

**Overview on Financial Oversight for OPSB Charter Schools, per the Charter School Accountability Framework:**

*Charter School Accountability Framework Financial Health Expectations For Annual Audit Submissions*

Measure	Calculation	Best Practice Target
Long-Term Financial Stability: Schools are prepared for unforeseeable events such that those events do not result in a significant fiscal crisis.	Unrestricted Net Assets/ Total Expenses  (Using Audited Financials)	Y1: >2% Y2: >3% Y3: >4% Y4: >6% Y5: >8% +Y5: >10%
Fiduciary Management: Schools effectively manage their fiduciary responsibilities and maintain clean audits as a result.	Unqualified annual audit with no findings deemed to be significant, material, or internal control weaknesses.	

*Charter School Accountability Framework Financial Health Expectations for Quarterly Statement Submissions*

Measure	Calculation	Best Practice Target
Near-Term Fiscal Health: Schools effectively manage their day to day expenses and debt obligations.	Debt Ratio (Total Debt/ Total Assets)	Less than or equal to 0.9
	School is not found to be in default of loan covenant(s) and/or is not delinquent with debt service at any point in time.	

*Charter School Financial Monitoring When CSAF Best Practice Targets Are Not Met:*

Measure	Calculation	Best Practice Target
Sustainability- Indicates the number of months that the Total Unrestricted Net Assets could cover average monthly expenses.	Unrestricted Net Assets/ Average Monthly Expenses	More than 2 Months
Occupancy- Reflects the relationship between cost of occupancy to total revenues (if applicable)	Total Occupancy Costs (lease or mortgage)/ Total Revenues	Less Than 15%
Debt to Asset Ratio- Indicates the degree of financial risk; ratios greater than 1.0 indicate more debts than assets.	Total Liabilities/ Total Assets	Less than 0.9
Unrestricted Days Cash-Indicates ability to cover unexpected, short term expenses	Unrestricted Cash/ ([Total Expenses-Depreciation]/ 365)	30 to 60 Days
Total Margin	Net Income (total revenues-total expenses)/ total revenues	Positive Number
Liquidity- Measures the ability to repay short-term creditors (liabilities) from cash and other liquid assets.	Current Assets minus Current Liabilities/ Total Expenses	Greater than 0, and less than one

