

Name of the Charter School: Holly Drive Leadership Academy
Date(s) of Visit: December 7, 2015
Contact Person(s) for this Report: Susan Park and Deidre Walsh

Holly Drive Leadership Academy (Holly Drive) operates a charter school serving grades K-8 on a district site that is co-located with Webster Elementary at 4801 Elm Street (92102) which is within the Lincoln High cluster. Alysia Smith is the Principal.

The charter term for Holly Drive expires on June 30, 2019.

Holly Drive submitted its Local Control Accountability Plan (LCAP) for 2015-16 to the District late. The LCAP was due July 1, 2015, but it was not submitted until July 2, 2015. The Holly Drive LCAP includes the following measureable outcomes:

1. 100% of certificated teachers will be highly qualified.
2. 100% of the instructional assistants will be highly qualified with minimally an Associate's Degree and/or passage of the CAPA.
3. 100% of the TK-8 classes will have daily access to laptops and hands on math learning.
4. 100% of the TK-8 teachers will participate in professional development.
5. Annually parents will complete a survey to determine their level of satisfaction with their children's physical safety and social-emotional well-being at school.
6. Annually students will complete an age appropriate survey to determine their feelings about physical safety and social-emotional well-being at school.

In addition to state-mandated assessments (CAASPP/SBAC, CELDT, FitnessGram, CST), students participate in the following assessments:

Assessment	Grade Levels	Date Given
Presentations of Learning (math)	6 – 8	12/15/15
Developmental Reading (DRA)	TK – 4	October, February, and May
CA Alternative Assessment	3 – 6	4/11/16 – 6/21/16

For 2015-16, Holly Drive reported that the school currently has a 10:2 student-to-adult ratio in the two kindergarten classrooms. The language arts curriculum changed to Journeys, and the math curriculum changed to Go Math, Common Core aligned programs, this year. The school is exploring adding another combo class for 3rd/4th grade. There are more after school activities this year, and a focus on getting the community more involved with the school. There is also an emphasis on teacher efficacy and relationship-building at the school. The staff has taken students on several field trips to various high schools in an effort to help eighth grade students make the best choice for ninth grade. Students have toured Kearny High, Lincoln High, High Tech High, and e3 Civic High.

Enrollment at Holly Drive decreased from 151 in 2014-15 to 141 in 2015-16.

During the 2015-16 school year, approximately 17 students with IEPs were enrolled at Holly Drive, making up 12% of the schoolwide population. The range of eligibility categories included Autism (AUT), Intellectual Disability (ID), Other Health Impaired (OHI), Specific Learning

Disability (SLD), and Speech or Language Impairment (SLI). Holly Drive is a “school of” the District for special education purposes.

Independent study documents for the 2014-15 year were requested. The school reported that thus far there have not been any independent study contracts during the 2015-16 year. It was noted that Holly Drive’s master agreement refers to San Diego City Schools Procedures. As an independently operated charter school, all documents need to identify Holly Drive, rather than the District.

Professional development was held from August 26, 2015, through September 4, 2015. Topics included Common Core State Standards, math and English language arts curriculum, Accelerated Reader software training, first aid/CPR training, teacher efficacy training, and the SST process.

All classrooms visited had clearly posted campus maps with all evacuation routes identified, and all doors were clearly numbered.

The “Site Emergency Plan” was for Webster Elementary. Emergency drills for 2015-16 have been conducted as follows (it is noted that previous years schedules indicate that several more drills are held throughout the school year):

- Earthquake drill: 10/15/15
- Fire drills: 9/30/15, 11/13/15

Holly Drive is considering contracting with a vendor as part of its transition to become an independently CALPADS reporting school by July 1, 2016.

The Holly Drive Board is comprised of parents and community members. The current Holly Drive Board is summarized below in the table.

Board Member	Role
Eddie Davis	Chair
Etta Keeler	Vice Chair
Michelle Nelson	Secretary
Bernard Cook	Member
Diana Brown	Parent Member

The Holly Drive Board generally meets every other month in the front office of the school at 5:00pm or 5:30pm. The 2015-16 meeting calendar includes the following dates:

- September 3, 2015
- October 5, 2015
- December 10, 2015
- February 18, 2016
- April 21, 2016
- June 9, 2016

Statement of Economic Interest (Form 700) documents for the 2014 calendar year were reviewed. It was noted that one form (A.S.) did not complete section four of the form. It was also noted that several current and/or former members (E.K., M.N., D.B., and K.N.) did not have forms on file with the school. The forms reviewed had a partial County stamp, but the date could not be read.

Three personnel files were selected for review. It was noted that all files included background clearance letters signed by the principal, current employment agreements, and current credential documentation for all teachers. One file did not contain a current negative tuberculosis test result. Another file did not contain an I-9.

Holly Drive approved its uniform complaint policy on June 9, 2011. The policy includes information on appealing to the California Department of Education and information on filing a complaint with the Department of Fair Employment and Housing.

Finance Part One. This section addresses the charter school’s submission of accurate financial reports in a timely manner.

	YES	NO
The FY 2014-15 Charter School Unaudited Actuals Financial Report – Alternative Form was received by September 15, 2015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The FY 2014-15 Annual Audit was received by December 15, 2015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The FY 2015-16 Preliminary Budget was received by July 1, 2015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The FY 2015-16 First Interim Report was received by December 15, 2015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The FY 2015-16 Second Interim Report was received by March 15, 2016.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Holly Drive submitted all financial reports by the respective due dates.

Finance Part Two. This section addresses financial stability and sustainability of the charter school.

Information from FY 2014-15 audit unless otherwise noted.	YES	NO
<u>Operational Surplus or Deficit:</u> Operating revenues were greater than operating expenses.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Positive Ending Fund Balance:</u> Assets were greater than liabilities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Adequate Reserve for Economic Uncertainty:</u> Ending fund balance was the greater or 3% of expenditures or \$50,000.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Audit Results:</u> All audit findings were addressed and corrective actions were or are in the process of being implemented	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Solvency:</u> Per the FY 2015-16 Second Interim Report, available cash is sufficient to satisfy current liabilities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The audit reported \$58,119 in net assets at the beginning of the year and a change in net assets of \$151,670 for the fiscal year. In addition, there was a \$79,702 prior period adjustment. The audit reported \$289,491 in net assets at the end of the fiscal year, which meets the District’s minimum reserve requirement.

Per the *First Interim Report for Fiscal Year 2015-16*, available cash totaling \$326,451 exceeds current liabilities of \$1,454 and the school appears to be solvent.

Holly Drive has been co-located on the Webster campus under a facilities agreement for several years. During this time, student enrollment has stabilized in the range of 135 to 150 students. The school has continued to implement strategies to increase enrollment. School leadership noted

Webster Elementary is dropping grade six beginning with the 2016-17 school year. As Holly Drive will continue as K-8, the school plans to promote its small size, familiar location, and sense of family cohesion.

The school has reduced staff to align with its needs and available financial resources. Although not required to do so, as the old funding model was transitioned to LCFF, the school has increased class sizes in grades K through 3 to align with the adjusted amount added to the LCFF base grant for charter school which previously received K-3 class size reduction funding. The board approved these actions to prevent deficit spending and begin increasing net assets in order to meet the District's minimum reserve requirement.

Finance Part Three. This section addresses financial management topics.

- **Chart of Accounts and restricted funds:** Account numbers listed on the Chart of Accounts correspond to the appropriate *Standardized Account Code Structure* (SACS) compliant codes, as per *Procedure 810, Charter Schools of the California School Accounting Manual* (CSAM). Restricted funds are accounted for separately and expenditures are limited to those allowed by grantors.
- **Accounting System:** The accounting system utilizes a SACS compliant Chart of Accounts which tracks unrestricted and restricted resources in order to meet various specialized reporting requirements and categorical activities. It provides data necessary for accurate completion of the financial reports included in the table in Part One.
- **Safeguarding of Assets:** Internal control procedures are implemented to protect assets of the charter school and comply with accounting procedures adequate to prevent misuse of charter school funds.
- **Required Funding Documentation:** Supplemental funding applications, plans, claims and required documentation are filed with the appropriate funding agency by the specified deadline.
- **Liabilities:** Loans, debts and outstanding obligations are properly accounted for and paid in a timely manner, as required by legal agreements.
- **Budget Development:** The staff, management and Board of Directors are involved in the charter school's budget development.
- **Board Oversight:** The management and Board of Directors regularly review the budget in comparison to actual revenue and expenditures and make necessary adjustments to the budget as new information is available to the charter school.
- **Adjusted Budgets:** Current fiscal year's operating budget is updated for new revenue received and new expenses incurred.
- Other, as appropriate.

Holly Drive employs a part-time Business Manager who performs most of the school's financial related tasks including, basic accounting, financial reporting, and some student data reporting as it relates to CALPADS.

The school utilizes QuickBooks to track its finances and the chart of accounts is in general alignment with SACS. By using the Class field in QuickBooks, the Business Manager can

prepare and submit financial reports which are in compliance with requirements in CSAM, as they relate to charter school financial reporting.

The Holly Drive board adopted a *Fiscal Policies and Procedures Handbook* at its meeting on September 3, 2015. Previously, the board adopted a *Holly Drive Leadership Academy Salary Advance* policy at its meeting on September 6, 2013. However, the salary advance policy does not appear to have been integrated into the handbook adopted on September 3, 2015. Also, the handbook submitted to the District as part of the Summer Updates document request, is not date stamped and it cannot be determined if it is the version adopted by the board on September 3, 2015.

The Accounts Payable and Financial Reporting sections of the *Fiscal Policies and Procedures Handbook* make reference to a “back office provider” as performing some duties. However, the school no longer contracts for such services.

The Bank Check Authorization and Bank Checks subsections of the handbook describe in detail the procedures to follow and documentation needed in order to process payments and issue checks.

Per the table below, three transactions totaling \$1,016.71, were entered in the General Ledger (GL) on March 28, 29, and 30, 2015. For each of the entries, the payee’s name was entered as “Unknown” and the Memo/Description field describing the goods or services purchased by the school was blank. The GL entries were made after the checks were processed and remitted to their respective vendors. The data needed to make the entries was drawn from the March 2015 bank statement in place of the original source documents, such as invoices.

Account	Date	Transaction Type	Check #	Payee’s Name	Memo/Description	Amount
9120 California Coast	03/28/2015	Bill Payment (Check)	10743	Unknown		500.00
9120 California Coast	03/30/2015	Check	10745	Unknown		357.22
9120 California Coast	03/31/2015	Bill Payment (Check)	10729	Unknown		159.49

Proposition 30 regulations require a board to approve spending determinations during the open session of one of its public meetings. Item C.03, on the June 18, 2015 meeting agenda, is identified as a “Prop 30 Expenditure Report.” However, the Item C.03 exhibit was a spending determination in the form of a resolution for estimated 2015-16 EPA funds. Per the meeting’s minutes, the board approved the resolution but as it was misidentified on the agenda, an item should be placed on a future board meeting to reapprove the resolution.

Proposition 30 regulations also require a school to annually publish on its website “an accounting of the actual amount of EPA funds received and how those funds were spent” for each fiscal year in which funds are received. <http://www.cde.ca.gov/fg/aa/pa/epa.asp> In effect, this would occur at the end of the fiscal year after the general ledger has been closed. As of the day of the visit, an accounting, of the actual amount of EPA funds received in fiscal year 2014-15 and how those funds were spent, was not visible on the school’s website.

Item C.01, on the September 3, 2015, meeting agenda, was listed as, “Approval of Minutes from Prior Meeting: N/A this is the first meeting of the school year.” Regardless of crossing a fiscal year, the minutes of a board meeting would be reviewed and approved at a future meeting.

Charter School's Response (Optional):