Factors Affecting Charter School Fiscal Health

1. Environmental Factors
- Demographics
- Local and regional economy
- Federal, state, and local education budgets
- Federal, state, and local politics
- Quality of local schools
- Community partners and resources

2. Financial Condition

Enrollment and funding streams
- Attendance program
- Ability to predict enrollments
- Use of existing resources
- Maximization of revenues
- Partnerships with other schools and organizations

Quantitative measures
- Financial overview: operating revenues vs. operating expenses and total assets vs. total liabilities
- Operating revenues and expenses per student served
- Facilities cost as a percentage of total operating expenses
- Facilities cost per student
- Variance between budgeted and actual revenues/expenses
- Diversity of funding sources
- Fund balance
- Fund balance as a percentage of operating expenses
- Operating results over last three years
- Capital structure (ratio of debt to equity)
- Months of cash at end of fiscal year
- Estimated versus actual yearly enrollment
- Average yearly progress


Budget planning processes
- Annual budget review
- Weekly and monthly budget review
- Facilities plan
- Financial plan and budget are linked with priorities and goals
- Board involvement in budgeting and financial decision-making

Budget tools
- 3-5 year strategic plan
- Operating budget
- Cash flow calendar
- Budget planning calendar
- Monthly or quarterly financial reports
- MIS provides on-demand financials

Budget policies
- Policy for operating budget
- Policy for capital budget
- Revenue policy
- Cash management policy

4. Internal Controls
- Fiscal policy and procedures manual
- Fiscal policies have controls and oversight
- Board role in monitoring financial policies and procedures
- Segregation of duties
- Staff who handle cash are bonded
- Internal controls for grant management
- Protection of financial data
- Controls for property management
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5. Financial Reporting

*Internal reporting system and procedures*
- Reports use accrual accounting
- Up-to-date accounts payable obligations
- Staff has adequate access to financial reports
- Financial reports easy to read and used in decision-making
- Effective system of grant reporting
- School conducts internal audits
- Monthly balancing of accounting records
- Pay process timely in reporting and paying taxes and payroll deductions
- Routine staff analysis of accounting and reporting procedures

*Audit process*
- Audits completed on time
- School and board have audit committees
- Audit results
- Audit conducted by CPA
- Audit tests validity of ADA figures
- Audit identifies potential problems and suggests solutions

*Reporting to external stakeholders*
- Authorizer has easy access to financial data
- Clear authorizer monitoring process for corrective action plans
- Clear financial oversight and monitoring roles between authorizer and board
- Board receives revenue and expenditure data
- Board role in addressing financial problems
- Parents and other community stakeholders (e.g. funders) receive statement of financial condition

6. Organizational Capacity

- Staff has capacity for finance, accounting and budgeting
- School has professional development plan
- Board experience in finance, accounting and budgeting
- Board receives training in finance, accounting and budgeting
- Support available for partners and community for finance, accounting and budgeting
- Clear roles and responsibilities for finance, accounting and budgeting
- School uses performance measures, benchmarking and best practices in finance, accounting and budgeting
- MIS is adequate for finance, accounting and budgeting