Welcome

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<tr>
<th>Time</th>
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<tbody>
<tr>
<td>8:15 AM</td>
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<tr>
<td>8:30 AM</td>
<td>Internet Connectivity &amp; E-Rate</td>
<td></td>
<td>Roxie Miller</td>
</tr>
<tr>
<td>9:00 AM</td>
<td>School Business</td>
<td>Organizational Overview, BoD Fiduciary Responsibilities, Overview of Charter School Funding, Allotment Process, Cash Management and Required Reporting</td>
<td>Jennifer Bennett + Shirley McFadden</td>
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<tr>
<td>10:00 AM</td>
<td>Break</td>
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<tr>
<td>10:15 AM</td>
<td>School Business</td>
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<td>Jennifer Bennett + Shirley McFadden</td>
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<td>12:15 AM</td>
<td>Lunch</td>
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<tr>
<td>1:15 PM</td>
<td>Charter Schools and Local Funding</td>
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<td>Mr. Aaron Beaulieu</td>
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<tr>
<td>2:30 PM</td>
<td>Expert on the Ground</td>
<td>Facilities, Financing, Furniture, Fixtures, and Equipment</td>
<td>Joe Maimone + Joan Roman (Charter One)</td>
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<tr>
<td>3:15 PM</td>
<td>Team Time! Finance Policies</td>
<td>Work with your team to outline the required finance policies due.</td>
<td>Jenna Cook</td>
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<tr>
<td>3:45 PM</td>
<td>Wrap-Up</td>
<td>Closing remarks + Preview for November</td>
<td>Jenna Cook</td>
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<td>4:00 PM</td>
<td>End</td>
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Internet Connectivity & E-Rate

Roxie Miller, E-Rate Program Administrator, School Connectivity
NCDPI School Connectivity and E-Rate Services for Charter Schools

October 2022
Why are you here?
And what can NC DPI's School Connectivity do for you?
You're opening a new charter school...

- You need Internet
- You need wireless access
- You need guidance and network engineering assistance
- You have other IT needs
- You have very little to no money

What are you going to do?
Celebrating 15 years of service to PSUs!

- Internet Access
- Content Filtering
- Fully Managed Firewall
- Expert Network Engineering Assistance
- Expert E-rate Program Filing Assistance
- NEW! Next-Generation Palo Alto firewalls managed 24x7 exclusively by MCNC
- NEW! Cybersecurity Program Offerings
Let’s get into a little more detail:

1. No-cost Internet, Firewall, Content Filtering
   - Unrestricted Internet provided thru NCREN
   - New charters 100Mbps min. (depending on enrollment/needs), full-duplex
   - Bandwidth increased to next level at 60% utilization

2. No-cost contracts to perform IT Need Assessments, IT Security Assessments, and general IT consulting and planning.

3. Cooperative Purchasing Agreements for most internal networking goods and services.
What is E-rate?

Program Basics

• Federal discount program, not a grant
• Discount based on student enrollment, NSLP eligibility, and urban/rural status
• Up to 90% of funding for Internet and WAN (Category 1)
• Up to 85% of funding for internal network connections such as wireless access points, network switches, cabling, installation, and maintenance (Category 2)
North Carolina E-rate Funding History

- 2017: $66,905,858.81
- 2018: $69,219,269.46
- 2019: $75,480,665.29
- 2020: $72,920,526.72
- 2021: $84,249,545.92
Category 1 (Internet/WAN)

- Internet access
  - Using NCREN, NCDPI files E-rate on your behalf and pays the non-discount portion

- Wide Area Network (WAN)
  - Charter does 470/RFP, files E-rate, pays provider
  - NCDPI pays LEA/Charter the non-discount portion

- Not a budget for Category 1 services
Category 2 (Internal Connections)

• NCDPI has contracts in place for all items on E-rate Eligible Services List
  • If using these contracts, LEA/Charter performs mini-bid, selects vendor, files E-rate. When approved by USAC, NCDPI pays the non-discount portion.

• Category 2 services do have a budget
  • Beginning in Funding Year 2021, budgets go in 5-year cycles
  • $167/student (or $25,000 minimum)
Overview on Timelines

Apply now for school opening Fall 2023!

- Schools apply for funding: January - March
- Funding year: July 1 – June 30
- Recurring services end June 30
- Equipment must be installed by September 30
Resources

- NC E-rate Team
  - Email e-rate@dpi.nc.gov to get started
- Connect to NCREN (Free Internet)
  - Send email to cne@mcnc.org
  - 120 days for connection
- Official Website: https://sci.fi.ncsu.edu/
School Connectivity Services

• Michael Ramsey – Director School Connectivity
  • Michael.Ramsey@dpi.nc.gov

• Roxie Miller – E-rate Team Lead
  • Roxie.Miller@dpi.nc.gov, 984.236.2471

• Susan Boros
  • Susan.Boros@dpi.nc.gov, 984.236.2474

• Adam Benjamin
  • Adam.Benjamin@dpi.nc.gov, 984.236.2472

• Jill Elberson
  • Jill.Elberson@dpi.nc.gov, 984.236.2413
NCDPI School Connectivity and E-Rate Services for Charter Schools

October 2022
School Business

Jennifer Bennett, Senior Director, Office of School Business
Shirley McFadden, Monitoring & Compliance Manager, Office of School Business
FY 2022-2023
School Business for Charter School Boards

Presented by Jennifer S Bennett, Senior Director, School Business
Shirley McFadden, Chief, Compliance & Monitoring, School Business
Topics of Discussion

- Introduction to School Business Services
- Fiscal Oversight & Board Responsibilities
- Monitoring & Compliance
- Nuts & Bolts
  - EDDIE
  - Budgets
  - Student Accounting
  - Allocations
  - Cash
  - Reporting
Office of School Business

- Public school budget development
- Allocation of funds
- Collection of data (student, personnel and financial)
- Analysis of data
- Projections
- Monitor the compliance of laws and policy
- Report
BOOKMARK our Website


• Allotments
• Budget Information
• Student Accounting
• Manuals
• Statistical Resources
• Training and Compliance information
School Business Communications

Sign up Weekly School Business Newsletter

- Reports due
- New legislation, State Board Policies, and Other Changes
- Year end information

We have a monthly webinar

- more often when legislature is active

We’ll have trainings

- specific aspects of the operations
Fiduciary Responsibilities of a Charter School Board
Primary Duties

Primary duties of each school's board of directors are to ensure that:

• The academic programs are successful
• The school's operational programs comply with all terms of its charter
• **The school is compliant in all statutory and regulatory requirements**
• The school is financially solvent
• Competent, professional staff are hired to carry out the operational plan
Board Composition

A model board includes members with skills, expertise and experience in the following areas:
Board Responsibilities

1. Understand how **CRITICAL** the role of charter school Board of Directors is to the success of the school
2. Understand the fiduciary roles and responsibilities of being a charter school board member
3. Be able to recognize financial warning signs within your school and minimize risk
4. Identify top 10 financial mistakes for the board to avoid
Board Roles & Responsibilities

5. Develop and maintain the school’s:
   - Mission and purpose
   - Relationship with school administrator
   - Effective organizational structure
   - Financial sustainability
   - Integrity of the academic program
   - Public relations strategy
   - Self-evaluation
Why Does It Matter?

Just like any business …

• #1 reason charter schools close is due to financial failure

• Between 1998 and 2020, 241 charter schools opened and approximately 90% of the 45 schools that closed was due to financial failure
Why Does It Matter?

Substantial public money is being invested in your school.

Financial health is critical for the school to be able to recruit effective leaders and teachers, and to provide sufficient educational resources— all of which has an impact on student recruitment and retention and student achievement.
# Key Areas for Fiscal Oversight

- Starts with BOE Policies
- Understanding and Keeping Up with Changes in School Funding – Resources & Laws
- Facilities and Inventory Controls
- Audit and Internal Controls
- Budget and what Drives the Budget
- Salaries and Ensuring Fairness
- Monitoring Plan
Review of Board Policies

It all starts with making sure your policies are current and up-to-date.

• Periodically the Board should review its Policies related to fiscal matters, governance, technology.

• Between the state legislation governing school districts and your own local policies and procedures there should be sufficient controls in place to safeguards the public’s assets for the school district.

• NCSBA is a great resource for getting help in updating and reviewing policies to ensure they meet all current state and federal legislation and provide necessary safeguards for the Board.

• Least glamorous part of Board work.
State Law Charter BOEs need to know

NC G. S. 115C-218

• This area in the statutes that is the governing Charter School legislation

• Section 218.15 – Charter School Operations
  • Pay Attention, you are subject to Chapter 55A related to Conflict of Interest
  • Conflicts of Interest, related parties, and Nepotism apply to all aspects of the operations, contracts and procurement
Key Special Provisions
Please read and familiarize yourselves with these provisions

• **7.7 Standards of Student Conduct**
  • Adds to include ALL Public School Units
  • This means that all of GS115C-390 applies to all LEAs, Charter Schools, Lab schools, regional Schools and residential schools.

• **7.9 School Threat Assessment Survey**
  • All PSUs SHALL report by November 15th the information under this special provision
  • Center for Safer Schools will administer this section.
Other State Law BOE’s might find useful

NC G. S. 115C-422 thru 457
State Budget and Fiscal Control Act

- This area in the statutes spells out everything that LEAs have to implement, from:
  - how a budget is to be formatted,
  - how cash is handled,
  - duties of the finance officer,
  - accounting systems used, etc.

- Duties of a School Finance Officer (115C-435-436)
  - Note: May be helpful to understand when selecting your Director and other key supporting positions
Financial MANAGEMENT vs. Bookkeeping

Bookkeeping is PROCESSING (payroll, bill paying, cash requests).

Many Charter Schools will Outsource the bookkeeping services

Financial Management is a Leadership role

Helps develop accurate budgets, understands compliance and reporting, ensures fiscal operations are active and sound
Principals of Sound Fiscal Management

1. Establishing internal controls through policy and procedures
2. Monitoring compliance with fiscal policies
3. Developing accurate budgets
4. Understanding the financial reports and being able to interpret
5. Recognizing red flags
6. Minimizing risk
7. Hiring independent auditor

These responsibilities can not be outsourced
Internal Controls

• Comprises the plan of organization and all of the coordinate methods and measures adopted within a business to:
  • Safeguard its assets
  • Check the accuracy and reliability of its accounting data
  • Promote operational efficiency
  • Encourage adherence to prescribed managerial policies

• Support the staff when they put procedures in place that are meant to safeguard assets, following fiscal processes, etc.
  • Sometimes these processes can be “uncomfortable” or “not how we’ve always done it”, but they are likely necessary for effective and efficient operations.
Cash Controls

• The state requires that the cash disbursed equal the monthly expenditures.

• NCDPI is then required to “zero-out” or pull back funds into the state treasury to balance the cash to expenditures on a monthly basis.
Inventory Controls

• It may appear that the staff should have this under control but it’s the least glamorous task in a school district and one no-one wants.

• Make sure you are being asked to “surplus” normal inventory items annually (furniture, equipment, etc.) - spring time is usual.

• Make sure if enrollment is declining you are right-sizing classroom space as well and removing mobile units, etc.
  • Don’t let the convenience of adults get in the way of reducing expenditures not needed.

• Make sure you have surplus inventory in a central location if possible and that it’s kept organized and secured.

• In a smaller district the community will be very attuned to things in disarray, not kept in good shape, etc.

• Set the tone that the assets of the school district are important and all are responsible to ensure they are accounted for and kept in good shape.
Facilities - easier said than done

• Charter Schools need to especially be in tune with the shape and capacity of their facilities.

• Keep your capital improvement plan current and updated especially if you have declining or shifting enrollment

• Keep STUDENTS first when looking at improvements so that a safe & caring environment for them comes before a community or personal passion project.
Fund Balance Monitoring

• Boards need to understand and monitor fund balance amounts annually.

• If Boards need to use or allocate fund balance, make sure you know if it is to support a 1-time unique expense (chiller broke) or is it for RECURRING costs such as salary supplements or staffing.

• If for recurring costs, then the Board needs to adjust the budget the next year to ensure they don’t need the fund balance to continue to support that activity.

• Know your Break-Even Point --- How many Students are needed to Support your operations?

• Your unassigned fund balance should be able to support at least 6 months of operating expenses – should there be state freeze, federal freeze, disaster, etc.
  • Ask your auditor to include this analysis with their report to you annually.
How can BOE’s Monitor all of this?

- **Hire a qualified Finance Officer** who understands how charter schools are funded and how to prepare an accurate budget.
  - Have that Finance Officer provide a simple quarterly report to the Board on routine things such as bank reconciliations current, are state report reconciliations current.

- **Keep your district's resources "RIGHT-SIZED".**
  - Provide Staffing Resources through fair formulas to help control and match staff to students and needs.

- **Ensure Instructional and Fiscal Staff responsible for "programs" and grant funds get appropriate training on fiscal compliance issues related to federal and state funds, annually.**
  - Staff should be going to state and federal level meetings and conferences.

- **Make sure at least annually that the BOE gets a report on how funds are used by Program.**
  - Typically, in the budget planning cycle you should see something that provides a breakdown of how funds are used by key program areas.
Review Financial Reports

Boards should receive, review and discuss monthly financial reporting packages from school administrator or finance officer that include:

- Revenues vs. expenditures statement
- Budget vs. actual expenses
- Cash Flow Forecast
- Attendance Reporting Update
- Balance Sheet
What else can you do?

Solutions:

- Keep Focus on Student Achievement
- Be Creative and Open to Partnerships
- Study Data to Help Determine Allocations
- Seek Help/Ideas from Colleagues
- Don’t try and do all yourself

Staff should be providing data to help support program ideas and funding needs.

Many Share Same Issues

get help from experts and the “outside”
Engage Business Community/Colleagues

• Partners Can Help
  • Create a Business Advisory Board with Local Business Leaders to Get Them Involved
  • These Companies Often Will Provide Volunteers, Supplies, Fund Activities, Grants
  • Engage Faith Community
    • Service Projects and Volunteers
    • Pre-School and After-School Programs

• Local Colleges
  • Arrange for Interns, Tutors, Volunteers Throughout District (Including Central Services)
  • Offer Assistance for Degree-Related Projects and Thesis Work

• High Schools
  • Community Service Hours for College Applications
  • Get Students Involved in Tutoring and Service Projects
Some other Thoughts

What Happens in Raleigh Matters – Advocate with your General Assembly representatives.

Hire a qualified Finance Officer (can’t say this enough)

Keep policies Current and Set Goals

Make sure Budget is aligned with Board’s Goals

Ensure you understand your facilities and equipment needs

Ensure schools are staffed fairly and at the “right-size” for your resources

Ensure that staff is compensated fairly by POSITION – not person

Don’t be afraid to ASK others for help, advice, assistance
# Be Good Fiscal Stewards

- **Understand the financial condition of school**
  - What is your Break-Even Point?

- **Oversee the operating budget to protect the resources of school**
  - Develop Short and Long-Term Financial Plans

- **Hold school staff accountable for budget management**
  - This includes any contract companies supporting your school

- **Ensure that the necessary financial policies are in place to prevent fraud, waste and misappropriation**
  - Good Internal Controls

- **Serve as an ongoing resource and advisor to staff on financial issues**
  - Be ENGAGED, Be INTERESTED

- **Work closely with staff on significant financial issues**
  - Ask for Reports, What is the Fund Balance, What is our Cash Balance, How many Students are we projecting, etc.
Compliance & Monitoring
Compliance Requirements (a few.....)
## Monitoring and Compliance Section

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<tr>
<th>PROGRAMS:</th>
<th>WHO DOES THIS APPLY TO?</th>
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<td>Unique Entity Identifiers (UEI) (Formerly System for Award Management (SAM)) 2 CFR 25</td>
<td>All PSU’s (receiving federal grant funds)</td>
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<tr>
<td>Federal Grant Requirements including the Uniform Guidance (UG) 2 CFR 200</td>
<td>All PSU’s (receiving federal grant funds)</td>
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<tr>
<td>Single Audit Requirements 2 CFR 200.500 and NCGS 115C Article 31</td>
<td>All PSU’s</td>
</tr>
<tr>
<td>Financial Non-Compliance NC State Board Policy CHRT-006</td>
<td>Charter Schools</td>
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</tbody>
</table>
System for Award Management (SAM)

What is SAM?
- Federal Unique Entity Identifier

2. Consequence of Non-compliance:
- Suspension of Future Federal Funds

3. What can you do?
- Ask Questions:
  - Who is responsible for ensuring SAM's registration is completed each year?
  - Who has been assigned the responsibility of monitoring to ensure this is completed each year and on time?
  - Is this process and assignment of responsibility documented adequately?

4. Monitoring and Compliance Role
- Send Reminders
- Monitor and report non-compliance
Common Charter School Findings:

- Turnover and no one with access
- Assigned to one individual with no monitoring to ensure completed
- Sharing UEI

Note: Based on a summary of audit findings from Single Audit Reports in North Carolina Charter Schools from FY19 and FY20.
Federal Grant Requirements including the Uniform Guidance

1. What are Federal Grant Requirements? Uniform Guidance (2 CFR 200)?


3. What can you do?
   - Ask Questions:
     - Who is responsible for understanding the federal grant requirements and uniform guidance?
     - Who has been assigned the responsibility of understanding how policies and procedures align?
     - Who is responsible for periodically monitoring compliance with procedures?
     - Are these processes and assignment of responsibility documented adequately?

4. Monitoring and Compliance Role
   - Technical Assistance
   - Fiscal Reviews for Compliance
   - Training
## Common Charter School Findings:

<table>
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<tr>
<th>Findings</th>
<th>Details</th>
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<tr>
<td>Undocumented procedures</td>
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<tr>
<td>Lack of Competition in Procurement</td>
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<tr>
<td>Expenditures for services paid beyond the period of performance</td>
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<tr>
<td>Unsubstantiated payments for time and effort (personnel)</td>
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<tr>
<td>Lacking inventory controls and documentation</td>
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<tr>
<td>Source of inventory and assets not documented</td>
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<td>Invoices written by charter school for independent providers</td>
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<tr>
<td>Lack of use of contracts</td>
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<tr>
<td>Inadequate Controls over Executive Director Reimbursements and Purchases</td>
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Note: Based on a summary of audit findings from Single Audit Reports in North Carolina Charter Schools from FY19 and FY20.
Annual Single Audit Requirement

1. What are the Single Audit Requirements? 2 CFR Subpart F and NCGS
   - All Charter Schools to remit an annual Audit to NC DPI
   - Single Audit due to Federal Government if CS expends $750,000 in Federal Funds

   - Financial Non-compliance with DPI
   - Various options associated with Uniform Guidance

3. What can you do?
   - Ask Questions:
     - Who is responsible for managing the single audit process each year?
     - How and when will the results be presented to the Board?
     - Is there a process in place to present the Board with a corrective action plan?
   - Is there a requirement to present the implementation of the corrective action plan to the board?
   - Set expectation that findings be resolved in a timely manner.

4. Monitoring and Compliance Role
   - Follow-up on Financial and Federal Compliance Related Findings
Annual Audit - G.S. 218.30

• This statute requires that each Charter School are audited at the end of each fiscal year by a certified public accountant that is also approved to do school audits by the LGC.

• The contract arrangement is directly with the School Board and not the administration within the district.

• Hire an Audit Firm with experience in doing school district audits.
  • Smaller districts feel pressure to keep this contract “local” but if that firm isn’t experienced with school district audits they may not be providing the BOARD with that true independent review they need to make sure all is well on the fiscal and internal control areas.

• Annual Audits are due October 31st.

• DPI is required to follow up on the resolution of findings.

• DPI assesses each charter school for compliance and solvency.
Common Charter School Single Audit Findings:

- Deficit of Net Position in Governmental Activities, Government Fund Balance, and/or School Food Service Fund
- Did not record all expenses (Capital Projects)
- Gfeller-Waller concussion forms not completed
- Contracts did not have an indebtedness clause
- Criminal background check not completed for all new employees
- Approved bonuses not paid or paid to ineligible teachers
- Did not have a written Emergency Action Plan

Note: Based on a summary of audit findings from Single Audit Reports in North Carolina Charter Schools from FY19 and FY20.
Financial Non-Compliance

SBE policy CHRT-006-U

• 3 levels
  • Cautionary
  • Probationary – starts to impact funding
  • Disciplinary – month-to-month funding

• Most Common Causes
  • Negative fund balance
  • Non-responsive or late reporting
  • Low ADM
  • Material weaknesses
  • Cash Flow issues
  • Student Accounting irregularities
In Summary…

Fiscal Compliance:

• System for Award Management (SAM)
• Federal Grant Requirements including the Uniform Guidance
• Single Audit Requirements

Your Role:

• Ask Questions
• Ensure policy and procedures exist
• Ensure specific managers have been assigned the responsibility for managing these compliance requirements
• Encourage operations management and staff to seek guidance if they have concerns and hold each other accountable
• Ensure you have the right experience on the board to understand the finances

Monitoring and Compliance:

• Reviews
• Technical Assistance
The Nuts and Bolts
EDDIE

Educational Directory & Demographical Information Exchange
Information for Charter Schools

- EDDIE is the authoritative source for school information / data such as:
- School Name, Address, and Mailing Address
- Board Chair, Vice Chair, and Email
- Director / Principal Name and Email
- Accountability / Testing Contacts
- Grade Levels (new schools may need to update yearly as grades are added)
- Website Address
- School Type (Regular, Exceptional Children, Career Technical, Alternative Education)
- Calendar Type (Traditional, Year-Round, etc.)
EDDIE

• EDDIE is used year-round by the public, state legislators, local governments, the federal government, universities, researchers, realtors, journalists, and multiple systems at DPI; Accountability, PowerSchool, NC School Report Cards, etc. and is used to meet federal reporting requirements.

• Charter Schools are responsible for ensuring complete, accurate and current information / data is entered in EDDIE. This is required as part of the Uniform Education Reporting System per 115C-238.29F(f)(2). Failure to comply can result in being placed on Financial Non Compliance.

• Every charter school should have at least one person subscribed to EDDIE at all times. These subscribed users are responsible for keeping your data current.
EDDIE

• To update your school’s data, you must subscribe to EDDIE using your NCID.
• If you don't have an NCID, contact the DPI Support Center at 919-716-1840 for assistance. (Don’t mention EDDIE, just NCID)
• If one of your EDDIE subscribed users leaves, or is no longer responsible for editing your school’s data, please send an email to eddie@dpi.nc.gov to request that their EDDIE account be disabled. Have another staff member subscribe to EDDIE.
• View EDDIE data at http://apps.schools.nc.gov/eddie. Anyone can view EDDIE data, create mailing labels, and run reports without subscribing / logging in.
• For more information about EDDIE, including subscription steps and help documents, visit www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/demographics-and-finances/eddie.
• If you have questions concerning EDDIE, please send an email to eddie@dpi.nc.gov.
Understanding your Budget – an overview
Key Elements for Funding

• Students – ADM (Average Daily Membership) and the CSADM System

• Funding – Allocation of the Per-Pupil funding accumulated from all the various State funding categories provided for Public Schools.

• Grant Funding is separate and must be applied for which includes the Federal funding as well as specialized state grants such as school safety.
Education Budget “Drivers”

• Average Daily Membership (ADM) – STUDENTS
  • State funding is based on student numbers
    Make sure your projections are accurate for your district –
    don’t just assume the state projection will hold
    Understand the projections for Charter Schools in your area
    (may need to make phone calls).

• Salaries & Benefits = 85% of the Budget
  • Need to have reasonable projections on what state
    legislative salary and benefit increase impacts will
    be on the local and federal budgets
    • Remember you’ll lose purchasing power in your federal
      grants as well as local funds for any increase.
Salaries for your Staff

• 85% of your budget typically goes towards personnel

• *Does the Board have its’ “Positions” and salary schedules set-up to allow for fair placement and fair compensation based on those “Position” duties.*

• *Board has to refrain from looking at the staff by name/face. Very hard in a smaller setting since your school community is bonded and tight.*

• *Important that staff are adhering to the Board’s approved salary schedules and not taking it upon themselves to NEGOTIATE.*

• *If staff know they are being treated fairly then that’s half the battle.*
Do You Participate in State Benefit Programs?

These apply if you are participating in either the State Retirement System (TSERS) or the State Health Plan (SHP)

- Retirement Rate FY22-23: 24.5%

- Hospitalization FY22-23 Per Person: $7,397
  - State Treasurer/State Health Plan to provide additional information by end of July
Other Salary related Items

• The IPSs (Independent Public Schools) all receive their pro-rata share of the various bonus programs provided by the general assembly unless specifically excluded in the legislation.
  • The pro-rate share is allocated in your main state funding PRC (036, 038, etc.)

• Special exception is that the Teacher Supplement program in PRC 71 is only applied to the IPSs who are in a county that qualifies for the funding.
Continuation Budget

• Budget Planning should start with a continuation budget – what will it take to **remain “as is”** next year.

• Items in a Continuation Budget
  • Student changes = same $ per pupil as funded this year.
  • Utility rate projection impacts
  • Operational costs for any new square footage coming on-line or going off-line (cost per square foot)
  • Inflationary cost impacts on Non-Salary purchases
  • Salary and Benefit impacts on Current Staff

• This will provide the BASIS of what is needed at a minimum for operations to “continue” the same as the current year.
Expansion Budget

• This is the area where the Board/School would have their “wish list”.
• Make sure items are provided with realistic costs.
• Is the item a 1-time expense or recurring budget item?
• What is the staffing impact (increase in staff, how many, cost, etc.)?
• How will program be sustained if successful?
• How will the Board know if the program is successful?
• Finance and Instructional Staff should be on same page and be able to explain any expansion items fully together.
The Funding

We’ll discuss briefly some of the processing related to School Business and how Charter Schools are Funded, Reporting, Cash, etc.

We plan to provide detailed training to your key staff and directors in early spring in depth, please make sure they attend.
This is the system in which the charter schools provide the projection on the number of students and from which LEAs the students are coming from.


- Projections (January) used for budgeting and initial allotment.
- Inaccuracy of this data impacts the LEAs allocations.

- Contact: Student Accounting
- studentaccounting@dpi.nc.gov
- [https://schools.nc.gov/csadm](https://schools.nc.gov/csadm)
Charter School Average Daily Attendance Projection System or **CSADM**

- BASE of Students for Funding
- Online system for Charters, Regional and UNC Lab Schools
- Comprised of three phases
- Improves the accuracy of key components in the budgeting process
DEFINITIONS OF TERMS

**Average Daily Membership (ADM)** - The sum of the number of days in membership for all students in individual Local Education Agencies (LEAs), divided by the number of school days in the term.

**Allotted ADM** - The higher of the first two months total projected ADM for the current year or the higher of the first two months total prior year ADM.

**Dollars per ADM** - LEA's Initial Allotments divided by the allotted ADM for that LEA. Charter schools receive an amount equal to the state funded dollars per ADM for the LEA in which the school is located or (for new charters) in which the student was previously enrolled. For a tutorial on this calculation please visit our website on “Dissecting Charter School Funding”

**Initial Allotments** - The allocation of state and federal funds to LEAs occurring after adjournment of the General Assembly.
Electronic submissions are to be received from Executive Directors, Board Chairs or Head Administrators identified in the CSADM Submission Directory. The CSADM Submission Directory is maintained by School Business. Questions and modifications should be emailed to Student Accounting at studentaccounting@dpi.nc.gov.

<table>
<thead>
<tr>
<th>LEA</th>
<th>Charter Name</th>
<th>Primary Contact First Name</th>
<th>Primary Contact Last Name</th>
<th>Primary Contact Email</th>
<th>Primary Business Phone Number</th>
<th>Secondary Contact First Name</th>
<th>Secondary Contact Last Name</th>
<th>Secondary Contact Email</th>
<th>Secondary Business Phone Number</th>
<th>Secondary Business Cell Number</th>
</tr>
</thead>
</table>

- LEA
- Charter Name
- Primary Contact First Name
- Primary Contact Last name
- Primary Contact Email
- Primary Business Phone Number
- Secondary Contact First Name
- Secondary Contact Last Name
- Secondary Contact Email
- Secondary Business Phone Number
- Secondary Business Cell Number
## Three Phases of CSADM

<table>
<thead>
<tr>
<th>Phase 0</th>
<th>Phase I</th>
<th>Phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>January</td>
<td>Final Verification - Initial ADM required of all:</td>
</tr>
<tr>
<td>Material Increase in ADM or Grade Expansion</td>
<td>ADM Projection – Initial Submission</td>
<td>• Current Charters with 2022-2023 school attendance</td>
</tr>
<tr>
<td>• Required submission by all Charters, UNC Lab and Regional schools with current school year attendance</td>
<td>• Required submission by all Charters, UNC Lab and Regional schools with current school year attendance</td>
<td>• Charter schools approved by the State Board of Education to open July 1, 2022</td>
</tr>
</tbody>
</table>

- University of North Carolina (UNC) Lab schools approved by General Assembly to open July 1, 2022.
Student Accounting

- Students DRIVE Funding
- Principals Monthly Report (PMR)
  - Monthly
  - Submitted via PowerSchool
  - Source of Average Daily Membership (ADM)
  - Student Accounting Reports

- School Attendance and Student Accounting Manual:
  
Student Accounting

• School Activity Report (SAR)
  • Who, What, When and Where of the School
  • Accuracy of Data
  • Uses of Data

• School Activity Reporting is managed in the Student Information System (SIS)

• The SIS is currently thru the “PowerSchool” platform

• There is interest in Student FTE by Course so make sure your data is accurate
Student Data Audits/Reports

• Expect heightened interest in Student data and information from multiple sources
• PMR and student data use for funding
• Truancy and compliance, also how that is impacting or influencing the PMR (funding) data
• Course level data and how that is reflected related to Student FTE

• Office of State Auditor, and Office of Inspector General as both aggressively looking at all of this data and how it may influence funding
PMR Report Attestation

Any superintendent, principal, teacher, or other school employee of the public schools, who knowingly and willfully makes or procures another to make any false reports or records respecting daily attendance of students in the public schools shall be guilty of a class 1 misdemeanor, and the certificate of such person to teach in the public schools of North Carolina will be revoked by the State Superintendent of Public Instruction. (G.S. 115C-276(p), 115C-288(b), and 115C-307(g)).

PMR Certification Statement
North Carolina General Statute Sections 115C-276 (p); 115C-288 (b) and 115C-317 together provide that, any superintendent, principal, teacher, or other school employee of the public schools, who knowingly and willfully makes or procures another to make any false reports or records, requisitions, or payrolls, respecting daily attendance of students in the public schools or other required reports shall be guilty of a class 1 misdemeanor, and the certificate of such person to teach in the public schools of North Carolina will be revoked by the Superintendent of Public Instruction.

As principal or the principal’s designee of school [SCHOOL NUMBER], I certify that the student accounting information reported in this Principal's Monthly Report (PMR) is true, accurate, and complete and that I have complied with all student accounting requirements according to the School Attendance and Student Accounting (SASA) manual, including but not limited to compulsory attendance and discipline data and that I further understand that the intentional submission of incorrect or false data could lead to certificate revocation and/or criminal prosecution.

The approval and submission of this PMR in PowerSchool serves as my acknowledgement and certification for the data contained in this report.
Allotment (Funding) Overview
State Base Funding Timing

Aug  Initial Allotment (estimate)
    34% of State per student amount * projected ADM (provided by the school)
    (in the event of no State budget a float will be calculated)

End of Nov
    Recalculate and provide
    68% of State per student amount * Actual month 1 ADM

Before the end of February
    Remaining 32% provided

After 3 years of reviewed financial statements and good financial standing, the school may receive access to 100% of the allotments in 2\textsuperscript{nd} installment.
State Base Allocation

• New Charter Schools are funded based on the base allocation per ADM of the LEA where the student previously attended.

• Kindergarten Students – base allocation per ADM of the LEA where the student would have attended.

• Other – Private Schools, Home Schools, etc.- base allocation per ADM where the new charter is located.

• Year 2 – Base allocations per ADM of the LEA where the Charter School is located.
NEW Charter Schools
or those moving facilities

• If you are a new Charter School or moving to a complete new facility, we need an official Certificate of Occupancy (CO) before we can Allocate any Funding.

• This is out of our control and there is a 10-14 day lag after we receive the CO and when we have permission to allocate the funding and you would be able to access the cash.
How is the State Base Allocation Calculated?

Webinar on the FBS webpage – Dissecting Charter School Funding

### Example of Charter School Base Allotment

#### Position & Months of Employment Categories:
- **Classroom Teachers**: 87,590,904
- **Instructional Support**: 9,374,298
- **School Building Administration**: 5,872,708
- **Career Technical Education - MOE**: 7,669,890
- **Total Position & Months of Employment**: 110,507,800

#### Other Categories:
- **Teacher Assistants**: $12,409,927
- **Central Office Administration**: 1,050,018
- **Non-Instructional Support**: 7,754,159
- **Classroom Materials & Supplies**: 1,114,649
- **Textbooks**: 472,953
- **At-Risk Supplemental Funding**: 5,631,689
- **Academically & Intellectually Gifted**: 1,636,117
- **Career Technical Education Support**: 415,092
- **Dissadvantaged Student Supplemental Funding**: 1,892,558
- **Low Wealth Supplemental Funding (if applicable)**: 12,191,813
- **Small County Supplemental Funding (if applicable)**: NA
- **Prior Year Transportation**: 8,459,252

**Total Dollar and Categorical Allotment**: $53,028,227

**Total State Funds (Initial Allotment)**: $163,536,027

**LEA Allotted ADM**: 33,175

**Dollars per ADM**: **$4,929.50**

- Plus: Un-allotted Dollars Per ADM: $102.85
  - (Longevity, Annual Leave, Short Term Disability, Worker’s Compensation & Unemployment)

**TOTAL Adjusted State Base**: $5,032.35

---

Sample of Categories included in the Base Allotment – updated as needed based on legislation
Children With Disabilities

• Headcounts
  • December 1, 2019 – Federal Allocations
  • April 1, 2020 – State Allocations
• Eligible Students for Funding **must** be on one of these headcounts. i.e. Students previously homeschooled are not funded.
• Funds Follow Students 1\textsuperscript{st} 60 Days of School. Transfers requested through the Children with Disabilities Child count Transfer system.

Federal Allocations

• CCIP – ALL Federal Funds (Grants) require a budget and plan to be submitted in the CCIP System. The Dept of Federal Programs will provide training on that system and those requirements

After CCIP Approved
• Planning Allocations
  • Federal Planning Report issued in August
  • Planning Allocations are subject to change

• Initial Allocations
  • Calculations made when information available (September-October)
  • Allocations made in Allotment Revisions as Applications and Budgets are approved.
Allotment System

This system provides all the details of the State and federal funding provided to the charter school.

Request access (with your NCID) at:

All Finance personnel may have access to the Allotment System.
Sample from Allotment System

ADM based on projection and breakdown provided by the charter school

$ per ADM based the funding of the LEA
The charter school is provided access to 34% of the annual allotment based on the projection provided by the charter.
2nd Installment – Late November

- Annual allotment is recalculated based on Month 1 ADM
- 68% of the new annual allotment is provided as an authority to draw.

If the charter school provided an over projection AND has drawn down the funds, the overdraft will be netted against the 2nd installment.
Reminders: Critical Items When Building Your Budget

- **Average Daily Membership (STUDENTS)**
  - Be realistic
  - Know the *breakeven* number of students

- **State Base Allotment**
  - Varies by LEA ($5,522 to $12,089) from FY21-22
  - average $6,757

- **Local funds vary significantly work with the Local District Finance Officers to get estimates of funding**
  - *Timing of distribute varies depending on PMR dates and invoices*

- **Federal funds** are supplemental and are not intended to be base funding
Cash Management
Cash Flow

• Start up costs will require funding

• Local funds generally are not paid until invoiced with support of Power school reports

• Federal Funds are not available until October

• Therefore, 34% of the State allotment is likely the only cash from July until November
Cash Management – SET-UP

• Establish an ACH bank account with the State Treasurer’s Office. Allow 2 weeks
  • ACH Bank Account Authorization Form
  • Voided Check or Original Deposit Slip (Cannot accept temporary checks)

• Establish access to the Cash Management System (CMS) – Complete Security Forms
  • CICS Application Maintenance Form
  • RACF02 Site Security Officer Form
  • RACF03 RACF User ID Maintenance Form

• Complete Bill Action Code Form – ITS Access
Cash Management

- Know the cash calendar and funds requirement date (FRD)
- Do not order more cash than needed to cover the current expenditures

*It is against federal law to hold cash for more than 3 days. (GS147-86.11)*

Guidelines and forms:
Cash Request

Expenditures
- payroll/salaries
- utilities, rent

Accounts Payable = A request for Cash/Funds

Cash Management System
- State Funds and Federal Funds
  - Cash Calendar - Funds Requirement Date (FRD)
    - 3 days - State Funds
    - 7 days - Federal Funds

key request

deposit funds

Bank Account

North Carolina Department of PUBLIC INSTRUCTION
Zero Out Process

The Zero Out process is to balance state and federal certifications with state and federal expenditures reported to DPI for each month.

The zero out occurs monthly within the first two weeks of the following month.

\[
\text{Cash Certifications} = \text{Expenditures} \\
\text{* state funds} \\
\text{* federal funds} \\
\text{* rent} \\
\text{* payroll/salaries} \\
\text{* payroll taxes} \\
\text{* utilities, textbooks}
\]
Reporting & Data Quality
Financial and Student Reporting

GS 115C-218.30

- Schools shall comply with the Uniform Education Reporting System (UERS)
- Subject to Audits
- Monthly Financial
- Student Accounting
- Ad hoc data collection
- Why we have standards for Chart of Accounts and Reporting
Chart of Accounts
Uniform and Required

• Budget account code string
• Shows how the allotments were expended.
• This is the only financial communication between the Charters and DPI.
• DPI uses this data to communicate to the State Legislature, the State Budget Office, media and the Federal Government.

The budget code is defined by the NC Department of Public Instruction under UERS General Statutes. LEAs can define the last 5 digits only of the budget code. Most Board of Education’s Budget Resolution during the fiscal year is at the Fund-Purpose Code level of the Budget Code.

The PRC and Object codes tell you funding pot & type of expenditure.
Invalid Account Codes

• Invalid account codes will be reflected in the monthly Monitoring Letters.

• Invalid account codes will not post to DPI books and therefore, the amounts will lower the amounts your Charter will receive in the monthly zero out process.

• The Zero Out numbers are based upon DPI general ledger numbers.

• Please correct your invalid account codes timely (before the next monthly data file upload).
Monthly Financial Reports

Charter Schools report Monthly expenditures Through UERS data File records

Department of Public Instruction’s (DPI) general ledger system

Various Systems at DPI

DPI produces monthly Reports of Local, State And Federal expenditures And Cash Balances
Key Activities

• Review the due dates of the monthly data files. The next due date for July 2022 data files, is **August 2, 2022**.

• Upload the three data files each month. They are the Accounts Payable, Payroll and MFR files. DPI will need all three data files each month.

• Review each data files for their format layout, no negative checks or make sure data files are in the correct period.
YOUR DATA is Important

• We report out your data to MANY areas: USED, General Assembly, Interested Groups, etc.
• We need Accurate and COMPLETE General Ledger data
• We need expenditures coded accurately and in sufficient details for this reporting
  • Will cut down on what you may have to provide after the fact
• Enables you to compare to others easily due to the UERS requirements in NC
Financial Reports

Access these reports via WinSCP Software

• JHA 305 - Local Account Balance Reconciliation
• JHA 705 - Budget Balance Reconciliation
• JHA 714 - Cash Balance Report
• Monitor - Monthly Monitoring Report

Reconcile your data MONTHLY, don't wait until the end of the year.
Monthly Financial Reports

• By the 12th day of the following month, the latest monthly financial reports should be in WINSCP.

• Review the monthly JHA705EG and JHA714EG reports and compare them to your general ledger reports.
Take Aways

• Data reporting is NOT optional
  • Must be in our required format using the State Uniform Chart of Accounts
  • Must be ON TIME
  • Financial Datafile – UERS Transfer Schedule
  • PMR – PowerSchool
  • SAR – PowerSchool

• Board of Directors is responsible for data submitted
  • Decisions made based on submitted data
  • No access to funds until approximately 2 weeks after C/O is submitted
  • DPI Provides Cash Management Training (Required for all new schools)
Top 10 Financial Mistakes to Avoid

1. Late reporting
2. Absence of financial expertise on Board
3. Failure to adjust to lower than anticipated student membership
4. Absence of discipline around purchasing and contracts
5. Absence of understanding of grant requirements
6. “Trusting” one person to handle finances and operations
7. Allowing school administration unilateral control over funds
8. Entering into facility deals that obligate a large percentage of the operating funds
9. Failure to budget contingencies and build reserves
10. Lack of fiscal internal controls
KEY RESOURCES

Financial and Business Services web site (BOOKMARK)

Charter School Average Daily Membership Projection System (CSADM)

Charter school NCID administrators
https://it.nc.gov/ncid-administrators/detail/lea-admin/Charter_Schools_000

Financial and Business Services, Independent Public-School Operations –IPS
( charter schools, lab schools, regional schools, and the Innovative School District)
School Business Contacts

School Allotments Section Chief
Kristie Weber (984) 236-2467
Kristie.Weber@dpi.nc.gov

School Reporting Section Chief
Gwendolyn Tucker (984) 236-2458
Gwendolyn.Tucker@dpi.nc.gov

Financial Related Questions
Roxane Bernard (984) 236-2460
Roxane.Bernard@dpi.nc.gov

Student Accounting
LaShon Creech (984) 236-2461
LaShon.Creech@dpi.nc.gov
Resources

NC DPI: Federal Fiscal Oversight and Compliance

Grants Training and Management Resources, Online Grants Training Courses (ed.gov)

Contact Information:
Shirley.McFadden@dpi.nc.gov
Shirley McFadden, CPA, CIA, CGAP
Monitoring and Compliance Manager
Questions for Our Staff
Thank you for your attention

Future Training in Early Spring w/ Directors & Key Staff
Break

See you in 15 minutes
Lunch

12:15 PM – 1:15 PM
Charter Schools and Local Funding

Aaron Beaulieu, School Operations Specialists
Welcome to Local Charter Funding

Who Wants to be a Millionaire
<table>
<thead>
<tr>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>$1 Million</td>
</tr>
<tr>
<td>14</td>
<td>$500,000</td>
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<tr>
<td>13</td>
<td>$250,000</td>
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<tr>
<td>12</td>
<td>$125,000</td>
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<tr>
<td>11</td>
<td>$64,000</td>
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<tr>
<td>10</td>
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<td>5</td>
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<td>4</td>
<td>$500</td>
</tr>
<tr>
<td>3</td>
<td>$300</td>
</tr>
<tr>
<td>2</td>
<td>$200</td>
</tr>
<tr>
<td>1</td>
<td>$100</td>
</tr>
</tbody>
</table>
What is the largest local revenue shared with Charter Schools?

D: County Appropriation

A: PTA Funds
B: Picture Money
C: Federal Grants
D: County Appropriation
Each LEA and Charter School should designate what?

A: Point of contact

B: Least favorite person to work with

C: Favorite person to work with

D: None of the Above
15 ● $1 Million
14 ● $500,000
13 ● $250,000
12 ● $125,000
11 ● $64,000
10 ● $32,000
  9 ● $16,000
  8 ● $8,000
  7 ● $4,000
  6 ● $2,000
  5 ● $1,000
  4 ● $500
  3 ● $300
  2 ● $200
  1 ● $100
Durham Public Schools pays how many charter schools?

- A: 13
- B: 2
- C: 47
- D: None of the Above
What does PMR stand for:

A: Principal
B: Report
C: Monthly
D: Membership
What county has a local per pupil funding over $5,000 per student?

D: Orange
Congratulations!

You’ve Reached
the $1,000
Milestone!
Within how many days of receiving funding from the county does the public schools need to pay charters schools?

A: 30 days

B: 120 days

C: One Year

D: None of the Above
How often should LEA’s calculate payment?

A: Yearly
B: Weekly
C: Daily
D: Monthly

50:50

D: Monthly

15: $1 Million
14: $500,000
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11: $64,000
10: $32,000
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8: $8,000
7: $4,000
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  7 - $4,000
  6 - $2,000
  5 - $1,000
  4 - $500
  3 - $300
  2 - $200
  1 - $100
How much have we found that individual charter schools were underfunded?

D: All of the Above

A: $650,000

B: $170,000

C: $360,000

D: All of the Above
Which revenue is NOT calculated in local per pupil funding to Charters?

C: Athletics

A: County Appropr.
B: Fines & Forf.
C: Athletics
D: Appropriations from the county for regular operating expense.
What county in NC has the highest percentage of charter school enrollment?

A: Ashe
B: Wake
C: Chapel Hill-Carboro
D: Halifax
Congratulations!

You’ve Reached
the $32,000
Milestone!
15 • $1 Million
14 • $500,000
13 • $250,000
12 • $125,000
11 • $64,000
10 • $32,000
 9 • $16,000
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 7 • $4,000
 6 • $2,000
 5 • $1,000
 4 • $500
 3 • $300
 2 • $200
 1 • $100
What information in NOT required to be submitted from the Charter Schools to the Local LEA?

C: Grandmother’s Middle Name
Charter Schools are required to submit how many months of PMR to LEA?

A: 22
B: 1
C: 9
D: As many as they want
<table>
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<tr>
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</thead>
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<td>2</td>
<td>$200</td>
</tr>
<tr>
<td>1</td>
<td>$100</td>
</tr>
</tbody>
</table>
What is a great source for information regarding public schools and charter schools membership?

A: Local facebook
B: Town Clerk
C: DPI – Student Acct.
D: Local Hair Dresser

50:50

15: $1 Million
14: $500,000
13: $250,000
12: $125,000
11: $64,000
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8: $8,000
7: $4,000
6: $2,000
5: $1,000
4: $500
3: $300
2: $200
1: $100
What should charter schools do?

A: Establish a positive working relationship with District

B: Understand Calculation

C: Submit timely information

D: All of the above
15 • $1 Million
14 • $500,000
13 • $250,000
12 • $125,000
11 • $64,000
10 • $32,000
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 8 • $8,000
 7 • $4,000
 6 • $2,000
 5 • $1,000
 4 • $500
 3 • $300
 2 • $200
 1 • $100
The number one reason I believe that charter schools and public schools stay at odds?

D: Poor Communication/Bad Information
YOU WIN $1 MILLION DOLLARS!
Charter School Funding
Local School Perspective-
Putting the Pieces Together
October 26, 2022

Aaron Beaulieu
School Operations Specialists
Purpose:

• Establish positive working relationship
• Overview – Old and New Legislation
• Requirements
• Understanding of calculations
• Payments/Payment method
• Required documentation
• Expectations
Importance of getting numbers correct!!!

- Public Schools membership
- Charter Schools membership
- County Appropriation
- Fines and Forfeitures
County Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL ADM</th>
<th>DPS ADM</th>
<th>Charter ADM</th>
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<tbody>
<tr>
<td>2008-2009</td>
<td>35,441</td>
<td>31,050</td>
<td>2,950</td>
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<tr>
<td>2009-2010</td>
<td>34,977</td>
<td>31,250</td>
<td>3,000</td>
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<tr>
<td>2010-2011</td>
<td>35,091</td>
<td>32,000</td>
<td>3,091</td>
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<tr>
<td>2012-2013</td>
<td>36,581</td>
<td>33,072</td>
<td>3,509</td>
</tr>
<tr>
<td>2013-2014</td>
<td>38,080</td>
<td>33,296</td>
<td>4,784</td>
</tr>
<tr>
<td>2014-2015</td>
<td>38,987</td>
<td>33,750</td>
<td>5,237</td>
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<tr>
<td>2015-2016</td>
<td>39,448</td>
<td>33,501</td>
<td>5,947</td>
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<tr>
<td>2016-2017</td>
<td>39,691</td>
<td>33,275</td>
<td>6,416</td>
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<tr>
<td>2017-2018</td>
<td>39,687</td>
<td>33,181</td>
<td>6,506</td>
</tr>
<tr>
<td>2018-2019</td>
<td>39,756</td>
<td>32,950</td>
<td>6,806</td>
</tr>
</tbody>
</table>
A local school board may “calculate the amounts due for both itself and the Charter Schools based on beginning of the year projections of the student population, on enrollments, or some other method so long as that method is consistent” for both the LEA and the charter schools.
New Legislation:

- Legislation Session Law 2021-79 Section 1 (c2) rewrites GS115C-218.105 (c2)
  The Superintendent of Public Instruction shall, in consultation with charter
  schools and local school administrative units, create a standardized
  enrollment verification and transfer request document that each charter
  school shall use to request the per pupil share of the local current expense
  fund from the local school administrative units. Charter schools shall only be
  required to list the name, age, grade, address, date of charter enrollment,
  date of charter withdrawal, district of residence, and student identification
  number of each student as provided to the charter school by the student’s
  parent or guardian in the enrollment verification and transfer request
  document that the charter school submits to the local school administrative
  units. A charter school, in its discretion, may take further steps to confirm the
  student’s residence in a particular local school administrative unit.
Procedures:

- Powerschool (PS) is the authoritative source for student information, and charter schools shall use PS to request local payment transfer from LEAs. The charter schools shall submit the following fields for each student it is requesting local payment: “the Report”
  - Student id
  - Last Name
  - First Name
  - Grade
  - Street/apt#
  - City Zip
  - LEA of residence
  - Date of Enrollment
  - Date of Withdrawal
New Legislation:

- Legislation Session Law 2021-79 Section 1 (c3) (c3) The Superintendent of Public Instruction shall, in consultation with charter schools and local school administrative units, create a standardized procedure that local school administrative units shall use when transferring the per pupil share of the local current expense fund to charter schools. The standardized procedure for transfer of the per pupil share of the local current expense fund shall require, to the extent practicable, that the local school administrative units make the transfers by electronic transfer.
Procedures:

- **Point of Contact:** Each LEA and charter school shall designate a point of contact for charter school transfers.

- **Transfer Schedule:** Each charter school shall submit to the LEA point of contact the PMR interval for each of the 9 months.

- **Data source:** All charter schools shall provide the local education agency (LEA) with The Report as outlined in Section 1(c2), listing only the students residing in that LEA.

- **Frequency:** The charter school shall submit the Report within 10 days of the monthly PMR submission to DPI. Payment shall only be made based on the data in this Report.

- **Method:** The charter school shall submit The Report to the LEA point of contact via a secure electronic method. It is the responsibility of the charter school to ensure they protect the data.

- **Student Days:** The LEAs shall transfer payment for each student based on the number of days in membership/number of days in the instructional month rounded to 0.5, 1.
$ Per pupil: The LEA shall calculate the per pupil share of the local current expense and provide the information required per GS115C-218.105(d), on a monthly basis.

Payment Calc. The LEA shall calculate the amount due to the charter school based on the “Student Days” and the $ per pupil.

Method of payment: LEAs shall submit payment electronically. Charter schools that currently do not receive their funds electronically, including new charter schools, shall submit the required bank information to the LEA(s) no later than August 15th. Any fees that may be charged from financial institutions may be deducted from the payment.

Payment Shall be made in accordance with GS115C-218.105(c) The LEA shall transfer to the charter school within 30 days of the later of:

(i) the receipt of monies into the local current expense fund. or

(ii) the receipt of The Report from the charter school.
Supplemental Information:

Supplemental information: Per GS115C-218.105 (d) The LEA shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in “Payment” above. This information shall be sent via email to the charter school point of contact: (1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c). (2) The student membership numbers used to calculate the per pupil share of the local current expense fund. (3) How the per pupil share of the local current expense fund was calculated. (4) Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.
Adjustments:

- Adjustments: GS 115C-218.105(c) If the local school administrative unit receives additional monies into the local current expense fund following the initial transfer to the charter school, the local school administrative unit shall transfer the per pupil share of those additional monies to the charter school within 30 days of receipt of those monies. In the event that a correction needs to be made, the LEA may make a correction to the Report and send a notification to the charter school contact with a description of the correction. These procedures are subject to change based on evaluation.
Payment/Information/Data Schedule:
Expectations:

- All parties work together and understand how each other is affected by our numbers
- Provide data in correct format and complete
- Data has to be on time and accurate
- Changes need to be communicated
- Understanding of process is crucial
Questions
Expert on the Ground

Joe Maimone – Charter One, Finance Officer
Joan Roman – Charter One, Director of Compliance
‘On the Ground Experts’

Marketing, Public Relations, Branding,
Adapting to Meet Budget

Joe Maimone—Charter One, Finance Officer
Joan Roman—Charter One, Director of Compliance
Joe Maimone

- Founded Thomas Jefferson Classical Academy in 1999, Headmaster for 20 years
- Served on CSAB from 2011-2021
- Chief of Staff at DPI from 2018-2021
- Currently Finance Officer at Charter One
Joan Roman

- **Joan Roman**
  - Opened 3 charter schools in North Carolina
    - Langtree Charter
    - Union Prep at Indian Trail,
    - Bonnie Cone Classical Academy
  - Currently Director of Compliance at Charter One
Know your Why
Case studies

Bonnie Cone Classical Academy –

- Opened with 238 students in first year
- 747 students in second year
- 844 students in third year with over 600 students on wait list
- Secured financing for over $12M for facilities
- Bonded out in July 2021;
- Finished the 21-22 year with 923 enrolled for 22-23 with a waitlist of 900
- And a bank balance of 1.5 million.
Bonnie Cone Leadership Academy

- Will open in fall of 2023;
- Currently over 4000 students on the interest list
- Will open K-10 with 1500 students in 1st year
- New facility over 125,000 square foot campus with two buildings;
- Secured financing for between $25M - $40M
Will open in fall of 2023;
Currently over 1100 students on the interest list
Will open K-6 with 450 students in 1st year
Existing facility
Expansion plans to house K-8, 1100 students in year
Key marketing priorities

• What makes you different?
• Facility
• School leader
• RTO year – governance vs. all heads/hands on deck
• Be careful what you promise
• Marketing budget
• Open enrollment dates (be ahead of the curve)
• Key strategies – interest forms vs. enrollment
• COVID 19
• Define Target audience – intentionally recruiting ‘educationally disadvantaged’ or ‘economically disadvantaged’ students
What works?

- Social media – Facebook, Instagram, Twitter
- Direct mail
- Newcomer’s guides
- Tours and Virtual Tours
- Special events
- Face to Face meetings
- Preschool visits
- Follow-up, Follow-up, Follow-up
- Hire registrar/outreach coordinator early
  - Have a strategy: marketing to tour/interest session to enrollmet.
Budget

• How much money is it going to take to get doors open – no money before the Certificate of Occupancy for Educational Use

• Number of students per class?

• **Over enroll by 10-15%** - it is better to have too many students than not enough; you will still get local money

• Put time into a *realistic breakeven budget*

• TRY NOT TO spend more than 15-20% of budget on facilities

• Cash management system and local billing

• Budgeting for transportation- cost/benefit analysis:
Budget:

- Budgeting for transportation - cost/benefit analysis:

  COST: $47,000
  - purchase one second hand bus: $20,000
  - fuel per year: $20,000 (185 days x 20 miles x $5)
  - insurance: $2,000
  - maintenance: $5,000

  BENEFIT: $400,000
  - revenue for 40 students@$10,000

How many students will not be able to attend without bussing?
Contingencies

- Have a back-up plan, especially facilities!
- Know what limitations your contingencies present (e.g. BCCA)
- Look for alternate sources
- Be strategic in your early hires
Other tips

• Board members and School Director must be the face of the school
• Divide and conquer according to your strengths
• Don’t keep score
• The board holds the charter - it is not one person’s school
• Be willing to let go when doors open – *Governance vs. Operations*
• Define yourself - be Chik-Fil-A, not Burger King
• Ask for help – Office of Charter Schools, North Carolina Association of Public Charter Schools, and North Carolina Coalition of Charter Schools
• COVID 19 – be prepared to offer an online option if necessary
TEAM TIME

Finance Policies
Outcomes

Participants will:

• Review recommendations for RTO1 Finance Policies.
• Work in teams to develop an **outline or preliminary draft** of the required Finance Policies.
Develop a financial policy handbook that includes (at a minimum) the following items:

- 1. Budget Approval
- 2. Third-Party Contracts
- 3. Access to Funding/Petty Cash
- 4. Audit
- 5. Purchasing
- 6. Federal Funds/Grants
Budget Policy Recommendations

- Budget for the school is **set annually**
- BOD defines broad goals and decides on annual objectives
- BOD review **actual v. budget performance at least quarterly**
- Budget **variances are explained** as well as any **corrective action taken**
- Finance committee is in charge of changes or revisions during the year
- Preparation and approval of the budget **prior to the beginning of the new fiscal year**
- BOD **approves the budget at the June meeting**
- **School leader communicates needed revisions to the finance committee who will then determine if they changes are material enough to warrant BOD approval.**
- Accounting vendor will prepare and submit monthly variance reports to the finance committee and BOD and explanations will accompany the analysis.
Third Party Contracting Policy
Recommendations

• Clearly state the BOD’s policy with respect to third-party vendors: Who may enter into a contract, how the contract will be monitored, how the contract will be evaluated?

• All contracts and leases, **SHALL** include the no indebtedness clause: “No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the state or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.”

• Funds allocated by the SBE may be used to enter into **operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools**, and may be used for payments on loans made to charter schools for facilities, equipment, or operations. State funds **shall not be used to obtain any other interest in real property or mobile classroom units**. The school may also own land and buildings it obtains through non-State sources.

• All contracts with financial value greater than 5k require BOD approval.
Recommended for Access to Funding

Petty Cash Fund

• Will you maintain a petty cash fund in a certain amount? Should it not exceed a certain amount?
• Whose responsibility to make sure that it is under lock and key; who is the custodian of the fund?
• Petty cash available only for approved expenditures and those under a certain amount
• Original receipt to accompany every disbursement
• Person receiving and person disbursing must sign a petty cash voucher in ink
• How will funds be replenished each month
• Who reviews expenses for reasonability?
• Cashing check for employees from petty cash fund is prohibited
• A single disbursement should never exceed an amount certain
• Operated on an impress basis
• Kept locked in the finance office
• Annual discrepancies
Audit Policy Recommendations

• BOD, School Director, and Accounting vendor (if you outsource) are responsible for preparation of all financial audits, audit procedures, and audit requirements adopted by the SBE for charter schools.

• All financial audit and preparation should be done in full compliance with the UERS and SBE policy.

• All documented audit deficiencies should be reported in writing to the SBE with a timeline to cure financial weaknesses.

• All audit report findings should be included in the monthly BOD meeting minutes.

• Make sure that required annual independent auditing firm is named, and who/which firm will conduct the audits.
Purchasing Policy Recommendations

- **Purchasing policy**: responsibility of the BOD, will there be a debit card, credit card, or petty cash?
- Make sure you cover cash disbursement procedures as well as credit card purchases: Will you have a credit card, who will maintain it, will any credit cards be issued in the name of BOD or employees? How will you deal with points which accrue due to use of the cc. In every case, the individual using the credit card to charge will be held personally responsible in the event a charge is deemed unauthorized or personal.
Federal Funding and Grant Management Recommendations

- Accept and process unrestricted gifts and gifts for specific programs and purposes according to the school’s gift acceptance guidelines.
- Grant management means monitoring a grant to ensure that the criteria set by contract or grant agreement is being met, and that the activities are in compliance with the requirements of the agreement.
- Who is responsible for the grant requirements, including: guidelines of work to be done, timetable for completion of the project, how the funds are to be spent, and report filing requirement and their due dates.
- What to do in the event an extension needs to be requested and filed?
- No expenses are permitted to be incurred subsequent to the lapse date of the K until extension approval is received in writing
- Who is in charge of report filing requirements?
- How will financial reports be derived, from the monthly financial statements.
Federal Grants policy

• Program managers of grants provide by federal funds shall be responsible for assuring compliance with the requirements of each of the regulations enumerated in OMB, as well as language in the grant agreement.
Resources

- **SBE Policy CHTR-006: Charter Schools Financial and Governance Noncompliance**
- **Guidance (Non-Profit Guidelines and examples)**
- **Sample finance policies**
- **Fiscal Management Policy**
- **Charter School Finance Guidebook***
  - Last updated in 2017, some items may be outdated
Team Time

Work in teams to develop an outline or preliminary draft of the required Finance Policies.
A score of Advanced consists of evidences that reflect a thorough understanding of effective school instructional, governance, operational, and financial planning to produce a viable and quality public charter school. The evidences address each area with specific and detailed information that demonstrates the board’s and school leadership’s diligence and preparation.

- All required evidences are completed and submitted on time.
- School policy manuals and handbooks are formally adopted and align with ALL sections of the SBE approved charter application.
- The school will be ready to open two weeks prior to the opening day of their projected calendar.

A score of Intermediate consists of evidences of each criteria being addressed; however, the evidences lack meaningful detail and still require important additional information prior to the public charter school’s opening.

- Most required evidences are completed and submitted on time.
- School policy manuals are close to completion and align with ALL sections of the SBE approved charter application.
- The school is projected to meet the opening day of their projected calendar.

A score of Insufficient consists of the evidences lacking meaningful detail; demonstrates lack of preparation; unanticipated obstacles, or otherwise raises substantial concerns about the applicant’s understanding of the school governance, operational, and financial planning.
## November Preview

- **Notification on November 2 in Epicenter, portal opens**
- **December 2nd RTO1 due in Epicenter**
- **Epicenter technical assistance to joseph.Maimone@dpi.nc.gov**
- **Planning Year III: Operations & Accountability | Virtual**
Planning Year
Session 2
Feedback