



Florida Department of Education



Office of Independent Education & Parental Choice

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RULE REVIEW

***A review of recently adopted
state board rules affecting charter schools***

April 2010



Adopted March 26, 2010:



- Rule 6A-6.0785, F.A.C.
Charter School Applicant Training Standards
- Rule 6A-1.0081, F.A.C.
Charter School and Charter Technical Career Center Monthly Financial Statements and Financial Conditions

Visit the [Charter School Statutes and Rules](#) page of the School Choice website for a link to each rule text and additional updates.

The purpose of the rule is to:

- Establish a format for the monthly financial statement a charter school must submit to its sponsor.
- Define and establish procedures for determining a deteriorating financial condition.
- Establish procedures for developing corrective action and financial recovery plans.



Monthly Financial Statement Components:

- Projected enrollment for the current school year.
- Actual enrollment at the time the statement is submitted.
- A balance sheet with assets, liability, and fund balances.
- A year-to-date comparison of budgeted vs. actual revenues and expenditures.
- Notes to the monthly financial statement to include other material information.

Additional reporting requirements:

- **Sponsor shall determine method of preparation based on cash or accrual basis.**
- **Charter schools and sponsors shall agree in writing on monthly submission deadline.**
- **Statements shall be formatted using Red Book accounts and codes.**
- **Statements are not required to be prepared by an independent certified public accountant.**

A deteriorating financial condition is:

- A circumstance that significantly impairs the ability of a charter school to generate enough revenues to meet its expenditures without causing the occurrence of a condition described in s. 218.503(1), F.S.
- A circumstance that has resulted or will result in the occurrence of a condition described in s. 218.503(1), F.S., if action is not taken to assist the charter school.

[Section 218.503\(1\), F.S.](#) – also referred to as “financial emergency conditions.”

A deteriorating financial condition may be identified by:

- **The sponsor, through a review of the charter school's monthly financial statements.**
- **The auditor, after performing the annual financial audit.**

If the auditor determines a deteriorating financial condition exists, he or she shall notify each member of the charter school's governing board.

A charter school may be subject to expedited review if one of the following occurs:

- **Failure to provide an annual audit.**
- **Failure to comply with reporting requirements.**
- **Identification of a deteriorating financial condition.**
- **Notification that one or more of the conditions specified in [s. 218.503, F.S.](#), has occurred or will occur if action is not taken to assist.**

Expedited review:

- **The sponsor shall notify the governing board within 7 business days after one or more of the conditions occur.**
- **Within 30 days after the notification is received, the governing board and the sponsor shall develop a corrective action plan and file it with the Commissioner.**
- **The Commissioner will maintain a record of the plan for an annual report to the State Board of Education.**

The corrective action plan shall include:

- **Condition that initiated the development of the plan, including 3 most recent monthly financial statements and most recent annual audit if a deteriorating financial condition.**
- **Actions that will be taken to resolve the condition, including a timeline.**
- **Governing board's procedures for monitoring implementation.**
- **Schedule for progress reports to the sponsor.**
- **Additional components deemed necessary and agreed upon.**

Corrective action plans developed as a result of a deteriorating financial condition or notification of a financial emergency condition necessitate additional action:

- **Upon receipt, the Commissioner shall review and determine within 30 days if the strategies identified in the plan adequately address the financial challenges facing the charter school.**
- **The Commissioner may determine that the plan is insufficient and a financial recovery plan is needed to resolve the condition.**

If a charter school is determined to be in a state of financial emergency:

- **The Commissioner shall notify the charter school that a financial recovery plan is required.**
- **The charter school governing board shall develop and file a financial recovery plan within 30 days after being notified.**
- **The financial recovery plan shall replace the existing corrective action plan.**

The financial recovery plan shall include:

- **Condition that resulted in the financial emergency determination.**
- **Actions that will resolve or prevent the condition, including a timeline.**
- **Governing board's procedures for monitoring implementation.**
- **Schedule for progress reports to the sponsor.**
- **Additional components deemed necessary by board.**



Financial Condition

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Frequently Asked Questions:

- **When is a corrective action plan required?**
- **What happens if the governing board and the sponsor cannot agree on the components of the plan?**
- **What happens if the governing board and the sponsor take longer than 30 days to file a corrective action plan?**

Statutes and Resources:

- [Section 218.39, F.S.](#)
- [Section 1002.345, F.S.](#)
- [Section 218.503, F.S.](#)
- [Guidance for Developing & Monitoring Financial Practices](#)
- [Corrective Action/Financial Recovery Plan Worksheet](#)





[Rule 6A-1.0081, F.A.C.](#)

Additional State Board Rules in Development:

- **Ballot Process for Conversion Charters**
Proposed for adoption on May 18, 2010
- **Definition of a Charter School Nonprofit**
Rule Development Workshop on May 12, 2010
- **Procedures for Appealing**
- **Notice Requirements for Performance Data**
- **Model Forms for Applicants and Sponsors**