

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON EDUCATION**

DAVID GROSSO, CHAIRPERSON
1350 Pennsylvania Avenue, NW, Washington, DC 20004

To: Rick Cruz, Chairman, D.C. Public Charter School Board
From: Councilmember David Grosso
Date: March 23, 2018
RE: FY19 Budget Oversight Questions

1. What are the agency's performance goals and targeted outcomes for FY19? How will the proposed FY19 budget serve to achieve those goals?

Below are the agency's performance goals and targeted outcomes for FY19. The performance goals are tied to the core efforts of the agency. The vast majority of the agency's proposed budget is dedicated to meeting these goals, excluding rent, administrative roles, and general supplies. The proposed FY19 budget will ensure the staff and resources are available to meet the targeted outcomes.

Measure	FY 2019 Target
Number of PMF Parent Guides distributed	6000
Percent of charter school data available on www.dcpcsb.org, compared to SY2015-2016	10%
Number of meetings with key city officials	12
Number of Task Force Meetings PCSB attended	20
Percent Increase in Social Media Followers	10%
Number of charter LEAs receiving 5, 10 or 15-year reviews	14
Number of Tier 1 charter LEAs with announced plans to expand or replicate	2
Number of qualitative site review reports	15
Reduction in expulsion rate for the five schools that had the highest expulsion rate in the previous school year	10%
Number of charter school campuses receiving an out-of-compliance warning from our Board for violating our Data Submission Policy	3
Number of adult education focused meetings (e.g. Board-to-Board meetings, workshops)	2
Number of Financial Audit Reports issued	1
Number of charter LEAs with weak financials receiving enhanced fiscal oversight from PCSB	4
Number of charter LEAs whose fiscal health improved as a result of oversight efforts	4

2. Provide a detailed cross-walk between the PCSB's FY18 Budget and the PCSB's FY19 Budget. The crosswalk should clearly identify how budget levels have changed for each board function.

On the following page you will find the FY18 budget and a crosswalk of the adjustments made to each account for the FY19 budget. Significant changes include:

- \$588,171 net increase in administrative fee revenue after nearly \$1M in discounts (DC PCSB again is only invoicing public charter schools 0.9% of their budgeted revenue instead of the allowable 1.0% administrative fee for FY19)
- \$120,000 decrease in grant revenue (the current Dell Foundation grant ends in FY18)
- \$251,407 decrease in project consultants (in the areas of general consultants, financial reviews and forensic accounting/residency fraud to align with historical spending and to fund a new School Compliance Associate (SCA) position)
- \$252,042 combined increase in salary & wages and fringe benefits expense (includes a 2% budgeted performance increase, staff retention funding, the new SCA position and sufficient funding for staff's current health benefits elections)
- \$80,512 decrease in facilities/upkeep expense (to align with historical spending in technology hardware, utilities and rent, which currently excludes maintenance fees per the lease agreement)
- \$75,000 increase in school support expense for new initiative and school safety
- \$239,258 increase in budget reserves (for potential school closures and any unexpected school support expenses)

Account Cat	Account Group	Sum of FY18 Budget	Sum of Adj. for FY19	Sum of FY19 Budget
☐ Revenue	01 - Fees	\$ (8,155,965)	\$ (1,559,742)	\$ (9,715,706)
	02 - Fee Discounts	\$ -	\$ 971,571	\$ 971,571
	03 - Grants	\$ (170,000)	\$ 150,000	\$ (20,000)
Revenue Total		\$ (8,325,965)	\$ (438,171)	\$ (8,764,136)
☐ Expense	01 - Project Consultants	\$ 944,207	\$ (251,407)	\$ 692,800
	02 - Other Program	\$ 55,000	\$ -	\$ 55,000
	03 - Salaries & Wages	\$ 4,055,030	\$ 90,967	\$ 4,145,998
	04 - Fringe Benefits	\$ 929,848	\$ 161,075	\$ 1,090,923
	05 - Other Personnel	\$ 249,000	\$ 19,000	\$ 268,000
	06 - Facilities/Upkeep	\$ 713,285	\$ (80,512)	\$ 632,773
	07 - Website Dev & Main.	\$ 200,000	\$ (50,000)	\$ 150,000
	08 - Outreach & Publicity	\$ 190,206	\$ 61,000	\$ 251,206
	09 - Professional Fees	\$ 152,500	\$ (37,500)	\$ 115,000
	10 - Data Management	\$ 411,000	\$ 30,000	\$ 441,000
	11 - Other Operating	\$ 397,772	\$ (15,594)	\$ 382,178
	12 - School Support	\$ 225,000	\$ 75,000	\$ 300,000
	13 - Budget Reserves	\$ -	\$ 239,258	\$ 239,258
Expense Total		\$ 8,522,848	\$ 241,287	\$ 8,764,136
☐ Changes in Net Assets	01 - Net Asset Transfers	\$ -	\$ -	\$ -
Changes in Net Assets Total		\$ -	\$ -	\$ -
Grand Total		\$ 196,884	\$ (196,884)	\$ (0)

3. Provide the following:

- a. A copy of the completed audit of the PCSB's finances for FY17;**

Please see attachment Q3.

- b. Projected PCSB gross budget for FY19, including all projected revenue (i.e. local, federal, private);**

The projected DC PCSB gross budget for FY19 is \$8,764,136 and the revenue sources are detailed below:

Revenue	
Amount	Type of Revenue
\$ (9,715,706)	Special Purpose Revenue (Oversight Admin. Fees) - assumes revenue of 0.9% (instead of 1.0%)
\$ 971,571	less: discount of 0.1% on administrative fees
\$ (20,000)	Private contribution from Georgetown University
\$ (8,764,136)	Revenue Total

c. Agency spend plan for FY19 that includes all source of funds (i.e. local, private, etc.);

Account Group	Sum of FY19 Budget
01 - Fees	\$ (9,715,706)
02 - Fee Discounts	\$ 971,571
03 - Grants	\$ (20,000)
Revenue Total	\$ (8,764,136)
01 - Project Consultants	\$ 692,800
02 - Other Program	\$ 55,000
03 - Salaries & Wages	\$ 4,145,998
04 - Fringe Benefits	\$ 1,090,923
05 - Other Personnel	\$ 268,000
06 - Facilities/Upkeep	\$ 632,773
07 - Website Dev & Main.	\$ 150,000
08 - Outreach & Publicity	\$ 251,206
09 - Professional Fees	\$ 115,000
10 - Data Management	\$ 441,000
11 - Other Operating	\$ 382,178
12 - School Support	\$ 300,000
13 - Budget Reserves	\$ 239,258
Expense Total	\$ 8,764,136
01 - Net Asset Transfers	\$ -
Changes in Net Assets Total	\$ -
Grand Total	\$ (0)

d. A list of any projected agency surpluses or deficits in FY18 and FY19;

DC PCSB is currently projecting an FY18 surplus of \$411k. A summary of the projected surpluses and deficits by account is provided below. The FY19 budget is balanced; however, DC PCSB again is only planning to invoice public charter schools 0.9% of their budgeted revenue instead of the allowable 1.0% administrative fee for FY19 to allow schools to use their funds for direct impact instead of contributing to an oversight surplus. This is DC PCSB's primary source of revenue.

Account Group	FY18 Projected Forecast
01 - Fees	\$ 510,967
02 - Fee Discounts	\$ (454,176)
03 - Grants	\$ 729,676
04 - Misc., Sponsorship & Interest	\$ 2,202
Revenue Total	\$ 788,669
01 - Project Consultants	\$ 105,433
02 - Other Program	\$ 33,400
03 - Salaries & Wages	\$ 180,259
04 - Fringe Benefits	\$ 162,176
05 - Other Personnel	\$ 71,728
06 - Facilities/Upkeep	\$ 76,989
07 - Website Dev & Main.	\$ 64,025
08 - Outreach & Publicity	\$ (69,016)
09 - Professional Fees	\$ 41,067
10 - Data Management	\$ 60,810
11 - Other Operating	\$ 37,675
12 - School Support	\$(1,160,362)
Expense Total	\$ (395,817)
01 - Net Asset Transfers	\$ 18,468
Changes in Net Assets Total	\$ 18,468
Net Income/Loss Total	\$ 411,320

Below you will find an overview of how DC PCSB's cash reserves balance has grown as we have experienced budget surpluses during the last five years.

	Ending Fund Balance	Surplus/ (Deficit)	Annual Budget
FY12	\$ 107,541	\$ (71,404)	\$ 4,272,454
FY13	\$ 139,787	\$ 32,246	\$ 4,643,126
FY14	\$ 415,314	\$ 275,527	\$ 6,418,148
FY15	\$ 1,907,893	\$ 1,492,579	\$ 7,943,008
FY16	\$ 3,127,983	\$ 1,220,090	\$ 7,709,035
FY17	\$ 4,800,948	\$ 1,672,965	\$ 8,469,804
FY18F	\$ 5,212,268	\$ 411,320	\$ 8,325,965

e. Projected PCS budgets for SY18-19, broken down by source of funds; and

Public charter schools are currently in the SY18-19 budget development phase. Annual SY18-19 budget submissions are due to DC PCSB on June 1, 2018. The most recent PCS budgets are placed on our website (www.dcpcsb.org) here: <http://www.dcpcsb.org/report/school-budgets-fiscal-audits-and-990s>.

f. Projected facilities costs for each PCS for SY18-19.

Public charter schools are currently in the SY18-19 budget development phase. Annual SY18-19 budget submissions are due to DC PCSB on June 1, 2018. The most recent PCS budgets are placed on our website (www.dcpcsb.org) here: <http://www.dcpcsb.org/report/school-budgets-fiscal-audits-and-990s>.

4. Provide the Committee with a narrative explanation and detailed spending plan for how the PCSB will serve to support public charter schools in meeting the needs of students who are at-risk, including students homeless or in transitional housing; students who have been retained; students who qualify for public assistance and students at risk of dropping out of school.

DC PCSB continues the work we have done in the past to support schools as it relates to at-risk students. Public charter schools serve more than 17,000 "at-risk" students in SY17-18, which is an equivalent share as DC Public Schools.

We monitor schools extensively through the collection and analysis of data. Every month, our data team analyzes school data areas such as attendance, enrollment, withdrawal, and discipline, disaggregating this data for at-risk students. We follow-up immediately with schools that show large disparities in the performance of at-risk students.

In addition, DC PCSB publishes the Alternative Accountability Framework which evaluates public charter schools that serve a high percentage of students who have many risk factors for becoming disengaged such as being held back a grade, pregnant, interactions with the juvenile justice system, being identified by Child and Family Services Agency, or having been expelled from school.

Schools must also:

- (i) Have a mission that specifically expresses a desire to serve at-risk students or students with disabilities requiring high levels of support, and
- (ii) Serve grades that fall within the traditional PK-12 system with the goal of students earning a DC high school diploma. This framework is tailored to allow schools and the public to get a more accurate picture of their success in achieving growth for at-risk students.

DC PCSB also supports schools by working with other DC agencies to secure additional resources that can prove useful in serving at-risk students, particularly school nurses and mental health professionals. Currently, 90 of the 120 public charter school campuses are served by a school nurse. Of those, nine campuses have a private nurse, and the school is picking up the cost.

There are 22 public charter schools with DBH assigned mental health clinicians. Many more DC public charter schools would benefit greatly from the presence of these clinicians. The disparity in the provision of mental health services in public charter schools compared with DCPS is a source of considerable concern to DC PCSB.

DC PCSB also has a staff member who participates in the citywide youth homeless task force, which works to support homeless youth in the District. However, OSSE serves as the primary support for LEAs with a high homeless student population and each public charter school has a staff member who is responsible for being the homeless student liaison.

PCSB At-Risk Student Spending Plan		
Description		Estimated Cost
Personnel	<p>FTE's dedicated to supporting PCS' meeting the needs of at-risk students (% of job description dedicated to task):</p> <ul style="list-style-type: none"> • Manager, Equity and Fidelity (40%) • Senior Manager, Intergovernmental Relations and School Support (40%) • Senior Manager, School Quality and Accountability (33%) • Manager, School Quality and Accountability (33%) • Specialist, Academic Evaluation Team (10%) • Data Analyst (10%) • Sector Planning Specialist (10%) • Senior Manager, Equity and Fidelity (5%) • Chief Operating Officer (5%) • Deputy Director (5%) • Executive Director (5%) <p>Total Salary of Dedicated FTE's: \$1,368,919</p>	\$215,998
Data Management	<p>Technology Infrastructure:</p> <p>Previously, DC PCSB relied on several separate data collection, validation and reporting tools to manage student and school data. DC PCSB set the goal of creating one comprehensive data system to replace all the old systems that would also lessen the burden on school staff and allow easier access to useful data about students and schools. In July 2016, DC PCSB officially launched this new data system known as the Hub. The Hub is a QuickBase application that allows DC PCSB to manage the following student and school data and processes in one central platform:</p> <ul style="list-style-type: none"> • School profile/contact information • Enrollment data • Demographic data • Attendance data • Assessment data • School Quality Report data • Data ticketing (to respond to school data inquiries) <p>This system represents DC PCSB's next step in a multi-year collaboration with schools and the Office of the State Superintendent of Education to help reduce the data and compliance reporting burden for schools and improve data quality. Starting with the launch, we plan to continue to build out additional features over the coming year.</p>	\$310,000
Consultants	PMF Consultant Support- \$80,000 (33% at-risk support)	\$26,400
PCSB Total Spending Supporting PCS At-Risk Students		\$552,398

5. Provide the Committee with an update on the LEA Payment Initiative Process and if it is addressing the problems it was meant to resolve.

We were disappointed to learn from the Deputy Mayor for Education that this project has been suspended. We hope that in the future this issue can be equitably resolved.

6. Describe the efforts planned, including associated spending plan and FTEs allocated in FY19, for Compliance and Oversight.

100% of DC PCSB's budget and 100% of DC PCSB's FTEs are involved in compliance and oversight. Given the centrality of compliance and oversight to all of DC PCSB's activities, it is not possible to break out individual activities by cost or FTEs. We are increasing compliance oversight for the remainder of FY18 and FY19 by adding a compliance specialist who will oversee procurement contract submission in addition to annual compliance audits.

We are also reviewing and revising, as needed, our oversight policies and practices to ensure we are addressing current demands. This includes the business rules within our four performance management frameworks: PK-8, HS, Adult Education, and Alternative Accountability, and annually collecting data from all schools for both these frameworks and also to measure their charter school goals and academic achievement expectations as set forth in their charters. We also work closely with OSSE, holding three meetings per week, to create a better experience for schools for reporting data and improving the data quality from public charter schools.

The following are the major compliance and oversight efforts planned, as organized by functional department:

School Performance Department

- Elementary, Middle, and High School Performance Management Framework
- Early Childhood Performance Management Framework
- Adult Education Performance Management Framework
- 15-Year Charter Renewal Evaluations
- 5 and 10-Year Charter Reviews
- Special Education Quality Assurance Reviews
- Oversight of Focus and Priority Schools under the ESEA Waiver
- Review of new charter applications
- Oversight of approved public charter schools prior to opening and in the first year of opening
- Data collection and analysis around enrollment, attendance, truancy, and discipline
- Enforcement of and technical support to schools on data collection requirements

- Efforts to reduce suspensions and expulsions and increase in-seat attendance
- Oversight of compliance with special education laws
- Annual oversight of school compliance with laws and charter terms
- Receipt and review of schools' annual reports, including achievement of goals
- Receipt, processing, analysis, and follow-up of parent complaints
- Review of charter amendments and enrollment ceiling increases
- Notification to ANCs and oversight of school facility relocations
- Liaison with MPD around issues of school safety
- Numerous task forces with schools to refine and improve our oversight and compliance work
- Oversight of school financial statements and financial strength
- Oversight of school contracting
- Oversight of school enrollment forecasts and enrollment numbers for purposes of budgeting and payments

Communications Department

- Communicates the results of our oversight to parents and the community through numerous channels including DC PCSB's website and social media platforms, printed materials, events, and media/stakeholder outreach
- Oversees two-way communications with community members, community groups, and DC PCSB's Parent and Alumni Leadership Council to inform our oversight and compliance work
- Manages interactions with the Council to ensure their effective oversight of DC PCSB's oversight and compliance activities

Finance, Operations, and Strategic Initiatives

- Provides support to all departmental oversight functions
- Coordinates interaction between all city agencies, particularly DOH, DBH, and DOT, in furtherance of our oversight role
- Provides planning functions to inform oversight and compliance activities
- Directs DC PCSB resources to ensure effective compliance and oversight

Legal Department

- Provides legal support and counsel to all departmental compliance and oversight functions

7. Describe all program expansions, enhancements, mayoral initiatives, or anticipated reductions for FY19. Please provide a breakdown by program and provide a detailed description, including FY19 spending plans, the target population to be served, and the name and title of the PCSB employee responsible for the initiative. For each program

enhancement, please indicate if it is a new initiative, an expansion of existing services, or a restoration of prior services.

In FY19, DC PCSB is anticipating a net increase from FY18 of \$438,171, driven primarily by the public charter schools' anticipated increase in student enrollment and an increase in the UPSFF. DC PCSB is also planning to maintain its lowered administrative fee of 0.9% of the allowable 1.0%. DC PCSB does not anticipate any major reductions in services in FY19, and instead anticipates adding some expansions in programming.

Starting in FY18 and continuing into FY19, DC PCSB is focusing on the safety of our school environments. We are working closely with Lalik and Associates to provide safety audits to schools in addition to emergency preparedness support. We are looking into providing supports to schools in preventing and managing sexual abuse in their schools. We are also working internally and with consultants to enhance our oversight of schools with boarding programs. The FY19 budget reflects expenses to support this work.

In FY19, we have also planned for increased Transcript Audit expenses as we continue our existing oversight of high school graduation requirements at public charter schools and also respond to any changes in law related to graduation.

DC PCSB also anticipates using the FY19 budget to continue its community engagement work. We have increased our Outreach expense to fund focus groups with families to better understand school choice and bilingual consultants to engage Spanish and Amharic families to ensure that language barriers do not limit our community engagement of all DC families. Community engagement is a critical step in ensuring that our oversight work is taken into consideration as families exercise their choice in the DC public education space.

8. Provide your reasoning for a projected enrollment increase for SY18-19 of approximately 1.2 percent.

The enrollment projections were developed collaboratively by DC PCSB, OSSE, DME, and OCFO. We reviewed each school's initial enrollment projections, then adjusted them based on citywide anticipated enrollment patterns and changes to schools (for example, adding grades or campuses). We also consider historical enrollment trends for at least the previous five years. In the fall of 2018, three new public charter schools are opening (Digital Pioneers, North Star, and The Family Place), projected to serve a total of 304 students in their first year. Fifteen of our existing schools are adding additional grade levels. Projections are based on reasonable expectations of each school's enrollment growth.

a. What leads you to project a 6 percent increase in special education enrollment for FY19?

The average annual percent change in SPED enrollment since SY 12-13 is 7%, so we assume this projection is based on how enrollment has fared longitudinally.

There are also two drivers that lead to the increase in our projections. One based on policy changes and the other based on changes in our practice.

The implementation of the Special Education Quality Improvement Act of 2014 requires all public charter schools to operate as fully independent LEAs by SY 16-17. Previously, the former dependent LEAs could have transferred students with higher needs to DCPS, but now all LEAs (except St. Coletta) must keep the students regardless of Level of need (1-4).

In addition, due to a recent court case, the city is required to identify and evaluate more children between the ages of 3-5 (i.e. at least 8.5% of children 3-5yo must be identified as SPED). As a result, OSSE is implementing the following efforts to ensure continuous improvement:

- Additional data review and reporting;
- Enhanced training regarding child find obligations and activities; and
- Increased communications to clarify LEA responsibilities around the identification, evaluation, determination of eligibility, and provision of services to preschool children with disabilities.

We also point to the upcoming implementation requirements for all LEAs by SY 18-19 of the three requirements of the Enhanced Special Education Services Amendment Act of 2014 – one of which is to evaluate a student who may have a disability and who may require special education services within 60 days from the date that the student's parent or guardian provides consent for the evaluation. This represents a change from the current requirement of completing an evaluation and eligibility determination within 120 days from referral. Schools have already begun implementation and are potentially serving more students faster because of the shortened timeframe towards determining eligibility for SPED services.

In terms of DC PCSB practices that may have contributed to an increase in SPED capacity, we believe that part of the projection is due to an increase in capacity/support within the charter sector. DC PCSB authorized 3 new schools in SY 2015-2016 with a mission/focus on serving a higher SPED population and in SY 16-17 KIPP opened the Learning Center to build capacity to better serve their highest needs students with disabilities.

We also improved open-enrollment practices. SY 17-18 is the first time in three years we didn't issue a Board action (i.e. Notice of Concern or even Charter Warning) against any school for violation of the Mystery Shopper Initiative (where we flag schools who may be potentially discouraging parents of SWDs from applying).

- 9. Through working with OSSE, more public charter schools received assistance to implement restorative justice practices in schools over the past few years. Provide the Committee with your plan for SY18-19 to further expand the pool of schools deploying restorative justice practices, and deepen support for schools to implement this initiative with fidelity.**

DC PCSB met with OSSE's Division of Teaching and Learning this school year to discuss school support with restorative justice initiatives. Staff from OSSE's team attended DC PCSB's School Climate Brunch, where schools shared strategies on improving school climate and reducing school suspension, and where a large part of the conversation was on restorative approaches. OSSE shared notes from this event with Restorative DC, who then planned to share with partner schools, tech assistants, and through their newsletter. OSSE also posted an application for schools to apply for TA on Restorative Justice (<https://osse.dc.gov/page/opportunities-schools-receive-technical-assistance-restorative-justice-implementation>). Our approach for SY18-19 is to continue to work collaboratively with OSSE on similar initiatives. We post in our Wednesday Bulletin OSSE trainings and opportunities surrounding Restorative Justice and other school climate initiatives.

- a. The latest data reviewed by the Truancy Task Force indicates that attendance is trending negatively. Suggestions to improving in-seat attendance and reducing unexcused absences is to invest targeted resources to address the multiple underlying factors. The data also gives insight into the specific reasons why students are missing school. Provide the Committee with your plan to work with LEAs to utilize this data and to improve attendance, including any new initiatives for FY19 and the budgeting for them.**

As in past years, our staff reaches out to schools that are attendance outliers (those have significantly lower rates than the charter sector average), asking them to explain what strategies they are planning to implement to address the issue. We have also met with schools' Board of Trustees to make sure they are aware of the data and are supporting their schools. This type of communication spurs schools and their Boards to strategize internally on what new approaches may need to be explored. Additionally, as in past years, DC PCSB continues to implement its truancy policy (attached), which sets truancy rate thresholds schools must stay under, or be subject to a Notice of Concern. Schools that are issued a Notice of Concern speak with DC PCSB's Board at a public meeting to discuss what strategies they plan to implement to increase attendance. We also collaborate with DC agencies to recommend certain schools for truancy prevention programs.

For the past several years, we have worked with the Justice Grant Administration's *Show Up Stand Out* (SUSO) program to connect them with points of contacts at charter schools that are struggling with truancy. At the last Every Day Counts Data Committee meeting, we asked SUSO for data to determine if this program is truly improving attendance with students they work with. If it is, we plan to continue supporting the program in FY19 to ensure they are in charter schools working directly with families. If the program is not as effective as we hope in improving student attendance, we will raise this to the Every Day Counts Steering Committee to determine if there are other truancy prevention organizations we could partner with. Additionally, DC PCSB staff regularly work with CFSA. For example, when

CFSA finds through its truancy referrals that schools are not implementing attendance interventions with fidelity (actions leading up to the 10th unexcused absence), CFSA will let DC PCSB staff know, and we will reach out to school leaders and ask that they address it.

At the March 2018 Charter Leaders Meeting, we had a breakout session on improving school attendance, and focused on student transportation. We had two LEAs that provide transportation discuss the benefits and challenges of doing so, and how it has impacted student attendance. Lastly, we continue to demonstrate our focus on attendance by having it as a metric of our Performance Management Framework (up to 10% of the total points). We will continue these types of initiatives in FY19, while also seeking to provide spaces for schools to share strategies that have proven successful.

b. How will PCSB work with LEAs to increase wrap-around services available in schools for students and families in FY19, through the community schools model or other approaches? Please include a narrative of the Board's plan for FY19 to encourage LEAs to spend a greater portion of their budgets on behavioral health clinicians in schools.

DC PCSB continues to work with government agencies and Council to help connect wrap around services with schools.

DC PCSB is a member of the Community Schools Advisory Board which advises OSSE and the Mayor on the progress of community schools in the District of Columbia. The eight grantees in the Community Schools initiative provide wrap around services in the schools that they partner with such as home visits, mental and physical health screenings, regular school-wide activities, neighborhood engagements, and homegrown youth enrichment and development initiatives. While DC PCSB does not provide wrap-around services for schools, will continue to monitor the work of the Communities in Schools initiative in our role on the Advisory Board. In addition, DC PCSB is a member of the newly created Office of Out of School Time, which will help schools expand their services for students.

Finally, DC PCSB participated on the mental health taskforce, a citywide working group formed to expand comprehensive behavioral health services to schools. Through this effort we hope to ensure that all charter schools have access to additional behavioral health services.

10. The proposed FY19 federal budget includes major reductions to the Department of Education, among other significant cuts. In part to account for this, for FY18 the Board reduced the percentage of its authorizer fee to give more funding directly to schools. Did PCSB ask LEAs about their use of those additional funds? Does PCSB plan to do the same in FY19?

The average savings for each LEA from the reduction in our oversight levy from 1.0% to 0.9% was \$12,500. We did not ask schools to report how they spent these funds. We are planning to invoice schools 0.9% of their budget, instead of the allowable 1.0%, as our administrative fee revenue once again for FY19.

Attachment Q3

DISTRICT OF COLUMBIA
PUBLIC CHARTER SCHOOL BOARD

WASHINGTON, DC

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

KENDALL, PREBOLA AND JONES

Certified Public Accountants

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Kendall, Prebola and Jones, LLC
Certified Public Accountants

District of Columbia Public
Charter School Board
3333 14th Street, NW, Suite 210
Washington, DC 20010

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the District of Columbia Public Charter School Board, an agency of the government of the District of Columbia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District of Columbia Public Charter School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the District of Columbia Public Charter School Board as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1(A) to the financial statements, the District of Columbia Public Charter School Board is an agency of the District of Columbia. These financial statements are intended to present the financial position and changes in financial position of only the governmental activities of the District of Columbia (the primary government) that are attributable to the transactions of the District of Columbia Public Charter School Board. They do not purport to, and do not, present fairly the financial position of the District of Columbia as of September 30, 2017, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

As more fully described in Note 1(H) to the financial statements, the District of Columbia Public Charter School Board is not required to legally adopt an annual operating budget and as such a budgetary comparison has not been presented as Required Supplementary Information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of the District of Columbia Public Charter School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District of Columbia Public Charter School Board's internal control over financial reporting and compliance.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
December 18, 2017

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 9,630,986	\$ -	\$ 9,630,986
Accounts Receivable	67,600	-	67,600
Prepaid Expenses	<u>151,350</u>	<u>-</u>	<u>151,350</u>
Total Current Assets	<u>\$ 9,849,936</u>	<u>\$ -</u>	<u>\$ 9,849,936</u>
<u>Other Assets:</u>			
Deposits	<u>\$ 23,376</u>	<u>\$ -</u>	<u>\$ 23,376</u>
Total Other Assets	<u>\$ 23,376</u>	<u>\$ -</u>	<u>\$ 23,376</u>
<u>Noncurrent Assets:</u>			
Net Capital Assets	<u>\$ 323,827</u>	<u>\$ -</u>	<u>\$ 323,827</u>
Total Noncurrent Assets	<u>\$ 323,827</u>	<u>\$ -</u>	<u>\$ 323,827</u>
TOTAL ASSETS	<u>\$ 10,197,139</u>	<u>\$ -</u>	<u>\$ 10,197,139</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$ 773,756	\$ -	\$ 773,756
Accrued Payroll and Vacation	324,262	-	324,262
Payroll Related Liabilities	65,428	-	65,428
Deferred Administrative Fees	2,361,102	-	2,361,102
Unearned Revenues	1,293,576	-	1,293,576
Current Portion: Deferred Rent Abatement	<u>26,571</u>	<u>-</u>	<u>26,571</u>
Total Current Liabilities	<u>\$ 4,844,695</u>	<u>\$ -</u>	<u>\$ 4,844,695</u>
<u>Non-Current Liabilities:</u>			
Deferred Rent Abatement	\$ 102,890	\$ -	\$ 102,890
Less: Current Portion	<u>(26,571)</u>	<u>-</u>	<u>(26,571)</u>
Total Non-Current Liabilities	<u>\$ 76,319</u>	<u>\$ -</u>	<u>\$ 76,319</u>
TOTAL LIABILITIES	<u>\$ 4,921,014</u>	<u>\$ -</u>	<u>\$ 4,921,014</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 323,827	\$ -	\$ 323,827
Unrestricted	<u>4,952,298</u>	<u>-</u>	<u>4,952,298</u>
TOTAL NET POSITION	<u>\$ 5,276,125</u>	<u>\$ -</u>	<u>\$ 5,276,125</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs:	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Charter School Program	\$ 6,183,449	\$ 8,267,213	\$ 196,486	\$ -	\$ 2,280,250	\$ -	\$ 2,280,250
Parent Charter School Information	45,367	-	-	-	(45,367)	-	(45,367)
Safe Drinking Water for Students	589,660	-	589,660	-	-	-	-
Adult and Alternative Education	32,942	-	32,942	-	-	-	-
School Closures	9,500	-	-	-	(9,500)	-	(9,500)
Authorizers Instruments	32,378	-	-	-	(32,378)	-	(32,378)
Qualitative Site Reviews	106,781	-	-	-	(106,781)	-	(106,781)
Performance Management Framework Activities	192,684	-	-	-	(192,684)	-	(192,684)
Emergency Response Planning	91,400	-	-	-	(91,400)	-	(91,400)
Transcript Reviews	21,600	-	-	-	(21,600)	-	(21,600)
Financial Reviews and Dashboard Reporting	75,785	-	-	-	(75,785)	-	(75,785)
Depreciation - Unallocated	94,957	-	-	-	(94,957)	-	(94,957)
Loss on Disposal of Assets	4,718	-	-	-	(4,718)	-	(4,718)
Total Governmental Activities	\$ 7,481,221	\$ 8,267,213	\$ 819,088	\$ -	\$ 1,605,080	\$ -	\$ 1,605,080
General Revenues:							
Interest Earnings					\$ 6	\$ -	\$ 6
Total General Revenues					\$ 6	\$ -	\$ 6
Change in Net Position					\$ 1,605,086	\$ -	\$ 1,605,086
Net Position - Beginning of Year					3,671,039	-	3,671,039
Net Position - End of Year					\$ 5,276,125	\$ -	\$ 5,276,125

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Governmental Fund Type		Total
<u>ASSETS</u>	<u>General</u>		
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 9,630,986		\$ 9,630,986
Accounts Receivable	67,600		67,600
Total Current Assets	\$ 9,698,586		\$ 9,698,586
<u>Other Assets:</u>			
Deposits	\$ 23,376		\$ 23,376
Total Other Assets	\$ 23,376		\$ 23,376
TOTAL ASSETS	\$ 9,721,962		\$ 9,721,962
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$ 773,756		\$ 773,756
Accrued Payroll and Vacation	324,262		324,262
Payroll Related Liabilities	65,428		65,428
Deferred Administrative Fees	2,361,102		2,361,102
Unearned Revenues	1,293,576		1,293,576
Current Portion: Deferred Rent Abatement	26,571		26,571
Total Current Liabilities	\$ 4,844,695		\$ 4,844,695
<u>Non-Current Liabilities:</u>			
Deferred Rent Abatement	\$ 102,890		\$ 102,890
Less: Current Portion	(26,571)		(26,571)
Total Non-Current Liabilities	\$ 76,319		\$ 76,319
Total Liabilities	\$ 4,921,014		\$ 4,921,014
<u>Fund Balances:</u>			
Nonspendable	\$ 23,376		\$ 23,376
Committed	4,402,672		4,402,672
Assigned	374,900		374,900
Total Fund Balances	\$ 4,800,948		\$ 4,800,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,721,962		\$ 9,721,962

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 4,800,948

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$658,669, and the accumulated depreciation is \$334,842. 323,827

Expenditures paid in the current year relating to periods of the subsequent year such as insurance, employee benefits, etc. are deferred charges in the government-wide statements. 151,350

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 5,276,125

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>
<u>Revenues:</u>	
Administrative Fees	\$ 8,267,213
Grants and Contributions	819,088
Interest Income	6
 Total Revenues	 \$ 9,086,307
<u>Expenditures:</u>	
Current:	
Wages	\$ 3,724,948
Fringe Benefits	779,006
Temporary Help	73,430
Technology - School-Based	461,091
Consultants	1,176,598
Professional Development	66,129
School Closure Expense	9,500
Legal and Audit	33,870
Travel, Meetings and Conferences	120,131
Community Events	11,439
Office Rent and Utilities	463,323
Bookkeeping and Payroll Fees	44,318
Postage and Shipping	1,366
Printing, Duplicating and Production	64,860
Publicity and Promotion	11,373
Telephone and Electronic Communications	108,581
Website	37,560
Subscriptions, Books and Dues	16,468
Maintenance and Equipment Rental	60,143
Office Supplies and Expense	14,735
Insurance	16,107
Organizational Development	26,963
Recruitment	35,769
Capital Outlay	55,634
 Total Expenditures	 \$ 7,413,342
 Excess of Revenues Over (Under) Expenditures	 \$ 1,672,965
Fund Balances, Beginning of Year	3,127,983
 Fund Balances, End of Year	 \$ 4,800,948

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,672,965

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. In the statement of activities the cost of assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period. (44,040)

Deferred charges are reported in the governmental funds as expenditures. However, in the government-wide financial statements such charges are recorded as prepaid expense. Prepaid expenses decreased by this amount during the year. (23,839)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,605,086

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

The Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Board are discussed below.

A. Financial Reporting Entity -

The District of Columbia Public Charter School Board was established within the District of Columbia Government as an independent agency as set forth in section 2214 of the District of Columbia School Reform Act of 1995. According to enabling legislation, the Board is not a body corporate or a body politic and thus the corporate powers are held by the primary government. Legislation has established the term of the Board as perpetual in nature.

Board Members are nominated by the Mayor of the District of Columbia and confirmed by the DC Council. The Board has been operating since February 1997 and has established a goal of helping to improve education for children, youth, and adults in the District of Columbia by authorizing quality public charter schools.

The Board was formed to grant charters to establish public charter schools and to provide oversight of such schools in Washington, DC. The Board reviews applications to develop public charter schools; awards or denies requests for charters; monitors the operations of public charter schools, as well as the progress of students in those schools; and renews charters, or withdraws and revokes charters of schools that fall short of their goals. The Board receives funding in the form of grants from the Government of the District of Columbia and administrative fees from the schools that it charters.

Component Unit Evaluation - The criteria for including organizations as component units within the District of Columbia Public Charter School Board's reporting entity, as set forth by the Government Accounting Standards Board pronouncements, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is fiscal dependency by the organization on the Board

The Board has reviewed and evaluated the applicable criteria and determined that there are no agencies that should be included as component units in these financial statements.

B. Financial Statements - Government-Wide Statements -

The Board's financial statements include both government-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. The Board's activities and general administrative services are classified as governmental activities.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Financial Statements - Government-Wide Statements - (Continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position is reported in three parts - invested in capital assets, net of related debt; restricted and unrestricted. When applicable, the Board first utilizes restricted resources to finance qualifying activities. During the year ended September 30, 2017, the Board had no restricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Board's functions and business-type activities. The functions are also supported by general government revenues (intergovernmental revenues, interest, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Non-operating revenues consist of interest revenue earned.

The net costs (by function or business-type activity) are normally covered by general revenues (intergovernmental revenues, interest, etc.).

The Board does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net position resulting from the current year's activities.

C. Financial Statements - Fund Financial Statements -

The accounts of the District of Columbia Public Charter School Board are organized on the basis of a fund (a general fund of the Primary Government), which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which the funding is to be spent.

The following fund type is maintained by the District of Columbia Public Charter School Board.

Governmental Fund Type:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Board:

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Financial Statements - Fund Financial Statements - (Continued)

Governmental Fund Type: (Continued)

1. General Fund

The activities of the Board are accounted for in the General Fund of the District of Columbia Government. The General Fund is used to account for all financial resources not accounted for in other funds.

D. Measurement Focus and Basis of Accounting -

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources; the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year end). All other revenue items are considered to be measurable and available only when the government receives cash. Any excess of revenues or expenditures at the year end is recorded as deferred revenue or a receivable.

E. Cash and Cash Equivalents -

For the purpose of financial statement presentation, cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

F. Capital Assets -

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	5-40 years
Computers and Software	3-5 years
Furniture and Fixtures	5-10 years
Machinery and Equipment	5-7 years

From time to time, assets are purchased by the Board on behalf of a newly chartered public school. The policy of the Board is to transfer title to that charter school at the time of purchase. As such, these purchases are expensed at the time of acquisition and not capitalized in the financial statements.

G. Deferred Inflows of Resources -

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Budgets and Budgetary Accounting -

GASB No. 34 requires governmental entities that legally adopt an annual budget to present as Required Supplementary Information, a schedule with budget to actual comparisons. The purpose of this budgetary comparison is to demonstrate the government's compliance in obtaining and using financial resources in accordance with its legally adopted budget.

The District of Columbia Public Charter School Board is not required by law to formally prepare and adopt an annual operating budget, and as such a budget comparison has not been presented in these financial statements.

I. Revenues and Expenditures -

In accordance with GASB No. 33, regarding grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Expenditures are recognized when the related fund liability is incurred.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

J. Government-wide Financial Statements - Equity Classifications -

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - consists of capital assets, including cash and investments restricted for capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of these assets.
- 2) Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- 3) Unrestricted - the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement defines the types of fund balances that a governmental entity must use for financial reporting purposes. The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form such as prepaid expenses and deposits. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted Fund Balance

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the District of Columbia's highest level of decision-making authority. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the highest level of decision-making authority.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies: (Continued)

J. Government-wide Financial Statements - Equity Classifications - (Continued)

Assigned Fund Balance

The assigned fund balance classification reflects amounts that the Public Charter School Board *intends* to be used for specific purposes. Assignments may be established either by the governing body or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint.

In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action does not require the same level of formality and may be delegated to another body or official.

As of September 30, 2017, \$374,900 was internally assigned by the board of directors to be used for the specified purpose of expenses related to school closure, school oversight, general operating expenses, capital expenditures and employee compensation for which funds from other resources are not available for such purposes.

Unassigned Fund Balance

For this general fund, a positive unassigned fund balance has not reported because amounts in this fund have been committed by the primary government, at least, to the purpose of that Board. However, deficits in the fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Classification Policies and Procedures

Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the District of Columbia through a resolution. A resolution also must be passed by the District to modify or rescind committed fund balances.

Order of Fund Balance Spending Policy

The Board's policy is to apply expenditures against restricted fund balances first when both restricted and unrestricted fund balances are available. When resources are available from multiple sources for a specific purpose, expenditures are applied against fund balances in the following order: Committed Fund Balance and Assigned Fund Balance.

K. Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses at the date of the financial statements. Actual results could differ from these estimates.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash, Cash Equivalents and Investments:

In accordance with state law, all uninsured deposits of Board funds in financial institutions must be secured with acceptable collateral equal to at least 102% of the total of the District of Columbia funds held by the eligible financial institution. Acceptable collateral includes bonds, bills, or notes for which the interest and principal are guaranteed by the United States government; securities of a quasi-governmental corporation; investment grade obligations of the District or a state or local government; or collateralized mortgage obligations. As required by DC Code Title 47.351.02(c), the pledging financial institution is required to place collateral in a joint custody account established for the benefit of the District at the Federal Reserve Bank or in an independent third-party insured institution. Deposits and investments of the Board are limited by state law to the following:

1. Bonds, bills, notes, or other obligations issued by the United States government;
2. Federally insured negotiable certificates of deposit or other insured or uninsured evidences of deposit at a financial institution;
3. Bonds, bills, notes, mortgage-backed or asset-backed securities, or other obligations of a quasi-governmental corporation;
4. Prime banker acceptances that do not exceed 270 days maturity;
5. Prime commercial paper that does not:
 - a. Have a maturity that exceeds 180 days; and
 - b. Exceed 10% of the outstanding commercial paper of the issuing corporation at the time of purchase;
6. Investment grade obligations of the District or a state or local government;
7. Repurchase agreements for the sale or purchase of securities by the District under the condition that, after a stated period of time, the original seller or purchaser will buy back or sell the securities at an agreed price that shall include interest;
8. Investment grade asset-backed or mortgaged-backed securities; or
9. Money market funds registered with the Securities and Exchange Commission and which meet the requirements of rule 2(a)(7) of the Investment Company Act of 1940, approved August 22, 1940.

Cash at September 30, 2017, consisted of interest bearing and non-interest bearing accounts. This was the nature of accounts that were maintained throughout the year. All of these deposits are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet as "Cash and Cash Equivalents." At September 30, 2017, the carrying amount of the Board's deposits was \$9,630,986 and the bank balance was \$9,630,786. A summary of these balances are as follows:

	<u>Bank Balances</u>	<u>Carrying Balances</u>
Cash on Hand - Petty Cash	\$ -	\$ 200
Non-Interest Bearing - Checking	9,625,381	9,625,381
Interest Bearing - Checking	<u>5,405</u>	<u>5,405</u>
 Total	 <u>\$ 9,630,786</u>	 <u>\$ 9,630,986</u>

The District of Columbia Public Charter School Board maintains its deposits in three separate financial institutions in the form of an interest-bearing and non-interest bearing checking accounts.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash, Cash Equivalents and Investments: (Continued)

These accounts are covered under the Federal Deposit Insurance Corporation (FDIC) program. Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits and the combined total insured up to \$250,000. As of September 30, 2017, \$9,125,381 of the bank balance was deposited in excess of Federal Deposit Insurance Corporations limits.

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk.

In accordance with the provisions of the Financial Institutions Deposit and Investment Act of 1997 (DC Law 12-56), which became effective on March 18, 1998, all of the deposits at September 30, 2017, were insured or collateralized with securities held by its agent in the District of Columbia's name.

Note 3 - Accounts Receivable:

Accounts receivable at September 30, 2017, is considered to be fully collectible and consisted of the following:

School Administrative Fees	\$ 66,610
Other Reimbursements	<u>990</u>
Total	<u>\$ 67,600</u>

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2017, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets:				
Leasehold Improvements	\$ 288,329	\$ 6,191	\$ -	\$ 294,520
Computers and Software	370,818	24,168	(138,995)	255,991
Furniture and Fixtures	101,449	3,748	(34,531)	70,666
Machinery and Equipment	<u>22,388</u>	<u>21,528</u>	<u>(6,424)</u>	<u>37,492</u>
Total Capital Assets	<u>\$ 782,984</u>	<u>\$ 55,635</u>	<u>\$ (179,950)</u>	<u>\$ 658,669</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	\$ (95,794)	\$ (14,513)	\$ -	\$ (110,307)
Computers and Software	(226,332)	(66,778)	138,596	(154,514)
Furniture and Fixtures	(82,308)	(8,027)	31,902	(58,433)
Machinery and Equipment	<u>(10,683)</u>	<u>(5,639)</u>	<u>4,734</u>	<u>(11,588)</u>
Total Accumulated Depreciation	<u>\$ (415,117)</u>	<u>\$ (94,957)</u>	<u>\$ 175,232</u>	<u>\$ (334,842)</u>
Total Capital Assets, Net	<u>\$ 367,867</u>	<u>\$ (39,322)</u>	<u>\$ (4,718)</u>	<u>\$ 323,827</u>

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 4 - Capital Assets: (Continued)

Depreciation Expense was \$94,957 for the year ended September 30, 2017, and is reflected in the statement of activities as Depreciation - Unallocated.

Note 5 - Administrative Fees:

As authorized by Section 2211(b)(2) of the District of Columbia School Reform Act (as amended), the District of Columbia Public Charter School Board assesses an administrative fee on each school it serves at an amount not to exceed one percent of the annual budget of the school. This fee is for the purpose of covering the cost of undertaking the ongoing administrative responsibilities of the Public Charter School Board.

Through the year ended September 30, 2012, it was the policy of the District of Columbia Public Charter School Board to assess this fee based on the total per-pupil funding payments (including Summer School and Special Education) made to each charter school from the Office of State Superintendent of Education (OSSE). An original assessment was provided to each charter school at the beginning of the school year based on its anticipated student enrollment. Subsequent to the close of the school year, a retroactive adjustment was made either increasing or decreasing the assessment based on final OSSE audit enrollment counts including summer school and special education.

Effective October 1, 2012, the District of Columbia Public Charter School Board amended its policy for the determination of the amount of the administrative fee assessment. A preliminary assessment is made at the beginning of each school's fiscal year (approximately October) based on the school's total budgeted revenues less those revenues derived through private philanthropy, special events and investment income.

Once the final Federal Form 990 Information Tax Return is filed subsequent to each school's year-end (approximately February of the subsequent year), a retroactive billing adjustment is provided to each school based on its final audited financial statements. During the year ended September 30, 2017, additional administrative fee income was recognized based on Form 990 tax returns filed by February 15, 2017, that related to each school's fiscal year end of June 30, 2016.

Note 6 - Deferred Rent Abatement:

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease that includes a rent abatement period and fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as a deferred rent abatement in the accompanying statement of net position. The District of Columbia Public Charter School entered into a lease agreement for the rental of office space located at 3333 14th Street, NW, Washington, DC, for 65 months, commencing on February 1, 2015, and expiring on June 30, 2020. As a condition of the lease terms, the first three months of rent have been abated. Accordingly, \$102,890 of future rent payments have been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. The balance of the unamortized deferred rent abatement at September 30, 2017, was \$102,890.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 7- Commitments:

Office Lease - Tivoli Square:

The District of Columbia Public Charter School Board entered into a lease agreement on February 28, 2005, effective July 15, 2005, with Tivoli Partners Commercial, LLC for the rental of 6,004 square feet of office space located on the second floor at 3333 14th Street, NW, Washington, DC ("Suite 210"). This original lease was scheduled to expire on June 30, 2015, however an amendment to this lease was executed on December 19, 2014.

The amended lease term is effective for a sixty-five (65) month period beginning on February 1, 2015, and expiring on June 30, 2020. Included in the amended lease is the rental of an additional 1,571 square feet of expanded office space ("Suite M-100") as well as 3,407 of existing office space located on the third floor ("Suite 310"), formerly sublet from Sojourners. After a ninety (90) day abatement period, monthly rent payments of \$37,805 began on May 1, 2015. The lease calls for a yearly escalation of 2.5% effective on the first day of January of each successive year. Monthly base lease payments required in accordance with the lease at September 30, 2017, were \$39,724. As an additional requirement of this lease agreement, a rental security deposit in the amount of \$23,376 was required.

There is an additional 12,827 square feet of office space located within the same premises that is currently being leased by Sojourners from Tivoli Partners Commercial, LLC, through the period ended June 30, 2020. As a provision of the amended lease, if they do not renew that lease, the Board is required to lease that space as well as its currently leased conference room space for an additional ten (10) years and shall return possession of Suites 210, 310 and M-100. In the event, the additional space does not become available, the Board has the option to extend the existing lease for an additional ten (10) years with a base rent increase of 2.50% per year. The Board is obligated to pay a proportion of the annual increase in operating costs and real estate taxes on the leased property. An estimate of the annual operating costs has not been provided for below. Rental expense under this lease for the year ended September 30, 2017, was as follows:

Base Rent	\$ 459,043
Real Estate Taxes	(307)
Operating Costs	<u>(13,502)</u>
 Total Rent Expense	 <u>\$ 445,234</u>

As of September 30, 2017, future minimum rental obligations required for the next three years under this lease, net of rent abatement are as follows:

<u>Year Ending September 30,</u>	<u>Rent</u> <u>Expense</u>	<u>Rent</u> <u>Abatement</u>	<u>Net</u> <u>Obligation</u>
2018	\$ 459,043	\$ 26,571	\$ 485,614
2019	459,043	38,718	497,761
2020	<u>344,281</u>	<u>37,601</u>	<u>381,882</u>
 Total	 <u>\$ 1,262,367</u>	 <u>\$ 102,890</u>	 <u>\$ 1,365,257</u>

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 7 - Commitments: (Continued)

Copier Lease:

The District of Columbia Public Charter School Board entered into an operating lease on November 6, 2015, for the rental of a three Konica C654e photocopiers. This lease calls for sixty (60) monthly payments of \$2,429 commencing on November 29, 2015, and ending on November 28, 2020. Rental expense for the year ending September 30, 2017, on this lease was \$29,148. Future minimum payments due under this lease are as follows:

Year Ending September 30,

2018	\$	29,148
2019		29,148
2020		29,148
2021		<u>4,858</u>
Total	\$	<u>92,302</u>

Postage Machine:

The District of Columbia Public Charter School Board entered into an operating lease on August 24, 2015, for the rental of a DM125 Desktop Mailing System. This lease calls for sixty (60) monthly payments of \$61 commencing on December 20, 2015, and ending on December 19, 2020. Rental expense for the year ending September 30, 2017, on this lease was \$737. Future minimum payments due under this lease are as follows:

Year Ending September 30,

2018	\$	737
2019		737
2020		737
2021		<u>184</u>
Total	\$	<u>2,395</u>

Note 8 - Contingencies and Risk Management:

The viability of public charter schools and funding for these schools and the District of Columbia Public Charter School Board is dependent on the consensus of current and future administration of the District of Columbia. Any future change in dynamics could adversely affect the operation of public charter schools.

The District of Columbia Public Charter School Board is subject to various litigation and claims arising out of the course of its operations. While the results of the lawsuits cannot be predicted with certainty, management does not believe these matters will have an adverse effect on the organization's overall financial position. The organization assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 8 - Contingencies and Risk Management: (Continued)

Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Note 9 - Economic Dependency:

Administrative fees received from two charter schools represent twenty-two percent (22%) of current year revenues.

Note 10 - Subsequent Events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 18, 2017, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

Note 11 - Pension Plan:

The District of Columbia Public Charter School Board provides pension benefits for its employees through a defined contribution 403(b) retirement plan which is currently administered by TIAA-Cref. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for employees to contribute up to the statutory limits set by the Internal Revenue Code. On the plan effective date, which began in June 1999, all current employees were eligible to participate in the retirement plan. All future employees will be eligible to participate upon hiring. Plan provisions and contribution requirements are established and may be amended by the Board Members of the District of Columbia Public Charter School Board. There is no unfunded past service liability.

Effective January 1, 2007, the District of Columbia Public Charter School Board began matching 1.5% for every 1% the employee contributes up to 3%. There is a further match of .5% for every 1% between 3.1% up to 5%.

The Board's contributions on all covered employees amounted to \$152,762.

Note 12 - Fringe Benefits:

Fringe Benefits incurred for the year is comprised of the following:

Social Security	\$ 266,474
Unemployment	12,532
Health Insurance	281,846
Retirement	152,762
Workers Compensation	9,483
Disability	8,453
Life Insurance	1,886
Commuter Benefits	<u>45,570</u>
Total Fringe Benefits	<u>\$ 779,006</u>

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 12 - Fringe Benefits: (Continued)

Transportation Plan - The District of Columbia Public Charter School adopted a Section 132(f) Commuter Expense Reimbursement Plan. Under this plan, employees receive reimbursement for commuting to and from work on a tax favored (pre-tax) basis. The Public Charter School Board reimburses for commuter vehicle expense, transit passes, and qualified parking.

Flexible Benefits Plan - The District of Columbia Public Charter School adopted a Section 125 Flexible Benefits Plan (Cafeteria Plan). Under this plan, employees are permitted to use pre-tax-benefit dollars through payroll deduction to pay for insurance premiums, un-reimbursed medical expenses, and dependent care expenses.

Note 13 - Consulting:

Consulting expense incurred for the year is comprised of the following:

School Special Projects - Water Filters	\$ 589,660
Communications	127,286
Qualitative Site Reviews	105,384
Emergency Response Plan	91,400
Financial Reviews	75,127
Other	61,450
PMF Data Analysis	60,735
Transcript Reviews	21,600
Compliance Audits	21,312
Application Reviews	11,066
Special Education Reviews	8,574
Lead Testing	<u>3,004</u>
Total	<u>\$ 1,176,598</u>

Kendall, Prebola and Jones, LLC

Certified Public Accountants

District of Columbia Public
Charter School Board
3333 14th Street, NW, Suite 210
Washington, DC 20010

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the District of Columbia Public Charter School Board, an agency of the District of Columbia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District of Columbia Public Charter School Board's basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District of Columbia Public Charter School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District of Columbia Public Charter School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

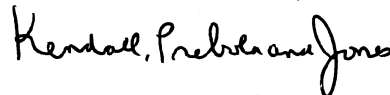
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District of Columbia Public Charter School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
December 18, 2017

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

There were no audit findings in the prior year.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

I. Summary of Auditor's Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the District of Columbia Public Charter School Board were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the District of Columbia Public Charter School Board, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.

Attachment Q9



POLICY TITLE:	
Attendance and Truancy Policy	
ADOPTION/EFFECTIVE DATE:	MOST RECENTLY AMENDED:
August 18, 2008	August 19, 2013 August 18, 2014 December 19, 2016
LEGAL AUTHORITY:	
D.C. Code § 4-1345.01(1)(L); § 38-1802.11(a)(1)(B)-(C); 5 DCMR 2101.9	

PURPOSE

This policy establishes truancy and chronic truancy levels for DC public charter schools.

POLICY STATEMENT

A truant student is defined as a school-aged student (ages 5-17) with an unexcused absence.

A chronically truant student is defined as a school-aged student who accrues 10 or more unexcused absences within a single school year.

CHRONIC TRUANCY FORMULA

The chronic truancy calculation is: Any student who earned ten or more unexcused absences at a single school (note: count resets when changing schools) divided by the number of students ever enrolled (for at least 10 days) at the school that school year.¹

A students who turn 5 after September 30 is not calculated in a school’s chronic truancy rate. Once a student turns 18, any additional absences accrued are not calculated into a school’s truancy rate. These provisions are consistent with the Office of the State Superintendent of Education’s attendance regulations.

A school must maintain a chronic truancy rate at or below the thresholds listed below, or may be subject to a Notice of Concern:

- Traditional LEAs serving grades pre-kindergarten (PK) through 8th grade: 30%
- Traditional LEAs serving grades 9th through 12th: 35%
- LEAs designated as Alternative by DC PCSB: 45%

In cases where a school reaches the thresholds above, but has demonstrated year to date improvement in in-seat attendance and/or truancy rates, the DC PCSB Board may at its discretion decide not to issue a Notice of Concern.

¹ In DC’s Truancy Taskforce, the term “Truancy Rate” is synonymous to the “Chronic Truancy Rate” definition in this policy. There are not different business rules for each term in regards to a whole school rate.



Attendance data will be reviewed by the 30th of each month for the preceding month. Once a school exceeds the chronic truancy threshold, DC PCSB will notify the school. A school will also be provided data indicating the total number of unexcused absences, total number of excused absences, percentage of instructional days lost for all students, and the number/ names of all students who were chronically truant (defined as 10 or more days) so that they can verify the rate.

Issuing a Notice of Concern

Once a school exceeds the truancy rate threshold, the school will be notified that it is subject to receiving a Notice of Concern at the next scheduled DC PCSB board meeting.

Lifting the Notice of Concern

After DC PCSB staff has notified an LEA it has exceeded the truancy threshold for its type of school, a review period of at least two months will begin in order for the school to work on strategies to improve student attendance, which may lead the PCSB Board to lift the Notice of Concern. To this end, there will be two attendance periods of review, a *baseline* period and *review* period:

- The *baseline* period will cover the time leading up to the notification
- The *review* period will comprise a minimum of two months following notification

The DC PCSB Board may vote to lift a Notice of Concern at any time following the initial two-month review period based upon achieving two out of three of the following:

- Improvement² in the percentage of In-Seat Attendance for the whole school (defined as total # days present/ total # days enrolled for all students)
- Improvement in attendance for the majority of students who were defined as chronically truant (10 days) in the baseline period.
- Maintaining a chronic truancy rate lower than 30%, 35%, or 45% for PK-8th grade, high school, and alternative schools, respectively excluding those already counted as chronically truant in the baseline period.

When considering whether to vote to lift a Notice of Concern, the DC PCSB Board may take into consideration factors such as documented due diligence in areas of school-parent communication, interventions, and best practices.

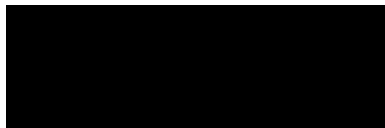
² "Improvement" is defined as any positive movement of greater than or equal to one percentage point.



DC PCBS Board will not issue a Notice of Concern after its May board meeting, as there would be insufficient time to allow a school to improve prior to the end of the school year. If a school does not improve by the end of the year, the DC PCSB Board may nonetheless lift a Notice of Concern in order for the school to start fresh the next year.

It is DC PCSB Board's discretion to determine whether to lift a Notice of Concern if a school's truancy rate decreases only due to truant students being *expelled* or *withdrawn*.

Board Approval Acknowledged By:



Darren Woodruff
DC PCSB Board Chair

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