



DC
**PUBLIC
CHARTER**
SCHOOL
BOARD

**Council of the District of Columbia
Committee on Education
FY 18 Budget Questions
April 19, 2017**

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

DAVID GROSSO, CHAIRPERSON

1350 Pennsylvania Avenue, NW, Washington, DC 20004

To: Dr. Darren Woodruff, Chair, D.C. Public Charter School Board
From: Councilmember David Grosso
Date: April 7, 2017
RE: FY18 Budget Oversight Questions

1. What are the agency's performance goals and targeted outcomes for FY18? How will the proposed FY18 budget serve to achieve those goals?

Below are the agency's performance goals and targeted outcomes for FY18. The performance goals are tied fully with 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 FY18 budget will ensure that the staff and resources are available to meet the targeted outcomes.

Measure	FY 2018 Target
Number of public charter LEAs receiving 5-, 10- or 15- year review	17
Number of Tier 1 public charter LEAs with announced plans to expand or replicate	1
Number of Adult Ed focused meetings (e.g. Board-to-Board meetings, workshops)	2
Number of PCS campuses receiving an out-of-compliance warning from our Board for violating our Data Submission Policy	3
Reduction in the rate of expulsions for "other charter reasons"	10%
Number of schools participating in our Special Education self- study	3
Number of Audit Management Unit (AMU/FAR) reports issued	1
Number of schools with weak financials receiving enhanced fiscal oversight from DC PCSB	5
Number of schools whose fiscal health improved as a result of oversight efforts	4

Measure	FY 2018 Target
Number of School Quality Report Guides distributed	6,000
Number of Twitter followers	550 additional
Number of meetings with key city officials	12
Number of Task Force Meetings DC PCSB attended	18
Number of DC PCSB Board meetings televised	13
Increase in public charter school data available on www.dcpcsb.org , compared to SY2015-16	15%
Number of qualitative site review reports	30
Percent of expendable budget spend on CBEs	Forthcoming in Oct 2017
Contracts lapsed into retroactive	Forthcoming in Oct 2017
Local funds unspent	Forthcoming in Oct 2017
Federal funds returned	Forthcoming in Oct 2017
Meeting service level agreement	Forthcoming in Oct 2017
Vacancy rate	Forthcoming in Oct 2017
Employee district residency	Forthcoming in Oct 2017
Employee onboard time	Forthcoming in Oct 2017
Employee performance plan completion	Forthcoming in Oct 2017

2. Provide a detailed cross-walk between the PCSB's FY17 Budget and the PCSB's FY18 Budget. The crosswalk should clearly identify how budget levels have changed for each board function.

On the following page you will find the FY17 budget and a crosswalk of the adjustments made to each account for the FY18 budget. Significant changes include:

- \$228,960 decrease in administrative fee revenue (DC PCSB is planning to only invoice public charter schools 0.9% of their budgeted revenue instead of the allowable 1.0% administrative fee for FY18)
- \$721,164 decrease in grant revenue (DC PCSB received a one-time allocation in FY17 for lead filters for public charter schools that it is not currently anticipating for FY18)
- \$335,689 increase in salary expense and a \$116,365 increase in benefits (includes a 2% budgeted performance increase, a 3% salary scale increase to align with recent DC government wage increases, a staff retention cushion, a revamped paid internship program and several roles transitioning from part time to full time)
- \$75,000 decrease in technology consultant expense (DC PCSB is no longer using the ProActive data system)
- \$671,164 decrease in school support expense (the one-time expense related to lead filters for the schools from the \$721,164 grant revenue was included in this account in FY17 and is not anticipated for FY18)
- \$691,738 decrease in budget reserves (this surplus was previously budgeted to provide a cushion for school closures and other unexpected school support expenses; in FY18 we will leverage our cash reserves for any unexpected expenses)

		FY17	FY18	FY18 Dev.
Account Cat		Budget	Budget Adj.	Budget
Income	01 - Fees	(\$8,279,804)	\$ 228,960	(\$8,050,844)
	01 - Fees Total	(\$8,279,804)	\$ 228,960	(\$8,050,844)
	03 - Grants	(\$721,164)	\$ 721,164	\$0
		(\$40,000)	\$ 20,000	(\$20,000)
		(\$150,000)	\$ -	(\$150,000)
	03 - Grants Total	(\$911,164)	\$ 741,164	(\$170,000)
			\$ -	\$0
			\$ -	\$0
	04 - Sponsorship & Interest Total		\$ -	\$0
Income Total		(\$9,190,968)	\$ 970,124	(\$8,220,844)
	01 - Project Consultants Total	\$861,000	\$ 8,207	\$869,207
	02 - Other Program Total	\$55,000	\$ -	\$55,000
	03 - Salaries & Wages Total	\$3,647,530	\$ 335,698	\$3,983,228
	04 - Fringe Benefits Total	\$804,479	\$ 116,365	\$920,843
	05 - Other Personnel Total	\$202,000	\$ 36,500	\$238,500
	06 - Facilities/Upkeep Total	\$697,785	\$ 15,500	\$713,285
	07 - Website Total	\$260,000	\$ -	\$260,000
	08 - Outreach & Publicity Total	\$129,000	\$ 10,000	\$139,000
	09 - Professional Fees Total	\$142,500	\$ 10,000	\$152,500
	10 - Technology Consultants Total	\$426,000	\$ (75,000)	\$351,000
	11 - Other Operating Total	\$377,772	\$ 65,000	\$442,772
	12 - School Support Total	\$896,164	\$ (671,164)	\$225,000
	13 - Budget Reserves Total	\$691,739	\$ (691,738)	\$0
Expense Total		\$9,190,968	\$ (840,633)	\$8,350,335
	01 - Net Asset Transfers Total		\$ -	\$0
Changes in Net Assets Total			\$0	\$0
Grand Total (Surplus)/Deficit		(\$0)	\$ 129,491	\$ 129,491

3. Provide the following:

- a. A copy of the completed audit of the PCSB's finances for FY16;**

Please see attachment A.

- b. Projected PCSB gross budget for FY18, including all projected revenue (i.e. local, federal, private);**

The projected PCSB gross budget for FY18 is \$8,220,844 and the revenue sources are detailed below:

Revenue Amount	Type of Revenue
(\$8,050,844)	Special Purpose Revenue (Oversight Administrative Fees) - Assumes revenue of 0.9% (instead of 1%) of the \$806M in revenue budgeted for the schools
(\$20,000)	Private Contribution from Georgetown University
(\$150,000)	Private Contribution from the Michael & Susan Dell Foundation
(\$8,220,844)	Total Income Budget

- c. Agency spend plan for FY18 that includes all source of funds (i.e. local, private, etc.);**

Account	FY18 Budget
01 - Fees Total	(\$8,050,844)
03 - Grants Total	(\$170,000)
Income Total	(\$8,220,844)
01 - Project Consultants Total	\$869,207
02 - Other Program Total	\$55,000
03 - Salaries & Wages Total	\$3,983,228
04 - Fringe Benefits Total	\$920,843
05 - Other Personnel Total	\$238,500
06 - Facilities/Upkeep Total	\$713,285
07 - Website Total	\$260,000
08 - Outreach & Publicity Total	\$139,000
09 - Professional Fees Total	\$152,500
10 - Technology Consultants Total	\$351,000
11 - Other Operating Total	\$442,772
12 - School Support Total	\$225,000
Expense Total	\$8,350,335
Grand Total (Surplus)/Deficit	\$ 129,491

d. A list of any projected agency surpluses or deficits in FY17 and FY18;

DC PCSB is currently projecting an FY17 surplus of \$1.3M. A summary of the projected surpluses and deficits by account is provided below. The FY18 budget has a projected deficit of \$129,491 (see the DC PCSB FY18 Budget). DC PCSB is planning to only invoice public charter schools 0.9% of their budgeted revenue instead of the allowable 1.0% administrative fee for FY18 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. Given the projected FY17 surplus, DC PCSB is comfortable projecting a deficit for FY18 as we will have the cash reserves to cover anticipated operating expenses.

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
FY11	\$ 178,945	\$ (1,051,127)	\$ 5,649,834
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
FY17F	\$ 4,429,072	\$ 1,301,089	\$ 8,469,804

e. Projected PCS budgets for SY17-18, broken down by source of funds; and

Public charter schools are currently in the SY17-18 budget development phase. Annual SY17-18 budget submissions are due to DC PCSB on June 1, 2017. 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 SY17-18.

Public charter schools are currently in the SY17-18 budget development phase. DC PCSB typically shares more detailed facility expenditure data with DC Council as part of the annual oversight hearing process. At this time, we do not have any additional information beyond what was shared in our January 2017 response to your oversight questions.

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 supports public charter schools in meeting the needs of students who are at-risk through its rigorous application process as well as ongoing oversight. Public charter schools are serving more than 17,000 “at-risk” students in SY16-17, which is an equivalent share as DC Public Schools.

DC PCSB monitors schools extensively through the collection and analysis of data. Every month, our data team analyzes school data in such areas 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, 87 of the 118 (74%) public charter school campuses are served by a school nurse -- a 2% decrease over last year. Of the 87 campuses with a nurse, ten have a private nurse.

There are 22 public charter schools with 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.

A full spending plan can be found on page 9.

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, School Quality and Accountability (40%) • Manager, Intergovernmental Relations and School Support (40%) • Senior Manager, School Quality and Accountability (33%) • Manager, School Quality and Accountability (33%) • Specialist, School Quality and Accountability (10%) • Data Analyst (10%) • Strategic 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: \$1,340,273</p>	\$212,692
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>	\$200,000
Consultants	PMF Consultant Support- \$100,000 (33% at-risk support)	\$16,500
PCSB Total Spending Supporting PCS At-Risk Students		\$429,192

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.

DC PCSB is supportive of and participates actively in the Deputy Mayor for Education's (DME) efforts to reform the payment process such that a) both public charter schools and DCPS would be paid based on actual enrollment and b) schools would be paid based on multiple enrollment counts over the course of the year. Such a reform would provide financial incentives for schools to accept students mid-year as well as removing a long-standing source of inequity in payments between public charter schools and DCPS. However, it is important the reform is not implemented hastily; inadequate planning and analysis would likely threaten schools' financial stability and may create more mid-year student mobility. DME's plan to incentivize mid-year entries in public charter schools in school year 2017-18 will give us initial data on whether the revised payment process will address the problems it was meant to solve.

It has been clear since the earliest discussions of the LEA payment initiative in 2014 that paying DCPS based on actual enrollment would entail the possibility of DCPS being paid at levels below those previously budgeted, similar to the way public charter schools are. DCPS at the time identified that this would only be possible if they had reserves that could cushion unexpected revenue reductions, similar to charter schools. Such reserves would be produced by DCPS being able to roll over surpluses from year to year, as public charter schools are able to do. Despite this having been identified as a critical precondition for the LEA payment initiative to function properly, there has been no apparent movement on this issue of allowing such rollovers to occur. We are consequently concerned that the LEA payment initiative either will not be implemented, or that it will be implemented in a way that perpetuates the inequities between charter and DCPS payments.

6. Describe the efforts planned, including associated spending plan and FTEs allocated in FY18, 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. 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
- Oversees 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 FY18. Please provide a breakdown by program and provide a detailed description, including FY18 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.

Overall in FY18, DC PCSB is anticipating a net decrease from FY17 of \$970,124. While the public charter schools anticipate an increase in student enrollment and an increase in the UPSFF in FY18, DC PCSB is planning to only invoice public charter schools 0.9% of their budgeted revenue instead of the allowable 1.0% administrative fee for FY18 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. Given the projected FY17 surplus, DC PCSB is comfortable projecting a deficit for FY18 as we will have the cash reserves to cover anticipated operating expenses. In addition, one-

time state and local grants as well as other philanthropic grants are being reduced. DC PCSB does not anticipate any major reductions in services in FY18, and instead anticipates adding some expansions in programming.

DC PCSB is entering a period with a particularly high volume of high-stakes reviews, with more than 100 campuses scheduled to undergo a review over the next four years alone. Each review and renewal requires a two-year process of reviewing the school's goals to ensure they have been tracked historically; conducting at least one on-site Qualitative Site Review for each campus; collecting and evaluating five years of quantitative and qualitative data on the school's performance on its charter goals, financial stability, and legal compliance; collaborating with the school to understand and accurately reflect performance; and authoring multiple public reports. The FY18 budget reflects expenses to support this work.

DC PCSB also anticipates using the FY18 budget to continue its community engagement work. In FY16, DC PCSB hired its first-ever Community Engagement Specialist to ensure that DC PCSB effectively communicates with and responds to the needs of families and stakeholders across DC. 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.

a. Provide the rationale for the 13.7 percent increase in the agency's budget proposed for FY18.

The FY18 budget for the agency reflects a decrease of -11% due to DC PCSB's decision to only invoice 0.9% of the allowable 1.0% administrative fee to all public charter schools for the fiscal year and the reduction of \$741,164 in grants support.

8. Provide your projected enrollment data for SY17-18 broken down by:

- a. The total enrollment for all authorized local education agencies by grade;**
- b. The total enrollment for Alternative;**
- c. The total enrollment for Special Education Schools; and**
- d. The total enrollment for Special Education 1 through 4.**

SY17-18 projected enrollment data for public charter schools were submitted to DC Council as part of the Mayor's Budget. Please refer to that document for specific, detailed numbers.

9. Provide your reasoning for a projected enrollment increase for SY17-18 of approximately 8.3 percent.

The enrollment projections were developed collaboratively by DC PCSB, OSSE, DME, and OCFO. We reviewed each school's initial enrollment projections, then adjusted based on historical enrollment patterns and programmatic changes (e.g., adding grades). The projected growth for SY17-18 enrollment is in line with SY16-17 enrollment growth and based on reasonable expectations of each school's enrollment growth. Further, the projected enrollment increase is 8.3% when compared to the SY16-17 projected enrollment, but 6.9% when compared to the SY16-17 audited enrollment; enrollment was under-projected for SY16-17.

a. What leads you to project an 18.3 percent increase in special education enrollment for FY18?

The enrollment projections process for special education followed the same process as the overall projections. For special education in particular, we attempted to include expected changes in special education levels, which are funded through supplemental payments but have not historically been fully included in the projected enrollment. The 18.3 percent increase more accurately reflects growth from the number of students identified for special education services and funding by the end of the year, rather than by October 5. Further, the projected special education enrollment increase is 18.3% when compared to the SY16-17 projected special education enrollment, but 8% when compared to the SY16-17 audited special education enrollment; special education enrollment was under-projected for SY16-17, especially for students receiving Level 4 funding.

b. Provide the projected and audited special education enrollment for the past four schools years, and broken out by level.

Audited enrollment data are available on OSSE's website:
<https://osse.dc.gov/enrollment>

- 10. Through working with OSSE, more public charter schools received assistance to implement restorative justice practices in schools between SY15-16 and SY16-17. Provide the Committee with your plan for SY17-18 to further expand the pool of schools deploying restorative justice practices, and deepen support for schools to implement this initiative with fidelity:**

DC PCSB hosted a one-day conference for school leaders and teachers focused on innovative approaches to classroom management. One of the sessions was on restorative justice practices as a school-wide model to provide an alternative to suspension. The session examined how consistent classroom instruction and creative pedagogical approaches, circle sessions, and a student led court, can increase attendance and reduce out of school suspension rates. The session also examined how student and teacher trauma can be addressed through a restorative justice program.

- 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 FY18 and the budgeting for them.**

DC PCSB continues to implement its [Truancy Policy](#) (attachment B), 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. 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. This type of communication spurs schools to strategize internally on what approaches can be taken to improve attendance. We also collaborate with DC agencies to recommend certain schools for truancy prevention programs. For the past three years, we have worked with the Justice Grant Administration's *Show Up Stand Out* program to connect them with points of contacts at charter schools that are struggling with truancy. In addition, we 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.

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). The Equity and Fidelity Team's Data Analyst plans to poll schools this summer to determine the main root causes of truancy, and will share our findings with the Truancy Taskforce. Our hope is that this will help inform the Taskforce's decisions regarding which city services are needed most.

b. The Committee allocated funding to OSSE in FY16 for an evaluation of the Community Schools initiative, which was completed in September and showed promising results. How will PCSB work with LEAs to increase wrap-around services available in schools for students and families in FY18?

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. DC PCSB also participates on the citywide working group to expand comprehensive behavioral health services to schools and through this effort will work to ensure that all charter schools have access to additional behavioral health services.

11. The proposed FY18 federal budget includes a \$9.2 billion cut to the Department of Education, among other significant cuts. How does the Mayor's proposed FY18 budget take these proposed federal cuts into consideration and what financial planning has been done to-date? Please identify federal funds that will be in jeopardy under the FY18 federal budget proposal and the purpose and use of those funds.

The proposed cuts included in the President's FY18 federal budget outline are troubling and have significant implications for DC's budget and education funding. As of the submission of these questions, the 115th Congress has not begun to consider the President's budget and is instead considering a continuing resolution to fund the government for the remainder of the year. It is too early to know what cuts, if any, will be made and how much money schools will need to recover.

While loss of funding does not appear to be immediate, statements by members of Congress and the Executive Branch indicate that adjustments may be made at the Federal Level. This potential reallocation or loss of funding means that fully funding an increase in the UPSFF, facilities, and city services (e.g. nurses) is more vital than ever to continue to improve academic achievement for all public school students. This is especially important in the event the government shuts down for political reasons, as it has done in the past. Even if the funding to the Department of Education or the city is not cut, we urge the city to be proactive in investing in our students to ensure that potential future cuts will be blunted.

For our part, DC PCSB is, at least temporarily, freeing up some money for LEAs by reducing the invoiced amount of our allowable authorizer fee in order to allow some cushion. While this solution will not be as comprehensive as we would like, it is a step in ensuring schools have the resources to continue to provide a quality education for students and families.

Attachment A

DISTRICT OF COLUMBIA
PUBLIC CHARTER SCHOOL BOARD

WASHINGTON, DC

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, a component unit of the government of the District of Columbia, as of and for the year ended September 30, 2016, 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, 2016, 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 a legally separate component unit 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, 2016, 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.

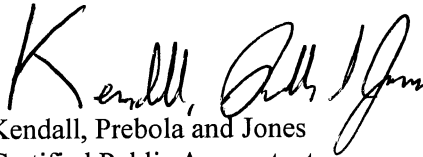
Other Matters***Required Supplementary Information***

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(G) 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 February 9, 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 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
February 9, 2017

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 6,643,422	\$ -	\$ 6,643,422
Accounts Receivable	205,202	-	205,202
Prepaid Expenses	<u>175,189</u>	<u>-</u>	<u>175,189</u>
Total Current Assets	<u>\$ 7,023,813</u>	<u>\$ -</u>	<u>\$ 7,023,813</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>\$ 367,867</u>	<u>\$ -</u>	<u>\$ 367,867</u>
Total Noncurrent Assets	<u>\$ 367,867</u>	<u>\$ -</u>	<u>\$ 367,867</u>
TOTAL ASSETS	<u>\$ 7,415,056</u>	<u>\$ -</u>	<u>\$ 7,415,056</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	\$ 138,286	\$ -	\$ 138,286
Accrued Payroll and Vacation	310,333	-	310,333
Payroll Related Liabilities	53,146	-	53,146
Deferred Administrative Fees	3,124,635	-	3,124,635
Current Portion: Deferred Rent Abatement	<u>14,727</u>	<u>-</u>	<u>14,727</u>
Total Current Liabilities	<u>\$ 3,641,127</u>	<u>\$ -</u>	<u>\$ 3,641,127</u>
<u>Non-Current Liabilities:</u>			
Deferred Rent Abatement	\$ 117,617	\$ -	\$ 117,617
Less: Current Portion	<u>(14,727)</u>	<u>-</u>	<u>(14,727)</u>
Total Non-Current Liabilities	<u>\$ 102,890</u>	<u>\$ -</u>	<u>\$ 102,890</u>
TOTAL LIABILITIES	<u>\$ 3,744,017</u>	<u>\$ -</u>	<u>\$ 3,744,017</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 367,867	\$ -	\$ 367,867
Unrestricted	<u>3,303,172</u>	<u>-</u>	<u>3,303,172</u>
TOTAL NET POSITION	<u>\$ 3,671,039</u>	<u>\$ -</u>	<u>\$ 3,671,039</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

			<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs:</u>							
Governmental Activities:							
Charter School Program	\$ 5,967,545	\$ 7,934,351	\$ 246,000	\$ -	\$ 2,212,806	\$ -	\$ 2,212,806
Parent Charter School Information	16,999	-	-	-	(16,999)	-	(16,999)
School Lead Testing	106,121	-	100,000	-	(6,121)	-	(6,121)
School Closures	45,428	-	-	-	(45,428)	-	(45,428)
Authorizers Instruments	19,028	-	-	-	(19,028)	-	(19,028)
Qualitative Site Reviews	68,931	-	-	-	(68,931)	-	(68,931)
Performance Management Framework Activities	234,704	-	-	-	(234,704)	-	(234,704)
Emergency Response Planning	108,450	-	-	-	(108,450)	-	(108,450)
Transcript Reviews	18,181	-	-	-	(18,181)	-	(18,181)
Financial Reviews and Dashboard Reporting	85,285	-	-	-	(85,285)	-	(85,285)
Depreciation - Unallocated	61,262	-	-	-	(61,262)	-	(61,262)
Loss on Disposal of Assets	<u>164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164)</u>	<u>-</u>	<u>(164)</u>
Total Governmental Activities	<u>\$ 6,732,098</u>	<u>\$ 7,934,351</u>	<u>\$ 346,000</u>	<u>\$ -</u>	<u>\$ 1,548,253</u>	<u>\$ -</u>	<u>\$ 1,548,253</u>
General Revenues:							
Interest Earnings					<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>
Total General Revenues					<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>
Change in Net Position					\$ 1,548,261	\$ -	\$ 1,548,261
Net Position - Beginning of Year					<u>2,122,778</u>	<u>-</u>	<u>2,122,778</u>
Net Position - End of Year					<u>\$ 3,671,039</u>	<u>\$ -</u>	<u>\$ 3,671,039</u>

(See Accompanying Notes and Auditor's Report)

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Governmental Fund Type Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 6,643,422	\$ 6,643,422
Accounts Receivable	<u>205,202</u>	<u>205,202</u>
Total Current Assets	<u>\$ 6,848,624</u>	<u>\$ 6,848,624</u>
<u>Other Assets:</u>		
Deposits	<u>\$ 23,376</u>	<u>\$ 23,376</u>
Total Other Assets	<u>\$ 23,376</u>	<u>\$ 23,376</u>
TOTAL ASSETS	<u>\$ 6,872,000</u>	<u>\$ 6,872,000</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 138,286	\$ 138,286
Accrued Payroll and Vacation	310,333	310,333
Payroll Related Liabilities	53,146	53,146
Deferred Administrative Fees	3,124,635	3,124,635
Current Portion: Deferred Rent Abatement	<u>14,727</u>	<u>14,727</u>
Total Current Liabilities	<u>\$ 3,641,127</u>	<u>\$ 3,641,127</u>
<u>Non-Current Liabilities:</u>		
Deferred Rent Abatement	\$ 117,617	\$ 117,617
Less: Current Portion	<u>(14,727)</u>	<u>(14,727)</u>
Total Non-Current Liabilities	<u>\$ 102,890</u>	<u>\$ 102,890</u>
Total Liabilities	<u>\$ 3,744,017</u>	<u>\$ 3,744,017</u>
<u>Fund Balances:</u>		
Nonspendable	\$ 23,376	\$ 23,376
Committed	2,574,607	2,574,607
Assigned	<u>530,000</u>	<u>530,000</u>
Total Fund Balances	<u>\$ 3,127,983</u>	<u>\$ 3,127,983</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,872,000</u>	<u>\$ 6,872,000</u>

(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, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,127,983

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 \$782,984, and the accumulated
depreciation is \$415,117. 367,867

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. 175,189

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,671,039

(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, 2016

<u>Revenues:</u>	<u>Special Revenue</u>
Administrative Fees	\$ 7,934,351
Grants and Contributions	346,000
Interest Income	<u>8</u>
Total Revenues	<u>\$ 8,280,359</u>
 <u>Expenditures:</u>	
Current:	
Wages	\$ 3,452,717
Fringe Benefits	726,990
Temporary Help	33,730
Technology - School-Based	478,790
Consultants	699,423
Professional Development	38,859
School Closure Expense	45,428
Legal and Audit	37,456
Travel, Meetings and Conferences	116,452
Community Events	62,021
Office Rent and Utilities	479,374
Bookkeeping and Payroll Fees	51,292
Postage and Shipping	2,013
Printing, Duplicating and Production	25,215
Publicity and Promotion	9,107
Telephone and Electronic Communications	55,700
Website	115,673
Subscriptions, Books and Dues	15,969
Maintenance and Equipment Rental	201,577
Photography	47,482
Office Supplies and Expense	47,597
Insurance	20,844
Capital Outlay	<u>296,560</u>
Total Expenditures	<u>\$ 7,060,269</u>
Excess of Revenues Over (Under) Expenditures	\$ 1,220,090
Fund Balances, Beginning of Year	<u>1,907,893</u>
Fund Balances, End of Year	<u>\$ 3,127,983</u>

(See Accompanying Notes and Auditor's Report)

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

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 capital outlays exceeds depreciation in the current period.

However, in the government-wide financial statements such charges are recorded as prepaid expense. Prepaid expenses decreased by this amount during the year.

\$ 1,548,261

-8-

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 School Board are discussed below.

A. Financial Reporting Entity -

The District of Columbia Public Charter School Board, along with the District of Columbia Board of Education, was authorized by the U.S. Congress in the District of Columbia School Reform Act of 1995 to grant charters to establish public charter schools and to provide oversight of such schools in Washington, DC. 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 D.C. 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 chartering public schools that work.

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 local appropriations in the form of grants from the Government of the District of Columbia and administrative fees from the schools that it charters.

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. In addition, the Board has determined that it functions as a component unit of the Government of the District of Columbia.

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 -

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 special revenue and general administrative services are classified as governmental activities.

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, 2016, the Board had no restricted net assets.

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 special revenue fund as explained below) 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.

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:

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:

1. Special Revenue

A special revenue fund is used to account for the operations of the Board which is funded by a specific revenue source that is restricted to expenditures for the specified purpose of the organization.

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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

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

E. 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.

F. 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.

G. 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.

H. 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)

I. 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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

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

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

Committed Fund Balance (Continued)

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.

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, 2016, \$530,000 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 special revenue fund, a positive unassigned fund balance is never reported because amounts in this fund have been committed, at least, to the purpose of that fund. However, deficits in the special revenue 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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

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

J. 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.

Note 2 - Deposits 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, 2016, 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, 2016, the carrying amount of the Board's deposits was \$6,643,422 and the bank balance was \$6,693,222.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 2 - Deposits and Investments: (Continued)

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	6,687,824	6,637,824
Interest Bearing - Checking	<u>5,398</u>	<u>5,398</u>
Total	<u>\$ 6,693,222</u>	<u>\$ 6,643,422</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. 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, 2016, \$6,187,824 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 (D.C. Law 12-56), which became effective on March 18, 1998, all of the deposits at September 30, 2016, 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, 2016, is considered to be fully collectible and consisted of the following:

School Administrative Fees	\$ 99,362
PayPal - Escrow Account	1,565
Other Reimbursements	4,275
Grants Receivable	<u>100,000</u>
Total	<u>\$ 205,202</u>

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2016, 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	\$ 110,587	\$ 177,742	\$ -	\$ 288,329
Computers and Software	262,662	109,335	(1,179)	370,818
Furniture and Fixtures	94,201	7,248	-	101,449
Machinery and Equipment	<u>20,153</u>	<u>2,235</u>	<u>-</u>	<u>22,388</u>
Total Capital Assets	<u>\$ 487,603</u>	<u>\$ 296,560</u>	<u>\$ (1,179)</u>	<u>\$ 782,984</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	\$ (88,246)	\$ (7,548)	\$ -	\$ (95,794)
Computers and Software	(184,665)	(42,682)	1,015	(226,332)
Furniture and Fixtures	(75,311)	(6,997)	-	(82,308)
Machinery and Equipment	<u>(6,648)</u>	<u>(4,035)</u>	<u>-</u>	<u>(10,683)</u>
Total Accumulated Depreciation	<u>\$ (354,870)</u>	<u>\$ (61,262)</u>	<u>\$ 1,015</u>	<u>\$ (415,117)</u>
Total Capital Assets, Net	<u>\$ 132,733</u>	<u>\$ 235,298</u>	<u>\$ (164)</u>	<u>\$ 367,867</u>

Depreciation Expense was \$61,262 for the year ended September 30, 2016, 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 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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 5 - Administrative Fees: (Continued)

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, 2016, additional administrative fee income was recognized based on Form 990 tax returns filed by February 15, 2016, that related to each school's fiscal year end of June 30, 2015.

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, \$117,617 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, 2016, was \$117,617.

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, 2016, were \$38,751. 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 Public Charter School 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 Public Charter School 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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 7 - Commitments: (Continued)

Office Lease - Tivoli Square: (Continued)

The District of Columbia Public Charter School 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, 2016, was as follows:

Base Rent	\$ 459,043
Real Estate Taxes	307
Operating Costs	<u>13,502</u>
Total Rent Expense	<u>\$ 472,852</u>

As of September 30, 2016, future minimum rental obligations required for the next four years under this lease, net of rent abatement are as follows:

<u>Year Ending September 30,</u>	<u>Rent Expense</u>	<u>Rent Abatement</u>	<u>Net Obligation</u>
2017	\$ 459,043	\$ 14,727	\$ 473,770
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>\$ 1,721,410</u>	<u>\$ 117,617</u>	<u>\$ 1,839,027</u>

Copier Leases:

The District of Columbia Public Charter School Board entered into an operating lease on October 31, 2012, for the rental of a Xerox 7001 photocopier and a Xerox 7545P photocopier. This lease calls for sixty (60) monthly payments of \$2,725 commencing on November 1, 2012, and ending on October 31, 2017. This lease was terminated on November 30, 2015. Rental expense for the year ending September 30, 2016, on this lease was as follows:

Base Rent	\$ 8,648
Other Fees	<u>489</u>
Total	<u>\$ 9,137</u>

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, 2016, on this lease was \$24,290.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 7 - Commitments: (Continued)

Copier Leases: (Continued)

Future minimum payments due under this lease are as follows:

Year Ending September 30,

2017	\$ 29,148
2018	29,148
2019	29,148
2020	29,148
2021	<u>4,858</u>
Total	<u>\$ 121,450</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, 2016, on this lease was \$553.

Future minimum payments due under this lease are as follows:

Year Ending September 30,

2017	\$ 737
2018	737
2019	737
2020	737
2021	<u>184</u>
Total	<u>\$ 3,132</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 Government. 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. 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.

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS

Note 9 - Economic Dependency:

Administrative fees received from two charter schools represent twenty-four percent (24%) 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 February 9, 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 \$145,797.

Note 12 - Fringe Benefits:

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

Social Security	\$ 251,511
Unemployment	14,490
Health Insurance	232,531
Retirement	145,797
Workers Compensation	6,435
Disability	17,539
Life Insurance	2,191
Commuter Benefits	<u>56,496</u>
Total Fringe Benefits	<u>\$ 726,990</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:

Communications	\$ 179,962
Emergency Response Plan	108,450
PMF Data Analysis	97,291
Financial Reviews	86,628
Lead Testing	77,177
Qualitative Site Reviews	69,330
Other	43,377
Transcript Reviews	18,180
Application Reviews	11,084
Compliance Audits	<u>7,944</u>
 Total	 <u>\$ 699,423</u>

Note 14 - Other Matters:

On October 4, 2016, the District of Columbia Public Charter School Board was awarded a grant in the amount of \$721,164 by the District of Columbia government. These funds are to be used for the purpose of purchasing and installing filters on drinking water sources in the various District of Columbia charter schools for which it serves.

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, a component unit of the District of Columbia, as of and for the year ended September 30, 2016, 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 February 9, 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.

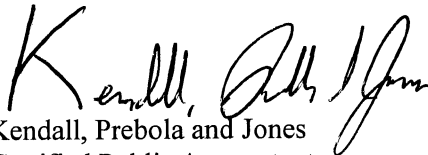
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
February 9, 2017

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, 2016

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 B



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.

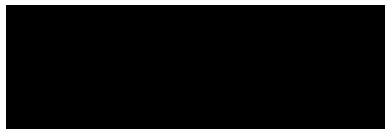
² "Improvement" is defined as any positive movement of greater than or equal to one percentage point.



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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