Missouri Charter Public School Commission

Financial Policies	1.04

Policy

The Commission is funded by a 1.5% per pupil sponsorship fee paid by each school sponsored by the Commission. Per RSMo 160.400, the Department of Elementary and Secondary Education retains this amount from each school, based on the school's weighted average daily attendance (WADA), up to a maximum of $125,000, adjusted for inflation.

In order to protect the public funds allocated for the education of children in public schools, the Commission is required, by RSMo 160.400 and 160.415 to ensure any charter school closed by the Commission fulfills its financial obligations.

Based on these statutory requirements and in support of its mission to increase the number of quality public school opportunities for Missouri children, the Commission uses the following financial policies.

Commission operating reserve

The Commission will budget for an operating reserve to provide cash flow for the following year and to ensure there are resources to operate effectively in the case of closures and/or other circumstances that limit sponsor fees such as no new quality school applications. The Commission will review and set a minimum operating reserve every two years.

Sponsor fee rebates

Provided the operating reserve is met, the Commission will determine a rebate procedure..

If the Commission votes to rebate sponsor fees, the Commission may consider any of the following factors to set the rebate amounts:

- School quality as indicated by the Commission's tiered monitoring system (Higher performing schools, e.g., may receive larger rebates.),
- Schools' access to philanthropy or other funding sources beyond per pupil public funds, or
- Tenure of the schools with the Commission.

Schools that are sponsored but not yet open do not qualify for rebates. Transfer schools will be eligible after one full year of operation under Commission sponsorship.

School closure reserve funds

During the first three years of operation, the school's governing board must annually reserve $25,000 per year in an escrow account or attorney trust account to be used for legal, accounting and other expenses in case of the school's closure . These funds may be used to pay debts such as but not limited to the following:

- Retirement systems,
- Teachers and staff,
- Employment taxes, federal taxes, and benefits,
- Audit preparation,
- Private creditors, and/or
- Overpayments from DESE

School financial policy requirements

Schools shall comply with policies and procedures required by law, including adherence to the Missouri Financial Accounting Manual and requirements for charter schools in the Annual Secretary of the Board Report (ASBR). In addition, the board of each school sponsored by the Commission shall include the following in their financial policies and procedures:

- Auditor selection:
    - Each school's auditor must be approved by the Commission.
    - Each school must issue requests for proposals (RFPs) for auditors every three years.
    - Each school must select a new auditor when that auditor has provided audit services for six consecutive years.
- Borrowing or debt limits: The board must receive Commission approval prior to incurring any new debt or borrowing amounts that will exceed $10 million, based on the school demonstrating a satisfactory plan for repayment.
- Liability insurance must meet the minimum requirements set from time to time by the Commission.
- Signature requirements: A policy designating signatures by no fewer than two authorized signers for all financial accounts of the school, requiring annual certification that such signature authorizations are on file with financial institutions serving the school, and a stipulation that in the event of school closure or relinquishment of the charter, at least one current board member shall be an authorized signer on all financial accounts of the school.