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Charter School Closure and Oversight

AISU Accountability

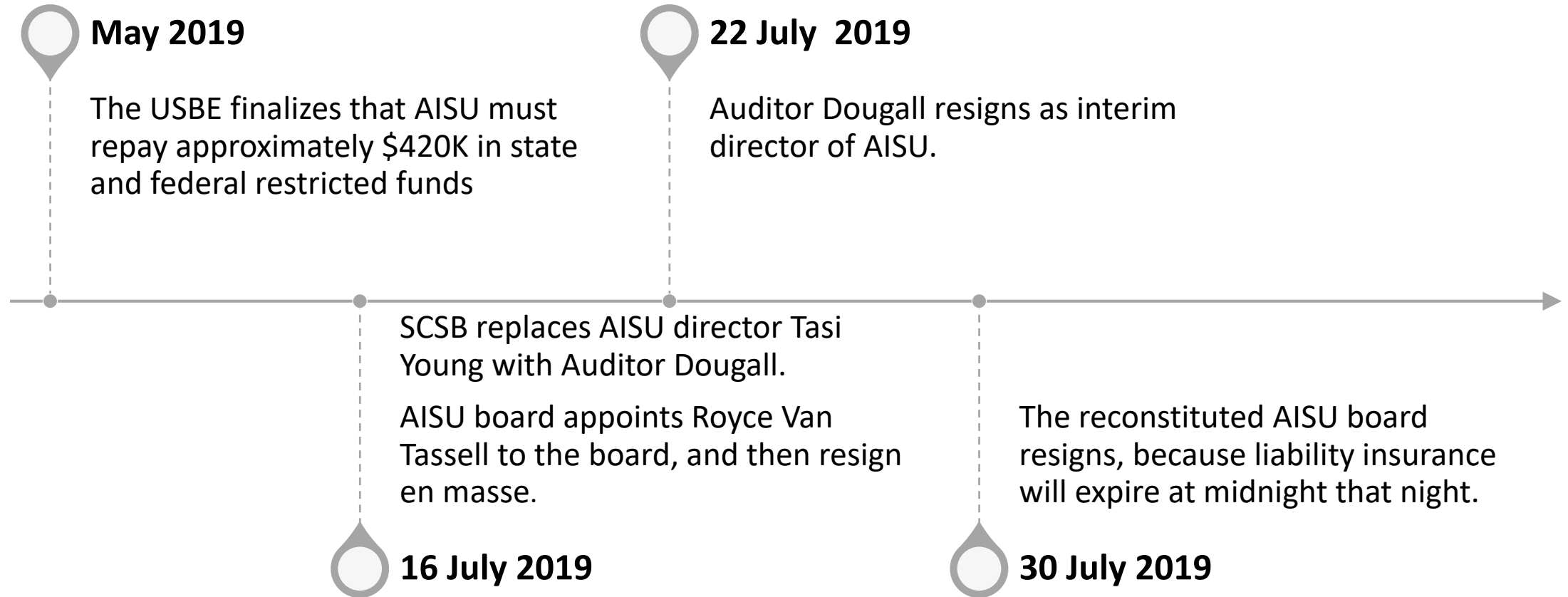
2017 to early 2019

- USBE and SCSB identify serious financial deficiencies at school
- SCSB implements its accountability framework for both financial and academic shortcomings

Early May 2019

- Aware that completing the school year would mean not being able to pay all their bills, AISU board votes to close effective August 15, 2019, after finishing the school year, so students can graduate, complete credits, etc.
 - The AISU board action prompted the decision to provide both the May and June allotments for the students and educators
 - During AISU board meetings, AISU director and board members indicated they would “drop the keys off, and close the school immediately,” if the state did not provide continued funding support at least through the end of the school year (June 2019)
 - Payments for the unallowable costs were due no later than June 26, 2019 (*before the June allotment distribution on July 1*)

AISU Accountability (Continued)



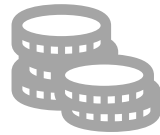
Repaying AISUs Debts



1–15 July

2019:

- After the school receives its June allotment, Director Young pays teachers and contractors, leaving the landlord and the state and federal governments as unpaid



17–20 July

2019:

- AISU returns \$107K to the USBE and closes the school's bank account



17–20 July

2019:

- AISU returns school's buses and vans to the state; Proceeds from their sale reduce AISU's debt to the state and federal governments



ONGOING

Ownership of AISU's Furniture Fixtures and Equipment (FF&E) is the subject of current litigation; AISU has no other reported assets
USBE forms a Charter School Task Force

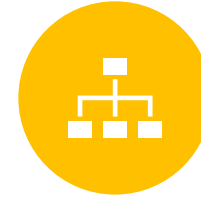
Transitions



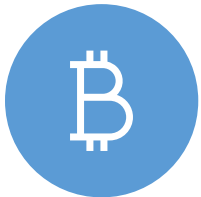
When a board resigns en masse it creates challenges



When there is a transition from one business manager to another it creates uncertainty



When school organizational structures are overly complicated a heightened level of risk is created



When there is uncertainty in fiscal reporting standards of Charter Schools (GASB or FASB) there is a heightened level of risk



When a school is non-compliant, they quite often do not understand the gravity of the consequences, thus they may not address the challenges in a timely manner



Where there are ambiguities in the closing process, clarity needs to be provided