

DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD

Charter Actions Requiring a Vote

- Approve a Charter Application
- Approve a Charter Renewal (15 yrs.)
- Approve Charter Continuance (5 or 10 yrs.)
- Approve a Charter Amendment Request
- Approve a Charter Agreement
- Give a Charter Notice of Concern
- Lift the Charter Notice of Concern
- Commence Charter Revocation Proceedings
- Revoke a Charter
- Board Action, Other_____

Non-Voting Board Items

- Public Hearing Item
- Discussion Item
- Read into Record

Policies

- Open a New Policy or Changes to a Policy for Public Comment
- Approve a New Policy
- Approve Revisions to an Existing Policy

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

SUBJECT: **Open for Public Comment – Fiscal Year 2018 Financial Analysis Report Technical Guide**

DATE: **October 15, 2018**

Proposal

The DC Public Charter School Board (DC PCSB) staff recommends its Board open the Fiscal Year 2018 Financial Analysis Report (FAR) Technical Guide for public comment from October 16 through November 19, 2018. DC PCSB will hold a public hearing on this matter on November 19, 2018 and will vote on the proposed revisions to the policy on December 17, 2018.

Written comments may be submitted until November 19, 2018 by mail or email to:

DC Public Charter School Board
3333 14th Street NW, Suite 210
Washington, DC 20010
public.comment@dcpcsb.org

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 2018 FAR Technical Guide includes two changes from the previous FAR methodology, specifically:

- Current Ratio:
 - Staff updated the range for the Current Ratio from 0.7 to 1.0 to 0.9 to 1.0. The increase in the floor sets a higher standard for schools' liquidity position, a critical component of financial health. The new range is consistent with the risk tolerances defined by other FAR metrics.

- Debt Service Coverage Ratio:
 - Staff added clarification around the debt service coverage ratio calculation to take into account non-cash income statement items and capital lease interest payments.

Background

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. Further, each DC public charter school is required to conduct annually a thorough audit of its finances and operations. For this audit, schools must choose a third-party auditor from a list of auditors approved by 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, analyzes and summarizes the information in these audits to produce the FAR that presents consistent and transparent information about DC public charter schools' finances and operations.

The FAR 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, which is released by the fall of each year.

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's methodology, design, and production process.

To discuss the most recent changes, the task force met on September 10, 2018 which led to a subsequent meeting of interested school leaders with vested interests in discussing Debt Service Coverage Ratio on October 1, 2018. Here is the [presentation](#) for the September 10 task force meeting.

Date: _____ DC PCSB Action: _____Approved _____Approved with Changes _____Rejected Changes to the Original Proposal: _____ _____ _____ Signature: _____
