

Financial Compliance: General Session

State Charter Schools
Commission of Georgia



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Fiscal and
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Overview

- Fulfilling Financial Requirements:
 - Fiscal Reporting Requirements
 - SCSC Comprehensive Performance Framework: Financial Performance

Overview

- As a governing board member, you are not responsible for intimate knowledge of every requirement of operating a charter school as an LEA. However, the governing board as a whole must have an adequate knowledge base to hold its school leader and partners accountable.
- The SCSC ultimately holds a school's governing board accountable for the school's compliance with legal and regulatory compliance. Failure of a governing board to ensure the school operates in a legally compliant manner will result in the nonrenewal or termination of the school's charter.

Fiscal Reporting Requirements

- Funding Related Reporting
- Audit Report
- DE046
- Salary and Travel
- IRS Form 990

QBE

- The Quality Basic Education Act was enacted into law by the 1985 session of the Georgia General Assembly.
- The Act sets out the provisions for educational funding for grades Kindergarten through twelve.
- Pre-K is not funded through QBE.

QBE (CONT'D)

- QBE is divided up into two parts
 - Amounts based on the number and types of students (Grade specific, Special Education, ...)
 - Training and Experience (T&E) of Staff

QBE (CONT'D)

- Georgia utilizes a state funding formula that is based on the full-time equivalent (FTE) student counts in nineteen instructional programs.
- Cost components are identified for each program.
- Programs are weighted to reflect estimated costs associated with each program.
- https://app3.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000

STATE CHARTER SCHOOL SUPPLEMENT

- No local tax money flows to state charter schools. The additional state dollars included in the state charter funding formula are intended to partially offset the loss of local dollars when a charter application is denied by a local school board.
- State charter schools, like all public schools, receive any reductions made to the K-12 funding formula.
 - Austerity
 - FY16- 5.88%
 - Local Five Mill Share
 - Since FY 2013 the legislature has proposed budgets that deducts the equivalent of a LFMS deduction from State Charter Schools' funding.
 - The LFMS deduction is taken only from the state charter supplement that is allocated to offset the lack of local dollars. The deduction amount is calculated from the average LFMS per FTE of the lowest five systems ranked by assessed valuation (tax digest) per weighted FTE count.

STATE CHARTER SCHOOL SUPPLEMENT

- All funding for state charter schools comes from the state, and the allocation for each student in a state charter school is determined by adding these four components:
 - 1.QBE formula earnings based on the school's enrollment, school profile, and student characteristics,
 - 2.a proportional share of the earned state categorical grants (transportation and school nutrition),
 - 3.the average amount of the total revenues less federal revenues other than equalization grants per student for the five school districts with the lowest tax digests(Atkinson, Brantley, Chattahoochee, Pelham City, Trion City); (local five mill share will be deducted for state charter schools), and
 - 4.the state-wide average total capital revenue per student (determined by a formula that looks at the total collection from E-SPLOST statewide plus the total state allocation for capital outlay to local school districts divided by the total number of students statewide).

STATE CHARTER SCHOOL SUPPLEMENT

- <https://www.dropbox.com/s/zmr6megz3vq1r74/FY16%20State%20Charter%20Supplement%20FY16.pdf?dl=0>

FTE COUNT

- Student Counts are submitted by each school district twice a year
 - October
 - March
- Based on the collected FTE counts, a formula is used to calculate the amount of funding FTEs (3 Count)
- The FTE count records the actual classes the students are attending for six segments of the school day
- FTEs are then multiplied by the QBE funding amount for each QBE program
- This will yield the amount of QBE funds earned for students
- Training and Experience is calculated separately and added to the student portion

AUDIT REPORT

- All charter schools are required by O.C.G.A. § 20-2-2065 (b)(7) to complete an annual financial audit conducted by the state auditor or by an independent certified public accountant licensed in Georgia.
- Your charter contract requires this submission and will set a deadline of October 1st of each year following an active year.

DE046

- All school districts are required by O.C.G.A. § 20-2-68 to provide GaDOE a statement of financial operations no later than September 30 of each year. The DE046 is the mechanism by which GaDOE collects the required statement of financial operations. Further, the charter contract for SCSC schools incorporates the provisions of the Financial Management for Georgia Local Units of Administration Manual, which also requires the school to submit the DE046 in the form and by the deadlines established by GaDOE.
 - <http://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Pages/LUAS-Manual.aspx>
- Manual process.

IRS FORM 990

- Forms 990 and 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.
- Some members of the public rely on Form 990 or Form 990-EZ as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases can be determined by information presented on its return.
- File Form 990 by the 15th day of the 5th month after the organization's accounting period ends (**November 15th for a charter school**). If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

Financial Performance

- Fundamental Question/Meeting Goals
- Near-Term Measures
- Sustainability Measures
- Determination of Compliance

What Does Performance Framework Assess?

- The three areas of performance covered by the frameworks—academic achievement, financial viability, and organizational effectiveness—correspond directly with the three components of a strong charter school program.
- In each of these three areas, the frameworks ask a fundamental question.
 - Academic Performance: Is the educational program a success?
 - **Financial Performance: Is the school financially viable?**
 - Organizational Performance: Is the organization effective and well run?
- The answers to each of these three questions are essential to a comprehensive evaluation of charter school performance.

Fundamental Question/Meeting Goals

- https://scsc.georgia.gov/sites/scsc.georgia.gov/files/related_files/site_page/SCSC_Comprehensive_Performance_Framework_Overview_Approved.pdf

Financial Performance

- https://scsc.georgia.gov/sites/scsc.georgia.gov/files/related_files/site_page/SCSC_Comprehensive_Performance_Framework_Indicators_and_Weights_Approved.pdf

Questions

