.00)	0.00%		\$0.00
Reserve/(Deficit)	(\$33,399.03)	\$755,028.00	(\$33,399.03)	-2260.63%		

February 14, 2013

UPCOMING FISCAL YEAR BUDGET COMPARISON

Xavier Charter School 8/16/202	Proposed Budget	Notes	Difference from "Current Fiscal Year"	
REVENUE				
Local Revenue	\$2,500.00		\$2,000.00	reflects projected from "current FY"
State Revenue				
Entitlement	\$674,985.00	Based on ADA of 640	\$674,984.14	reflects State actual from "current FY"
Wages				
Administration	\$94,672.00			
Teachers	\$1,235,247.00			
Classified	\$150,245.92		\$1,480,164.12	reflects all salaries compared to State actual from "current FY"
Medicaid	\$10,000.00		\$0.00	reflects projected from "current FY"
Benefit	\$269,479.00		\$108,999.35	reflects State actual from "current FY"
Transportation	\$109,000.00		\$108,999.35	
Federal Revenue				
Title I	\$90,000.00		#DIV/0!	reflects State actual from "current FY"
Special Ed	\$82,000.00		#DIV/0!	reflects State actual from "current FY"
Title II	\$5,000.00		\$5,000.00	reflects State actual from "current FY"
Startup Grant	\$0.00		\$0.00	reflects State actual from "current FY"
Other Sources (Specify)	\$8,000.00	State SED Support		
Other Sources (Specify)				
Other Sources (Specify)	\$169,690.00	School Lunch		
Total Revenue before holdback	\$2,900,818.92		#DIV/0!	
PROPOSED HOLDBACK				
		Holdbacks should be estimated at a minimum of 5% - 5.5% for FY 2011.		
Teacher Salaries	\$0.00			
Classified Salaries	\$0.00			
Admin Salaries	\$0.00			
Benefits	\$0.00			
Entitlement	\$0.00			
Transportation	\$0.00			
Total Holdback	\$0.00		\$0.00	there were no holdbacks last year
Total Revenue after holdback	\$2,900,818.92		\$2,900,818.21	reflects State actual from "current FY"
EXPENDITURES				
100 Salaries				
Teachers	\$968,798.00		9,142.00	reflects projected from "current FY"
Admin	\$98,872.92		20,000.00	reflects projected from "current FY"
Classified	\$160,245.92		20,000.00	reflects projected from "current FY"
Special education	\$48,271.00			
Other (Specify)				
Other (Specify)				
Total Salaries	\$1,276,187.84		49,142.00	
200 Benefits				
Benefit Dollars	\$398,487.00			
PERSI/Payroll taxes				
Other (Specify)	\$10,926.00	Workers Comp		
Total Benefits	\$409,413.00		\$45,000.00	reflects projected from "current FY"
300 Purchased Services				
Transportation	\$109,000.00		(\$32,000.00)	reflects projected from "current FY"
Special Education	\$28,270.97		\$0.00	reflects projected from "current FY"
Proctor costs				
Legal	\$15,000.00		(\$15,000.00)	reflects projected from "current FY"
Insurance	\$6,500.00		\$46.00	reflects projected from "current FY"
Copier Lease	\$27,464.00		\$27,464.00	
Printer Lease			\$0.00	
Facility Lease	\$450,000.00		\$450,000.00	reflects projected from "current FY"
Utilities	\$75,000.00		(\$880.00)	reflects projected from "current FY"
Professional Development	\$5,000.00		(\$8,598.00)	reflects projected from "current FY"
Technology	\$25,000.00		(\$2,903.00)	reflects projected from "current FY"

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UPCOMING FISCAL YEAR BUDGET COMPARISON

Management Services	\$64,275.00	Consultant, Title I & SPEDContractor	\$2,417.00	reflects projected from "current FY"
Legal Publications/Advertising	\$15,000.00		\$6,490.00	reflects projected from "current FY"
Substitute Teachers	\$10,000.00		(\$20,000.00)	reflects projected from "current FY"
Board Expenses	\$10,000.00		(\$7,640.00)	reflects projected from "current FY"
Other (Specify)	\$70,000.00	Building Maintenance and Custodial		
Other (Specify)				
Total Purchased Services	\$910,509.97		\$399,396.00	
Supplies & Materials				
Teacher/Classroom	\$40,000.00		(\$3,203.00)	reflects projected from "current FY"
Office	\$5,000.00		\$5,000.00	Not in 2010 budget.
Janitorial	\$27,000.00		(\$982.00)	reflects projected from "current FY"
Textbooks	\$12,000.00		(\$13,323.00)	reflects projected from "current FY"
Other (Specify)				
Other (Specify)	\$169,690.00	Food Service		
Total Supplies & Materials	\$253,690.00		(\$12,508.00)	
Grant Expenditures				
Specify				
Specify				
Specify				
Total Grant Expenditures	\$0.00			
Capital Outlay	\$21,636.00	Lawn Mower, Skyward & Floor Scrubber	\$21,636.00	
Total Capital Outlay	\$21,636.00		\$21,636.00	
Debt Retirement			\$0.00	
Total Debt Retirement	\$0.00		\$0.00	
Insurance & Judgements	\$0.00		\$0.00	
Total Insurance & Judgements	\$0.00		\$0.00	
Transfers			\$0.00	
Total Transfers			\$0.00	
Contingency Reserve	\$0.00			
Building Fund	\$0.00			
Total Expenditures	\$2,871,436.81		\$502,666.00	
Carryover from Previous FY	(\$33,399.03)	Reflects projected reserve/(deficit) from "current year" worksheet		
Reserve/(Deficit)	(\$4,016.92)			

February 14, 2013

REVENUES	GENERAL M & O FUND								ALL OTHER FUNDS			
	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013	Projected Budget 2013-2014	Projected Budget 2014-2015	Projected Budget 2015-2016	Projected Budget 2016-2017	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013
Beginning Balances	*	\$ 387,177	\$ 506,278	\$ (66,639)	\$ (33,399)	\$ (159)	\$ 26,123	\$ 47,871			\$ 16,506	\$ 5,000
Local Tax Revenue												
Other Local	\$ 130,321	\$ 198,446	\$ 96,264	\$ 2,500	\$ 2,500	\$ 10,000	\$ 10,000	\$ 10,000		\$ 81,070	\$ 83,551	\$ 84,195
County Revenue												
State Revenue	\$ 2,582,760	\$ 2,941,258	\$ 2,750,455	\$ 2,611,876	\$ 2,611,876	\$ 2,651,054	\$ 2,651,876	\$ 2,691,654	\$ 878			
Federal Revenue	\$ 399,630	\$ 112,541	\$ 21,463						\$ 453,144	\$ 458,413	\$ 295,052	\$ 272,172
Other Sources												
Totals	\$3,112,711	\$3,639,422	\$3,374,461	\$ 2,547,737	\$ 2,580,977	\$2,660,895	\$2,687,999	\$2,749,525	\$454,022	\$539,483	\$ 395,109	\$ 361,367
EXPENDITURES	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013	Projected Budget 2013-2014	Projected Budget 2014-2015	Projected Budget 2015-2016	Projected Budget 2016-2017	Prior Year Actual 2009-2010	Prior Year Actual 2010-2011	Prior Year Actual 2011-2012	Adopted Budget 2012-2013
Salaries	\$ 1,537,941	\$ 1,422,180	\$ 1,348,152	\$ 1,239,925	\$ 1,239,925	\$ 1,270,425	\$ 1,270,425	\$ 1,300,925	\$ 81,896	\$ 168,532	\$ 106,492	\$ 156,429
Benefits	\$ 364,934	\$ 499,748	\$ 553,511	\$ 360,446	\$ 360,446	\$ 378,468	\$ 378,468	\$ 391,468	\$ 23,122	\$ 37,645	\$ 14,997	\$ 48,967
Purchased Services	\$ 980,692	\$ 898,437	\$ 1,269,359	\$ 865,510	\$ 865,510	\$ 865,510	\$ 865,510	\$ 865,510	\$ 89,094	\$ 218,232	\$ 130,196	\$ 76,654
Supplies & Materials	\$ 65,517	\$ 243,795	\$ 185,717	\$ 93,619	\$ 93,619	\$ 98,300	\$ 103,215	\$ 108,376	\$ 162,647	\$ 96,431	\$ 110,842	\$ 75,568
Capital Outlay	\$ 1,353	\$ 68,984	\$ 84,360	\$ 21,636	\$ 21,636	\$ 22,069	\$ 22,510	\$ 22,960	\$ 97,263	\$ 2,137	\$ 14,293	
Debt Retirement											\$ 36	
Insurance & Judgments												
Transfers (net)												
Contingency Reserve												
Unappropriated Balances	\$ 162,274	\$ 506,278							\$ -	\$ 16,506	\$ 7,253	\$ -
Totals	\$3,112,711	\$3,639,422	\$ 3,441,100	\$ 2,581,136	\$2,581,136	\$2,634,772	\$2,640,128	\$2,689,239	\$454,022	\$539,483	\$ 384,109	\$ 357,618
	Excess (Deficiency) of Revenue over Expenditures & Transfers		(\$66,639)	(\$33,399)	(\$159)	\$26,123	\$47,871	\$60,286				

Assumptions

	YR	Projected ADA	
0% Increase in State Revenue	2009-2010	569.45	}
0% Increase in Salary	2010-2011	609.38	
0% Increase in Benefits	2011-2012	640.17	
Additional new teacher hire in 2014 and 2016	2012-2013	640	
	2013-2014	640	
	2014-2015	650	
2% Increase in cost of supplies	2015-2016	660	
	2016-2017	670	
Lease of \$450,000 per year			

* Data Not Available
Based upon Proposed Amended Budget January 2013
Updated as of Jan 9th, 2013

February 14, 2013



IRS CAWR
Philadelphia PA 19255-0433

In reply refer to: 0583847467
Dec. 12, 2012 LTR 2057C 0
20-5009576 201012 01 0
Input Op: 0583847467 00007021
BODC: TE

XAVIER CHARTER SCHOOL INC
1218 N COLLEGE RD W
TWIN FALLS ID 83301-5651

Taxpayer Identification Number: 20-5009576
Tax Period(s): Dec. 31, 2010

Form: 941

Dear Taxpayer:

Thank you for your reply dated Aug. 13, 2012, to our letter regarding the discrepancy between your Forms 941 and your Forms W-2, Wage and Tax Statement, for 2010.

Based on your reply, we reversed our adjustment of \$105,411.04 on your Form 941 for the tax period Dec. 31, 2010. Within the next few weeks, we'll send you a notice explaining the changes to your account.

If you have any questions, please call us toll free at 1-800-829-0115.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include a copy of this letter with your response. Use the space below to indicate a telephone number and the best time for us to call you should we need more information. Keep a copy of this letter and any information that you send to us for your records.

Telephone number () _____ Hours _____

Thank you for your cooperation.

A copy of this letter and any referenced enclosures have been forwarded to your authorized representative(s).

February 14, 2013

0583847467

Dec. 12, 2012 LTR 2057C 0

20-5009576 201012 01 0

Input Op: 0583847467 00007022

XAVIER CHARTER SCHOOL INC
1218 N COLLEGE RD W
TWIN FALLS ID 83301-5651

Sincerely yours,



Lisa Parker
Document Matching Operation Manager

Enclosures:
Copy of this letter
Envelope
Publication 3498-A

February 14, 2013



STATE DEPARTMENT OF EDUCATION

P.O. BOX 83720
BOISE, IDAHO 83720-0027

TOM LUNA
STATE SUPERINTENDENT
PUBLIC INSTRUCTION

November 27, 2012

Xavier Charter School
Mr. Thad Biggers, Head of School
1218 North College Road West
Twin Falls, ID 83301

Dear Mr. Biggers:

In accordance with the technical assistance plan outlined in my letter dated June 5, 2012, the State Department of Education staff recently completed an onsite review and technical assistance visit of Xavier Charter School's Federal Programs and related financials. While it is apparent that Xavier has made significant strides in addressing their financial issues, the State Department of Education maintains some significant concerns moving forward.

Areas of improvement:

- The State Department of Education is encouraged by the fact that Xavier Charter School has been able to justify and document their expenditures for the \$620,297 in Federal Funds that were in question as outlined in my May 29, 2012 letter. Since Xavier was able to provide documentation of these expenses, Xavier will not be required to pay any of those funds back to the State Department of Education.
- The State Department of Education is also encouraged by the news that Xavier Charter School was able to renegotiate their building lease. This is a step in the right direction of financial stability.
- The accounting procedures and processes that had been identified as concerns by the State Department of Education have been addressed.

Remaining concerns:

- While the State Department of Education is encouraged by the progress that has been made by Xavier to remedy their financial situation, we are greatly concerned about the departure of the schools Business Manager, Justin Lanting. The new Business Manager, while having a background in accounting, has a lack of experience in School Finance and is being asked to split his time between serving as the Business Manager and the Child Nutrition Program Director, both of which are very challenging positions and require a great deal of time and dedication.
- We understand that Xavier has made progress in dealing with the Internal Revenue Service's demand for payment due to understated payroll but that the issue remains unresolved.
- Your Child Nutrition Program was found to be out of compliance in the following areas:
 - An accurate count of reimbursable meals by eligibility category must be taken at Point of Service (POS). The system must be based on an actual count of students and must consistently yield accurate results. During the review, the teachers in grades 1-6 were handing the cashier the student's meal identification cards in

February 14, 2013

batches and the cashier was not assuring each child was leaving the line with a reimbursable meal. The reviewer did not observe any non-compliant meals leaving the lunch line. However, in order to be a compliant system for reimbursement, each child must be identified at the POS with a reimbursable meal in order to be counted.

- Production Records, which are the records of what foods were served to each student were not completed correctly, and in two instances were missing an entire food group (vegetables on breakfast Tuesday). The State Agency staff gave Technical assistance on completing production records in their entirety.
- Verification needed to include the correct letter to students and needs to be completed in a timely manner. Currently they have not completed Phase 3 (due on November 15th) and are supposed to send in a Corrective Action Plan of how they will meet the deadline in future years. Incidentally Child Nutrition Staff was there on November 15th and helped Mr. Phelan fill out Phase 3 and advised him to submit it by the end of the day, which he has yet to do.
- The Child Nutrition division is currently waiting to see the financials that show the transfer back into Fund 290 of the \$11,000 taken out from the annual audit as indirect costs. Xavier did not have an Indirect Cost rate and was only charging the Child Nutrition program. Mr. Biggers and Mr. Lanting were advised that this could not be the case.

Next Steps:

- Any drawdowns of federal funds, including Title I, Title II and Special Education, must be accompanied by detailed documentation of the expenditure prior to the release of funds.
- As a result of the ongoing Child Nutrition Program concerns, we are asking that Xavier Charter School continue to provide monthly reports on fund 290 financials showing the details of expenses charged to the Nutrition Account for validity of charges. These reports can be sent directly to Lynda Westphal in the Child Nutrition Program no later than the 15th day following the end of each month.
- Xavier Charter School is highly encouraged to develop written procedures for managing their financials to ensure that the progress that was made in addressing accounting procedures and processes that had been identified as concerns by the State Department of Education is not lost as you transition between staff members.

At this time, Xavier Charter School no longer needs to submit monthly financial reports to the State Department of Education with the exception of the above mentioned Child Nutrition reports. Our hope is that Xavier Charter School will continue to make strides towards improving their financial situation by addressing the lingering financial issues that still exist and by following the above mentioned next steps. The State Department of Education stands ready to assist Xavier Charter School in this effort and wish you the best of luck in addressing your lingering financial issues. If you have any questions, or if I can be of any assistance, please do not hesitate to contact me.

Sincerely,



Nick Smith, Deputy Superintendent
Division of Federal Programs
Idaho State Department of Education

cc: Idaho Public Charter School Commission
Tom Luna, Superintendent of Public Instruction