



A Letter from ASBCS

Brought to you by the Arizona State Board for Charter Schools

Issue #21

Thursday, August 29, 2019

Important Dates

- **September 1, 2019:** [Deadline for Charters to submit Education Service Provider information.](#)
- **September 9, 2019:** Next Regular [Board Meeting.](#)
- **September 10, 2019:** [Amendment submissions due for November Board meeting.](#)

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What Does It Mean to Have a USFRCS Exception?

The charter law subjects charter schools to the same financial and electronic data submission requirements as school districts. These requirements include the Uniform System of Financial Records for Charter Schools (“USFRCS”), procurement rules, annual audit, Budget, and Annual Financial Report (“AFR”). The charter law also permits charter school sponsors to grant exceptions to these requirements. Through the amendment process, the Arizona State Board for Charter Schools (“Board”) grants exceptions to the procurement rules and USFRCS.

In developing its USFRCS exception request years ago, the Board recognized the role the USFRCS plays in ensuring, through the USFRCS Chart of Accounts, that financial data are consistently reported to the State, are available for the Superintendent’s Annual Report, and are comparable among Arizona public schools. Therefore, instead of granting a blanket exception to the USFRCS, the Board established parameters. Specifically, through the Board’s exception process, a charter holder granted a USFRCS exception agrees:

1. To utilize a chart of accounts that has been developed to align with the chart of accounts found in the USFRCS for the purposes of complying with budgeting and annual financial reporting (i.e., the Budget and AFR); and
2. To be responsible for any “cross-walks” necessary to complete reporting requirements. This means if the charter holder uses a chart of accounts other than the one prescribed in the USFRCS, then the charter holder must “cross-walk” its account codes to those used in the USFRCS when completing the annual Budget and AFR submitted to the Arizona Department of Education.

While the annual Budget and AFR fall under the purview of the Arizona Department of Education and not the Board, the law requires and the Board expects charter schools in the Board’s portfolio to accurately and timely complete the Budget and AFR. The Board granting a USFRCS exception to a charter holder does not change that. **To be clear, the USFRCS exception does not negate or alter a charter holder’s responsibility to properly report its financial data on the annual Budget and AFR according to the USFRCS revenue and expense codes.**

With the start of the new school year, please review your chart of accounts with your business office or business service provider to confirm your accounting transactions are coded to the USFRCS Chart of Accounts or that the appropriate cross-walks are in place to ensure accurate reporting beginning with the fiscal year 2019 AFR. To review the USFRCS Chart of Accounts, visit <https://www.azauditor.gov/reports-publications/charter-schools/manuals-memorandums>.