

Charter School Finances and Transparency

FINANCES

Funding for Charter Schools: Funding allocations and procedures for each charter school authorized by the Board shall comply with all applicable Kentucky charter school statutes and regulations as well as all applicable terms and conditions required by the Board consistent with the Kentucky charter school statutes and regulations.

Funds: All public or private funds provided to each charter school authorized by the Board, including grant and federal funds, shall be spent in conformity with all applicable federal and state statutes, regulations, rules, and policies, as well as all applicable terms and conditions required by the Board consistent with the Kentucky charter school statutes and regulations.

Audit: Each approved charter school shall adhere to generally accepted accounting principles, shall hire an independent, qualified auditor to conduct an annual financial audit in accordance with generally accepted auditing procedures and requirements, and shall submit the audit report, to include the management letter and any other supplemental or optional reporting conducted by the auditor, to the Superintendent within ten (10) business days after receipt from the auditor.

Financial Monitoring: If budget projections indicate the charter school's annual operating expenses may at any time during the school year cause annual operating revenues to fall below two percent (2%) of the total projected annual operating revenues in the school's approved budget, or the charter school's level of debt exceeds contractual requirements, the charter school shall provide specific notice to the local Board and the local Board shall take the following action:

1. Inform the Commissioner of Education and the Department of the charter school's financial concern
2. Require the school to implement a cash management plan approved by the local Board;
3. Begin a more in-depth review, and audit if necessary, of the school's financial budget reports, expenditures, and revenues;
4. Request financial management assistance for the charter school from the Department; and
5. Restrict the school's expenditures and obtain the local Board's approval prior to expenditure of school funds for the remainder of the year.

If the school defaults on a financial obligation or if the local Board suspects the school may close prior to the end of the school year or the charter contract term, the local Board shall take the following action:

1. Consult with the Commissioner of Education and the Department;
2. Communicate with the charter school board to determine the need for charter contract revocation;
3. Commence the same action as required as if annual operating revenues fall below the two percent (2%) of total projected operating revenue;
4. Review closure protocol and charter contract termination provisions and communicate such with the charter board; and

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5. Notify students and resident local school districts as soon as necessary to ensure they are provided adequate preparation time for student transition and to provide free and appropriate public education to any returning students.

TRANSPARENCY REQUIREMENTS

The Superintendent shall issue procedures for charter school academic, operational, and financial transparency, in accordance with Kentucky charter school statutes and regulations. Each charter school authorized by the Board shall adhere to all reporting and public transparency requirements set forth in the Kentucky charter school statutes and regulations as well as all applicable terms and conditions required by the Board consistent with the Kentucky charter school statutes and regulations. The Office of School Choice shall provide to each charter school an annually revised master calendar that shall outline the specific data reporting requirements and deadlines.

REFERENCES:

KRS 160.1592; KRS 160.1594
701 KAR 8:020