San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

November 3, 2022 Bulletin No. 23-016

TO: Chief Business Officials and Directors of Fiscal Services
Charter School Sponsoring School Districts & Charters

Subject: **CHARTER SCHOOLS**
2022-23 FIRST INTERIM FINANCIAL REPORT
Due to Sponsoring District on or before December 15th

Education Code Sections 42100 and 47604.33 require charter schools to provide budget, interims, annual financial statements, and audit reports to their sponsoring district and the County Superintendent of Schools Office. Statute requires **charter school's First Interim Financial Report be submitted on or before December 15th.** District review of charter First Interim Reports are requested by Business Advisory Services on or before December 22, 2022. Districts may modify the date charter reports are due to them to allow sufficient time for their review by the deadline. Charters are encouraged to coordinate with their sponsoring district to ensure accurate and timely reporting submission.

Required reporting templates are available on the SBCSS Charter School Financial Information webpage at: http://www.sbcss.k12.ca.us/index.php/business-services/business-advisory-services/charter-schools-financial. The Excel workbook consists of worksheets for 2022-23 Budget, First Interim, and Second Interim Financial Reports.

A PowerPoint presentation on charter school reporting can be found on the webpage noted above. Charters are encouraged to download the presentation for guidance and reference.

At a minimum, charters must submit the following First Interim information to the sponsoring district. Districts may require additional reports and/or supporting documentation:

Electronic copies - Required

- Charter 2022-23 Budget and Interim Reporting workbook (all Budget tabs completed)
  - Budget - Check List
  - Budget - Certification
  - Budget - ADA
  - Budget - Assumptions
  - Budget - Unrestricted MYP
  - Budget - Restricted MYP
  - Budget - Summary MYP
  - Budget - Debt (sheet has a field to report if No Debt)
  - Budget - Cash Flow Year 1
  - Budget - Cash Flow Year 2 (if required by the authorizer)
- LCFF calculator (using the most recent FCMAT release)

Hard copies or Scanned

- Budget Certification ***Signed***

The worksheets have been designed to populate other worksheets of the workbook wherever possible. Some of the features are:

- Completing charter name and number on certification page will populate all other schedules.
- Budget worksheet information will populate Adopted Budget columns of Interim worksheets.
- Data entry cells are highlighted in a blue/green color (depending on your monitor).
- Cells with formulas are locked.

There have been some significant revisions to the reporting template. As a review, some noteworthy changes included:

Assumptions

- Unduplicated pupil % had been the current year % and was a calculated field. Now, it is the rolling % and must be entered.
- Fields were added to input Certificated Management FTE, Other Certificated FTE, Classified Non-Management FTE, Classified Management FTE. At the request of some users, we added Other Pay, Stipends, Extra pay, and a box to explain how you arrived at or what you included in your assumptions.
- Previously, there was a row to enter Average Cost per FTE (salaries and benefits). Now, it is asking for Average Salary (not including benefits) for each type of FTE.

Restricted MYP

- If there is a restricted ending fund balance, there is a section to list the specific program(s) that have an ending fund balance and the amount(s).
- At the bottom of the worksheet, there is a section requesting details about the charter's special education program.

Summary MYP

- At the bottom of the worksheet, you will find a section on Fund Balance Reserve Standards. If you are not meeting standards for fund balance reserves, you are asked to identify the charter's fiscal recovery plan.
- You will also find a section on Deficit Spending Standards. If the charter is deficit spending, you will be expected to explain what caused the deficit spending and if it is one-time or on-going.

Data

- There is a new Data worksheet. This worksheet is 100% formula driven and will be used by authorizers to load data into the Review worksheet.

Any other changes should be easily identified and self-explanatory. **Be careful to complete all applicable worksheets/fields.** The Charter Financial Reporting Template feeds the Authorizer Review Template and **incomplete reports may be an indicator of financial risk**.

As you complete these worksheets, please be conscious of the unrestricted or restricted regulations associated with the revenue the charter has received. Refer to the California School Accounting Manual (CSAM) for in-depth explanations of various codes and accounting treatments.

The first column of the report refers to the charter's adopted budget. Amounts reflected in this column **must** be those adopted on or before July 1st and submitted to your sponsoring district.

If you have a final 2021-22 audit report, include any audit adjustments with your First Interim Report. These adjustments will be reported as "Adjustments for Audit" on line 52 of the Unrestricted and/or Restricted tab.

Districts will review budgets for reasonableness and solvency. Charters must provide evidence of their ability to maintain sufficient fund and cash balances for the current and two subsequent fiscal years. If the charter is unable to meet their reserve requirements in the 2022-23 or two subsequent fiscal years as established in their

memorandum of understanding with their authorizing district, the charter may be required to submit a board-approved fiscal action plan detailing the anticipated reductions or revenue enhancements that the charter will make to ensure reserve requirements are met in all years. The charter should work with their authorizing district to determine the specific requirements to show solvency.

The district review worksheet can be found at http://www.sbcss.k12.ca.us/index.php/business-services/business-advisory-services/charter-schools-financial. Upon review of the charter's report, districts are encouraged to send a letter to the charter summarizing their findings and documenting any requests for additional information or action.

This past year, a few charters reported using the SACS software. SACS reports alone provide limited information for authorizers to carry out their required oversight responsibilities. The new SACS Web system is available to charters; however, authorizers are highly encouraged to require completion of San Bernardino County's Charter Reporting Template as well. Failure to provide adequate charter oversight is an indicator of financial risk to the district.

Authorizing districts are asked to forward the following, to BAS, on or before December 22, 2021:

Electronic files **- e-mail to: BAS@sbcss.net**

- Charter 2022-23 Budget and Interim Reporting worksheet (all Budget tabs completed)
- Charter LCFF Calculator
- 2022–23 District Review – Charter Budget and Interim Reporting worksheet

Electronic or Hard Copy – Hard copies to **Raedaun Villarreal, Business Advisory Services,**
Electronic e-mail to: **BAS@sbcss.net.**

- Charter's Budget - Certification ***Signed***
- 2022–23 District Review – Charter Budget and Interim Reporting - Summary ***Signed***
- District response letter to charter itemizing items found in Detailed Review

Questions regarding the charter school's First Interim Financial Report should be directed to the authorizing district's business liaison. Questions regarding the reporting template may be directed to Annette Baker (909) 388-5741.

Sincerely,

Ted Alejandre
County Superintendent of Schools

Thomas G. Cassida, Jr.
Director, Business Advisory Services

TGC:AB:bp