



# Arizona State Board for Charter Schools

## Mandatory Reporting Requirements: Frequently Asked Questions

A charter holder must report the following to the Board within 10 business days of receipt or occurrence:

- Any notice from a lender or landlord regarding default;
- Filing a petition for bankruptcy;
- Any notice from the Internal Revenue Service (“IRS”), Arizona State Retirement System (“ASRS”), Arizona Department of Revenue (“ADOR”), or Arizona Department of Economic Security (“ADES”) regarding a tax lien, levy or garnishment;
- Correspondence from an insurance provider related to cancellation of health or liability insurance due to nonpayment;
- Notice of termination of a line of credit, whether initiated by financial institution or charter holder, when replacement credit line is not in effect; or
- Withdrawals from debt service reserve funds. [A.A.C. R7-5-501(C)]

If your question is not addressed below, please contact Board staff at (602) 364-3080 or [charterschoolboard@asbcs.az.gov](mailto:charterschoolboard@asbcs.az.gov).

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*Why do charter holders have to report this information to the Board?*

The Board is requiring charter holders to report the items identified in A.A.C. R7-5-501(C) because these are items that could indicate there might be some financial stress on the charter holder organization.

*How often is the charter holder required to report this information to the Board?*

Unlike the education service provider information, which must be reported annually by all charter holders, **mandatory reporting declarations are only required when one of the items identified in A.A.C. R7-5-501(C) applies to a charter holder.**

- If none of the items identified in A.A.C. R7-5-501(C) are applicable to the charter holder, then there is no reporting requirement for the charter holder until one of the items becomes applicable.
- If a charter holder receives notice of at least one of the items identified in A.A.C. R7-5-501(C) or there is an occurrence involving at least one of the items identified in A.A.C. R7-5-501(C), then the charter holder must report the item(s) to the Board within 10 business days of receipt or occurrence. For fiscal year 2020 only, notices and occurrences that take place between July 1, 2019 and August 1, 2019 must be reported to the Board by the charter holder no later than August 15, 2019.

*Under the Board's rules, the charter holder must report any notice from the IRS, ASRS, ADOR or ADES regarding a tax lien, levy or garnishment. Today, our school received a garnishment notice from the IRS regarding one of our employees. Does the rule require the charter holder to report this notice involving a school employee to the Board?*

No. As noted in the answer to the first question on page 1, the Board is requiring charter holders to report the items identified in the rule because these are items that could indicate there might be some financial stress on the organization. A tax garnishment, lien or levy involving an employee has no bearing on the financial health of the charter holder organization.

However, if the charter holder or charter school receives a tax lien, levy or garnishment from the IRS, ASRS, ADOR or ADES regarding the charter holder's or charter school's failure to deposit required taxes or contributions or submit required reports, then the charter holder must report this to the Board within 10 business days of receipt.

*Under the Board's rules, the charter holder must report correspondence received from an insurance provider related to cancellation of health or liability insurance due to nonpayment. On July 25, we remitted our insurance premium payment, which is due by August 1. On July 26, we received a notice from our insurance carrier indicating that payment had not yet been received and reminding us that failure to remit the premium payment timely may result in coverage termination. Does the rule require the charter holder to report this notice to the Board?*

No. The charter holder's deadline for remitting the premium payment to its insurance carrier has not passed. Further, the July 26 notice from the insurance carrier does not indicate the charter holder's or charter school's coverage has been cancelled due to nonpayment, only that it could be terminated if payment is not received. For a charter holder to be required to report a notice to the Board under the rule, the notice must indicate that the charter holder's or charter school's coverage has been cancelled and not that it could or will be cancelled if certain requirements are not met.

*Today, our school received notice that a former employee had not paid the premiums required to maintain his COBRA insurance coverage and his COBRA coverage had been cancelled due to nonpayment. Does the rule require the charter holder to report this notice involving the former school employee to the Board?*

No. As noted in the answer to the first question on page 1, the Board is requiring charter holders to report the items identified in the rule because these are items that could indicate there might be some financial stress on the organization. A notice of insurance cancellation due to a former employee not making the required payments to maintain his or her COBRA coverage has no bearing on the financial health of the charter holder organization.

However, if the charter holder or charter school receives notice that the health insurance coverage for current employees has been cancelled due to the charter holder or charter school not paying the required premiums, then the charter holder must report this to the Board within 10 business days of receipt.

## Completing the Form

*Who may submit the completed form to the Board?*

The charter representative must submit the completed form to the Board. For each submitted form, Board staff compares the email address of the sender to the charter representative's email address on file with the Board. If the sending email address is not one on file with the Board, Board staff will follow-up with the charter representative.

*I accessed the form on the Board's website and completed it, but now am unable to submit it to the Board electronically using the "Submit Form" button at the bottom of the form. What do I need to do?*

1. Download the form from the Board's website (<https://asbcs.az.gov/additional-transparency>).
2. Save the downloaded form to your computer.
3. Open the saved document and complete the form.
4. Click on "Submit Form" to submit the completed form to the Board.

Alternatively, the charter representative may send the downloaded, completed and saved form via email as an attachment directly to [audits@asbcs.az.gov](mailto:audits@asbcs.az.gov).

*I accessed the form on the Board's website and completed it, but my changes to the form were not saved. What do I need to do?*

1. Download the form from the Board's website (<https://asbcs.az.gov/additional-transparency>).
2. Save the downloaded form to your computer.
3. Open the saved document and complete the form.
4. Click on "Submit Form" to submit the completed form to the Board.