

**DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD**

<p><b>Charter Actions Requiring a Vote</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Approve a Charter Application</li><li><input type="checkbox"/> Approve a Charter Renewal (15 yrs.)</li><li><input type="checkbox"/> Approve Charter Continuance (5 or 10 yrs.)</li><li><input type="checkbox"/> Approve a Charter Amendment Request</li><li><input type="checkbox"/> Approve a Charter Agreement</li><li><input type="checkbox"/> Give a Charter Notice of Concern</li><li><input type="checkbox"/> Lift the Charter Notice of Concern</li><li><input type="checkbox"/> Commence Charter Revocation Proceedings</li><li><input type="checkbox"/> Revoke a Charter</li><li><input type="checkbox"/> Board Action, Other _____</li></ul>	<p><b>Non-Voting Board Items</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Public Hearing Item</li><li><input type="checkbox"/> Discussion Item</li><li><input type="checkbox"/> Read into Record</li></ul>
<p><b>Policies</b></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Open a New Policy or Changes to a Policy for Public Comment</li><li><input checked="" type="checkbox"/> Approve a New Policy</li><li><input type="checkbox"/> Approve Revisions to an Existing Policy</li></ul>	

**PREPARED BY:**        **Ozoemena Nnamadim, School Finance Specialist, Financial and Academic Quality**

**SUBJECT:**            **Vote – Fiscal Year 2019 Financial Analysis Report Technical Guide**

**DATE:**                **September 16, 2019**

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*The following proposal was opened for public comment on May 20, 2019, and a public hearing was held on June 25, 2019. Based on the one public comment received from a school, DC Public Charter School Board (DC PCSB) staff proposed a change to the technical guide’s calculation of the Days of Cash on Hand measure. Due to this change, staff held an additional public hearing on July 15, 2019 and extended the public comment period through July 30, 2019. DC PCSB received no additional public comment. A summary of the public comment can be found in Attachment A, and the individual submission can be found [here](#).*

**Proposal**

DC PCSB staff recommends its Board vote to approve the Fiscal Year (FY) 2019 Financial Analysis Report (FAR) Technical Guide.

In response to the public comment received in writing, DC PCSB staff proposed the following change to the released FY 2019 FAR Technical Guide. The change is highlighted in **green** in the FY 2019 FAR Technical Guide and is included in the

table below. Responses to all the public comment received can be found in Attachment A of this document.

Page Number	Change in Response to Public Comment
7	<p>Included short-term investments in the numerator of the days of cash on hand calculation:</p> $\frac{\text{Unrestricted Cash and Cash Equivalents} + \text{Short – Term Investments}}{(\text{Operating Expenses} – \text{Total Depreciation and Amortization})/365 \text{ Days}}$

The FAR Technical Guide outlines DC PCSB’s process for producing the FAR. It was created so that school leaders, data managers, families, and other stakeholders would understand the FAR’s content, methodology, and scope. The 2019 FAR Technical Guide remains consistent with the FY 2018 guide, with the exception of the edit above.

**Background**

Each DC public charter school is required to conduct annually a thorough audit of its finances and operations, conducted by a third-party auditor, chosen by the school from a list of approved auditors selected by the Audit Review Committee, which is made up of two representatives from DC PCSB, the Office of the Chief Financial Officer (OCFO), and the Office of the State Superintendent of Education (OSSE).

DC PCSB, with support and counsel from OCFO and OSSE, analyses and summarizes the information in these audits to produce the Financial Analysis Report (FAR) that presents consistent and transparent information about DC public charter schools’ finances and operations.

The FAR Report includes a Financial Report Card for each school, which provides data on the school’s management organization, if applicable. Additional data tables and narrative commentary on the key trends and opportunities of DC public charter schools’ finances provide context and analysis. Each of these is detailed in the FAR Technical Guide.


Beginning in fall 2015, DC PCSB began convening a Task Force of school leaders, business managers, and charter support organizations to give input into the FAR Report’s methodology, design, and production process. The Task Force met

monthly through fall 2015, then again monthly beginning in spring 2016. At each meeting, and in emailed surveys, the Task Force members were asked to give input into different elements of the FAR Report, with a particular focus on the metrics comprising the Key Financial Indicators and the design of the FAR Report Card. The task force has met annually since to discuss changes to the FAR Technical Guide. The group met in October 2018 to discuss the FY 2019 potential changes.

The FAR Technical Guide outlines DC PCSB's process for producing the FAR Report. It was created so that school leaders, data managers, families, and other stakeholders would understand the FAR Report's content, methodology, and scope.

The School Reform Act (SRA) requires that DC PCSB revoke the charter of any public charter school that (1) has engaged in a pattern of nonadherence to generally accepted accounting principles (GAAP); (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.

**Attachment A: Summary of Public Comment**  
**Attachment B: FY 2019 FAR Technical Guide**

Date: <u>09/16/19</u>
DC PCSB Action: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Approved with Changes <input type="checkbox"/> Rejected
Changes to the Original Proposal: _____ _____
Signature:  _____

## Attachment A: Summary of Public Comment

To view the submitted public comment, please click on the hyperlink connected to each sender. This [folder](#) contains all of the submitted comments for the FY 2019 FAR Tech Guide.

Public Comment Received

ANC Comment

None received

Other Public Comment

Source	Comment	DC PCSB Response
<b>Allen Kramer, Dir. Of Budget and Finance, E.L. Haynes PCS</b>	<p>"E.L. Haynes believes that the PCSB should consider altering the methodology for the calculation of Days of Cash on Hand as defined on page 7 of the current Technical Guide to include short-term investments.</p> <p>... We recommend the PCSB either:</p> <ol style="list-style-type: none"><li>1. amend the definition of cash equivalents from "Cash equivalents should include investments that can be easily liquidated with little or no penalty" to "Cash equivalents should include short-term investments that can be easily liquidated with little to no penalty and are expected to mature within one year.", or</li><li>2. amend the numerator of the Days of Cash on Hand calculation from "Unrestricted Cash and Cash Equivalents" to "Unrestricted Cash and Cash Equivalents + Current Investments"</li></ol>	<p>Recommendation accepted.</p> <p>DC PCSB has incorporated this consideration into the Technical Guide, as included in the amended numerator above.</p>