



NATIONAL CHARTER SCHOOLS  
**INSTITUTE**

# Don't Get Caught Off Guard

Know where your schools are financially



**Cindy Schumacher | Dr. Christopher White | Matt Underwood**



**YOUR HOST**

**Cindy Schumacher**

Financial Expert

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# Risk-based, Proactive Fiscal Oversight

## Why is fiscal oversight important?

- Fiscal insolvency is the fastest way for a school to close
- Charter schools are funded with public funds
- Limit surprises and embarrassment
- It is required by law



# Risk-based, Proactive Fiscal Oversight

## What is fiscal oversight?

- Evaluates if a school is fiscally viable throughout the year, while protecting a school's autonomy.
- Provides intervention/support as necessary.
- Allows differentiated levels of engagement.
- It is not making judgments of whether a school is spending its money appropriately.





## **Matt Underwood**

Executive Director for Innovation  
Atlanta Public Schools

- **24 schools**
- **8 team members**





## Dr. Christopher White

Associate Director  
Ferris State University

- **20 schools**
- **5 team members**



# Risk-based, Proactive Fiscal Oversight


## Atlanta Public Schools (APS Framework and Scorecard)

**Performance Frameworks**

**APS Charter Schools**

*Provides an overview of the academic, financial and organizational frameworks that will become part of the charter school contract with APS*

November 2012



A joint project of the Atlanta Public Schools by the National Association of Charter School Authorizers

### APS Framework



**Buy Back Services Payments Q1** Does Not Meet Standard

Q1 Invoices On Time Percent 0%

Q1 Balance of Invoices Over 30 Days Old \$117.00

Q1 Number of Requirements 0

**Meets Standard** Invoices are paid on time within the quarter (number of invoices paid on time/number of invoices sent is equal to 1) AND balance of invoices not paid within 30 days at the end of the quarter is 0.

**Does Not Meet Standard** Invoices are not paid on time within the quarter (number of invoices paid on time/number of invoices sent is less than 1) OR balance of invoices not paid within 30 days at the end of the quarter is positive.

Purpose This KPI will report when invoices are on time and if Back Services.

**Quality Financial Statements Q1**


2023 Q1 Financial Statements - Accuracy Percent

2023 Q1 Financial Statements - Requirements Sati

**Meets Standard** Accuracy Percent for th

**Does Not Meet Standard** Accuracy Percent for th

Purpose This KPI will help deter are quality.



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### Scorecards

**Scorecard -**

ATLANTA PUBLIC SCHOOLS Office of Charter + Partner Schools

**Financial Framework - Quarterly**

Name Year 2022-2023

Address Phone

Grades Served KG - 12

School Code Various

Term of Agreement Unknown

**Summary**

Current Ratio	Meets Standard
Unrestricted Days Cash	Meets Standard
Enrollment Variance	Meets Standard
Net Income	Does Not Meet Standard
Debt to Asset Ratio	Meets Standard
Cash Flow	Meets Standard
Buy Back Services Payments Q1	Does Not Meet Standard
Quality Financial Statements Q1	Meets Standard

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**Meets Standard** Debt to Asset Ratio is less than 0.9

**Approaching Standard** Debt to Asset Ratio is between 0.9 and 1.0

**Does Not Meet Standard** Debt to Asset Ratio is greater than 1.0

Debt to Asset Ratio Total Liabilities / Total Assets

Purpose Does the school maintain an appropriate balance between assets and liabilities over time?

Cash Flow **Meets Standard**

2022 Three-Year Cumulative Cash Flow

2022 Cash Flow

2021 Cash Flow

2022 Cash

2021 Cash

2020 Cash

**Meets Standard** Three-Year (year OR Three in two of the (Note: School Cash Flow)

**Approaching Standard** Three-Year (standard

**Does Not Meet Standard** Three-Year (standard

Cash Flow Cash - Prev

Purpose Does the sc

Debt Service Coverage Ratio

2022 Debt Service Coverage Ratio

2022 Net Income

<https://my.apsclearnow.org/Performance/Scorecard#951567/y>

**Scorecard**

ATLANTA PUBLIC SCHOOLS Office of Charter + Partner Schools

**Financial Framework - Audited**

Name Year 2021-2022

Address Phone

Grades Served KG - 12

School Code Various

Term of Agreement Unknown

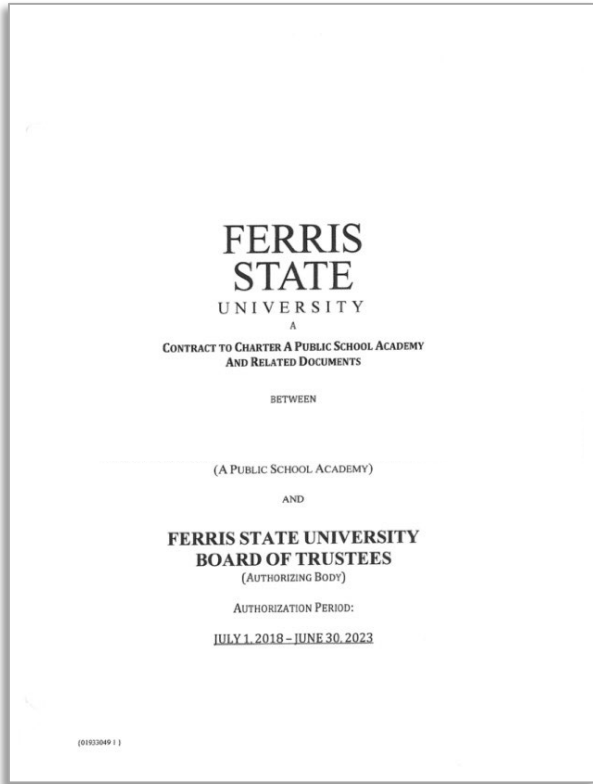
**Summary**

Current Ratio	Meets Standard
Unrestricted Days Cash	Meets Standard
Enrollment Variance	Meets Standard
Debt Default	Meets Standard
Total Margin	Meets Standard
Debt to Asset Ratio	Does Not Meet Standard
Cash Flow	Meets Standard
Debt Service Coverage Ratio	Not Applicable

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# Risk-based, Proactive Fiscal Oversight

## Ferris State University (Charter Contract, Scorecards, Warning Dashboard)



Charter Contract

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Purpose	Does the school have the cash available to pay bills?
Meets the Standard	Days Cash on Hand is 60 days or greater OR between 30 and 60 days with a positive increase from the previous year
Does Not Meet the Standard	Days Cash on Hand is less than 30 days or greater OR between 30 and 60 days with no increase from the previous year
Days Cash on Hand	Unrestricted Cash / ((Total Expenditures + Other Uses) /365)

Enrollment Change (Over Time) - AFS	Meets the Standard
Enrollment Change	118.2%
Enrollment Change Over Time	
Fall 2022 Preliminary Headcount	
Fall 2021 Audited Headcount	
Fall 2018 Audited Headcount	

Purpose	Is the school's
Meets the Standard	Description: En $\geq 95.0\%$
Does Not Meet the Standard	Enrollment Ch
Not Applicable	Not enough da
Enrollment Change	Preliminary Fa
Enrollment Change Over Time	Preliminary Fa

Debt to Asset Ratio - AFS	
2022 Debt to Asset Ratio - AFS	
2022 Total Assets - AFS	
2022 Total Liabilities - AFS	

<https://my.epicentrow.org/Performance/Scorecard/5588?year=2022&definitionId=32>

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### Scorecard

FERRIS STATE UNIVERSITY  
CHARTER SCHOOLS OFFICE  
Q4 Fiscal Performance & Accountability

Name	Year	2021-2022
Address	Phone	
School Code	Grades Served	PK - 08
	Term of Agreement	2021 - 2023

Summary		
Tier (Q4)	Q4 Tier	Fiscally Stable
KPIs - Primary (Q4)	Current Ratio - Q4	Meets the Standard
	Change in Fund Balance Ratio - Q4	Meets the Standard
	Days Cash on Hand - Q4	Meets the Standard
	Enrollment Change (Over Time)	Meets the Standard
	Debt to Asset Ratio - Q4	Meets the Standard
KPIs - Secondary (Q4)	Current Year Enrollment Change	Meets the Standard

<https://my.epicentrow.org/Performance/Scorecard/5588?year=2022&definitionId=32>

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### Tier (Q4)

Q4 Tier	Fiscally Stable
Tier Name - Q4	Fiscally Stable
2022 Current Ratio - Q4	Meets the Standard
2022 Change in Fund Balance Ratio - Q4	Meets the Standard
2022 Days Cash on Hand - Q4	Meets the Standard
2022 Enrollment Change (Over Time) - Q4	Meets the Standard
2022 Debt to Asset Ratio - Q4	
2022 Current Year Enrollment Change - Q4	
Manual Override Concern	
New	The school is in its
Fiscally Stable	Meets 4+ Primary K and Current Year En
Fiscal - Identified for Review	Fails to meet 2+ Pri Time) and Current Y
Fiscal Concern	Either the school ha professional judgm

### KPIs - Primary (Q4)

Current Ratio - Q4	
2022 Current Ratio - Q4	
2022 Current Assets - Q4	
2022 Current Liabilities - Q4	
Purpose	Can the school pay
Meets the Standard	Current Ratio is $\geq 1$ .
Does Not Meet the Standard	Current Ratio is $< 1$ .
Current Ratio	Current Assets / Cu

<https://my.epicentrow.org/Performance/Scorecard/5588?year=2022&definitionId=32>

Scorecards

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### Scorecard

FERRIS STATE UNIVERSITY  
CHARTER SCHOOLS OFFICE  
AFS Fiscal Performance & Accountability

Name	Year	2021-2022
Address	Phone	
School Code	Grades Served	PK - 08
	Term of Agreement	2021 - 2023

Summary		
Tier (AFS)	AFS Tier	Fiscally Stable
KPIs - Primary (AFS)	Current Ratio - AFS	Meets the Standard
	Change in Fund Balance Ratio - AFS	Meets the Standard
	Days Cash on Hand - AFS	Meets the Standard
	Enrollment Change (Over Time) - AFS	Meets the Standard
	Debt to Asset Ratio - AFS	Meets the Standard
KPIs - Secondary (AFS)	Current Year Enrollment Change - AFS	Meets the Standard

2022 Footnote not found

<https://my.epicentrow.org/Performance/Scorecard/5588?year=2022&definitionId=33>



# Risk-based, Proactive Fiscal Oversight

## Ferris State University (Charter Contract, Scorecards, Warning Dashboard)

Authorizer | Fiscal Oversight

### Warning Dashboard

Schools/Indicators	Current Tier (subject to change at any time)	Standard Oversight													
		Prior Yr. Nov	July	July	August	August	August	Oct	Oct	Nov	Nov	Feb	May	May/June	Each Meeting
		Fiscal Oversight Tier Prior Year AFS	Original Budget (Unrestricted State Aid Revenue Stability)	Original Budget (Projected General Fund Balance Ratio)	4th QFS - Quality	4th QFS - KPI Tier	4th QFS - Deficit	State Aid Revenue Variance (Enrollment)	1st QFS - Quality	Fiscal Oversight Tier Current Year AFS	Financial Controls	2nd QFS - Quality	3rd QFS - Quality	Final Amended Budget (Deficit)	Board Meetings
Montessori Academy	1	1	0	0	0	1	0	0	0	1	0				
Charter School Academy	1	1	0	0	0	1	0	0	0	1	0				
Blended Learning Charter School	1	1	0	0	0	1	0	0	0	1	0				
School Name	3	3	x	x	0	3	x	x	0	3	x				
School Name	1	2	x	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	3	2	x	x	0	2	x	0	0						
School Name	3	3	x	x	x	3	x	0	x	3	x				
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	2	0	0	0	1	0	0	0						
School Name	1	2	0	0	0	1	0	0	0	1	0				
School Name	3	2	x	x	0	2	0	x	0						
School Name	1	1	0	0	0	1	0	0	0						

Warning Dashboard



# Risk-based, Proactive Fiscal Oversight

## Characteristics

- Risk based – no longer 100% of 100% - differentiate oversight based up performance tiers
- Proactive – identifies schools with issues earlier to help limit surprises through the use of QFS, Warning Dashboard
- Customizable – fits your environment
- Transparent – allows you to ensure boards understand your expectations and how they are measuring up
- Simple in that you don't have to be a CPA to use the system



# Risk-based, Proactive Fiscal Oversight

## How do you create?

Generate Preliminary KPI Report (Scorecard)

Tier Schools based upon performance on KPIs

Follow Up with schools that are showing signs of concern based on tiering

Generate Year end KPI Report (Scorecard)

Tier Schools with final numbers



# Risk-based, Proactive Fiscal Oversight

## How do you create?

Follow up as necessary

Adjust tier, if necessary

Determine Oversight (standard or differentiated)

Perform oversight

Monitor performance using a warning dashboard



Authorizer | Fiscal Oversight  
**Warning Dashboard**

Schools/Indicators	Current Tier (subject to change at any time)	Standard Oversight													
		Prior Yr. Nov	July	July	August	August	August	Oct	Oct	Nov	Nov	Feb	May	May/June	Each Meeting
		Fiscal Oversight Tier Prior Year AFS	Original Budget (Unrestricted State Aid Revenue Stability)	Original Budget (Projected General Fund Balance Ratio)	4th QFS - Quality	4th QFS - KPI Tier	4th QFS - Deficit	State Aid Revenue Variance (Enrollment)	1st QFS - Quality	Fiscal Oversight Tier Current Year AFS	Financial Controls	2nd QFS - Quality	3rd QFS - Quality	Final Amended Budget (Deficit)	Board Meetings
Montessori Academy	1	1	0	0	0	1	0	0	0	1	0				
Charter School Academy	1	1	0	0	0	1	0	0	0	1	0				
Blended Learning Charter School	1	1	0	0	0	1	0	0	0	1	0				
School Name	3	3	x	x	0	3	x	x	0	3	x				
School Name	1	2	x	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	3	2	x	x	0	2	x	0	0						
School Name	3	3	x	x	x	3	x	0	x	3	x				
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	1	0	0	0	1	0	0	0						
School Name	1	2	0	0	0	1	0	0	0						
School Name	1	2	0	0	0	1	0	0	0	1	0				
School Name	3	2	x	x	0	2	0	x	0						
School Name	1	1	0	0	0	1	0	0	0						

**Scenario:** It is the end of October and the audits for last year are starting to come in. You can see the school's current tier based upon your assessment of oversight activities to date. As the audits are reviewed, the picture of the schools performance continues to unfold. You can determine if a school is fiscally healthy, needs further review or is a fiscal concern.

Question?

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Answer



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