
AGENDA ITEM: Compliance Matters – Annual Financial Reports**Issue**

The charter holders listed on the agenda failed to submit their fiscal year 2009 Annual Financial Reports, which were due to the Arizona Department of Education (ADE) on October 15, 2009:

Annual Financial Report Background

[A.R.S. §15-183.E.6](#) requires charter schools to follow the same financial and electronic data submission requirements as school districts. Accordingly, each school district and charter holder must submit an Annual Financial Report (AFR) by October 15th of each year in a format prescribed by both the Office of the Auditor General and ADE. The information collected in the AFR becomes the basis of the Superintendent of Public Instruction's Annual Report that is submitted to the Legislature each year.

Board Options

1. The Board may direct staff to monitor each charter holder's progress in submitting its fiscal year 2009 Annual Financial Report and provide additional updates as they become available.
2. The Board may find the charter holders are in noncompliance with state law for their failure to submit the Annual Financial Report and approve withholding 10% of each charter holder's monthly State aid apportionment until the fiscal year 2009 Annual Financial Report is submitted as required by A.R.S. §15-183.E.6.
3. The Board may vote to issue a Notice of Intent to Revoke the charter contract of each charter holder for failure to submit the fiscal year 2009 Annual Financial Report as required by A.R.S. §15-183.E.6 and their charter contracts.

Staff's Recommendation

Staff's recommendation is Option #2.