AGENDA ITEM: Compliance Matters – Annual Financial Reports

Issue

New Destiny Leadership Charter School failed to timely submit its fiscal year 2012 Annual Financial Report, which was due to the Arizona Department of Education (ADE) on October 15, 2012.

General Background – Annual Financial Report

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.

New Destiny Leadership Charter School

Based on information provided by ADE, Board staff sent an email on October 19th to nine charter holders that had not yet submitted the fiscal year 2012 AFR. As of the writing of this report, New Destiny Leadership Charter School has still not submitted the AFR. This is the second consecutive year that New Destiny has been late in submitting its AFR. New Destiny's fiscal year 2011 AFR was submitted prior to the Board's November 2011 meeting.

New Destiny Leadership Charter School did not open for the 2012-2013 school year and has submitted a request for a suspension of its charter school operations.

Board Options

Option 1: The Board may decide to take no action at this time.

Option 2: The Board may acknowledge that the charter holder is in in noncompliance with state law and its charter contract and would have funding withheld if the charter holder was currently receiving funding. Staff recommends the following language for consideration: I move to find New Destiny Leadership Charter School in noncompliance with state law and their charter contract for their failure to timely submit the Annual Financial Report and for the record acknowledge that if Destiny Leadership Charter School was currently receiving state funds, the Board would withhold 10% of the charter holder's monthly state aid apportionment until the fiscal year 2012 AFR was submitted to ADE.