



Charter School Administrative Office

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Memorandum on Facilities Funds

TO: Start-up Charter School Principals, Directors, LSB Members,
Financial Staff

FROM: Jim Shon Director
Bob Roberts, CFO

RE: 2006-07 Facilities Allocation Spending Guidelines and Accounting
Requirements

DATE: August 28, 2006

Included in the first allocation distribution to the start-up charter schools on July 20, 2006, was \$686.12 per pupil for facilities. This was the full year allocation from this source for the year. See the attached schedule for the specific amounts allocated to each school.

The expectations and guidance from the legislature is rather limited. However, the Budget Act specifically earmarks these funds for *school facilities*. It is reasonable that the legislature and the Board of Education would expect that these funds be accounted for separately, and that they be spent to offset costs usually associated with facilities and infrastructure. For example, it would be questionable to spend these funds on textbooks, hiring a teacher, purchasing laptops, preparing food, school administration or classroom supplies, increased enrollment needs, arbitration costs, busses, etc.

In order to assist schools in managing this resource the CSAO is issuing this memo to provide guidance to schools regarding allowable expenditures for the facilities funds and to establish the appropriate accounting rules for these funds.

Accounting: With respect to the accounting rules, because of the restricted nature of this resource the facilities funds must be accounted for as a separate program. For schools that use Quickbooks as the schools accounting software this means that you would set up a separate "Class Code" or "Job Code" to account for the facilities monies you receive. All transactions both in recording the receipt of the facilities funds and the expenditure of the funds would be coded to the class or job that you created for the State Facilities funds. Other software programs also permit some level of program accounting.

The important element that is driving this requirement is the need to be able to *generate reports* that show how much the school received in facilities funds and how those funds were expended. This reporting element then must also have an adequate audit trail back to the original source documents for each transaction. It is not unlike the kinds of policies each local school board should adopt for procurement.

With respect to expenditures for State Facilities Funds the following guidance is provided:

- Costs to lease, rent, and/or improve buildings for the purpose of use as a charter school;
- Costs might include costs such as utilities, emergency generators, maintenance or ordinary minor repairs to facilities;
- Costs of major renovations or improvements to facilities that will add to the useful life of the facility;
- Costs that add capacity to the infrastructure of the school for the purpose of improving the virtual education component of the school's instructional program might be deemed as permissible uses of State Facilities funds.

If you have questions or need further guidance on any of the information in the memo please call Bob Roberts at 586-3777. This memo will be posted on the CSAO web site.

Charter School (Column A)	School Number (Column B)	Projected Enrollment 2006- 2007 (Column C)	Facilities Funding Enrollment Count (Column D)	Facilities Allocation: Column D x Item 2 (Column E)
CONNECTIONS-PCS	396	400	400	274,449
EDUC LAB: A HAWAII NC-PCS	543	424	424	290,916
HAKIPU'U LEARNING CTR-PCS	546	95	95	65,182
HALAU KU MANA-PCS	540	125	125	85,765
HALAU LOKAHI NC-PCS	542	150	150	102,918
HI ACADEMY OF A&S-PCS	561	225	225	154,377
INNOVATIONS-PCS	548	138	138	94,685
KA 'UMEKE KA'EO-PCS	562	149	149	102,232
KA WAIHONA O KA NAAUAO-PCS	545	360	360	247,004
KANAKA-PCS	466	55	55	37,737
KANU O KA'AINA-PCS	397	150	150	102,918
KANUIKAPONO-PCS	564	45	45	30,875
KE ANA LA'AHANA-PCS	549	105	105	72,043
KE KULA NIIHAU KEKAHA-PCS	556	35	35	24,014
KE KULA O KAMAKAU LAB-PCS	547	125	125	85,765
KIHEI PC HIGH SCHOOL-PCS	554	260	260	178,392
KUALAPU'U ELEMENTARY	411	390		
KUA O KA LA-PCS	557	55	55	37,737
LANIKAI-PCS	320	330		
MYRON THOMPSON ACAD-PCS	544	900	900	617,509
NAWAHI IKI LAB-PCS	563	104	104	71,357
VOLCANO SCH OF A&S-PCS	560	150	150	102,918
VOYAGER-PCS	541	196	196	134,480
WAIALAE-PCS	149	490		
WAIMEA MID-PCCS	394	520		
WATERS OF LIFE-PCS	398	220	220	150,947
WEST HI EXPLOR ACAD-PCS	399	160	160	109,780
		6,356	4,626	3,174,000