

**Core Question 2: Is the organization in sound fiscal health?**

The Financial Performance Framework, outlined in Core Question 2, gauges both near term financial health and longer term financial sustainability while accounting for key financial reporting requirements.

**2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?**

Indicator Targets	Does not meet standard	The school does not meet standard on 2 or more of the five sub-indicators shown below.					
	Approaching standard	The school approaches standard for all 5 sub-indicators shown below, OR meet standard on 3 sub-indicators, while approaching on the remaining 2 OR meets standard on 4 sub-indicators, while not meeting standard for the final sub-indicator.					
	Meets standard	The school meets standard for 4 sub-indicators shown below, while approaching standard on the final sub-indicator.					
	Exceeds standard	The school meets standard for all 5 sub-indicators.					
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	ES	ES					
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%			106%	MS
		AS	Enrollment ratio is between 90 – 98%				
		MS	Enrollment ratio equals or exceeds 99%				
	February Enrollment Variance	DNMS	Enrollment ratio is less than or equal to 89%			101%	MS
		AS	Enrollment ratio is between 90 – 95%				
		MS	Enrollment ratio equals or exceeds 95%				
	Current Ratio	DNMS	Current ratio is less than or equal to 1.0			3.56	MS
		AS	Current ratio is between 1.0 – 1.1				
		MS	Current ratio equals or exceeds 1.1				
Days Cash on Hand	DNMS	Days cash on hand is less than or equal to			65	MS	
	AS	Days cash on hand is between 30-45					
	MS	Days cash on hand equals or exceeds 45					
Debt Default	DNMS	Default or delinquent payments identified			Meets	MS	
	MS	Not in default or delinquent					

Herron High School received a rating of **Exceeds Standard** for Core Question 2.1 for the 2014-15 school year.

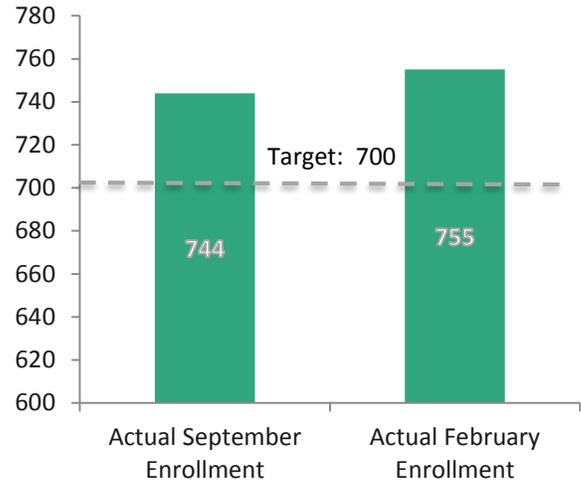
Based on data from the September 2014 count day, the school exceeded the enrollment targets stated in its charter agreement, enrolling 744 students, 44 students over the charter projected enrollment. Enrollment increased by another 11 students throughout the year, as indicated by the February Enrollment Variance calculation. As a result, the school **met standard** for this sub-indicator.

The school had more current assets than current liabilities (those due in the next 12 months) and **met standard** for this sub-indicator.

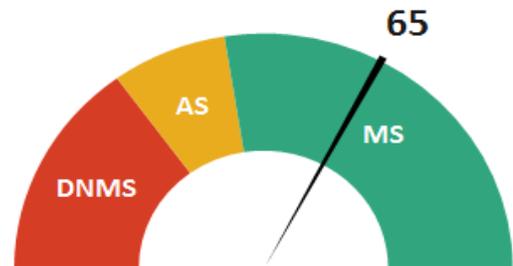
Herron High School ended the year with 65 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2015, the school would have been able to operate for 65 more days. Based on this data, the school **met standard** for this indicator.

Finally, the school successfully met its debt obligations based on the information that the school's auditor, Katz, Sapper and Miller, provided. Furthermore, there have been no negative communications from the school's lenders. Since the school met standard for all of the sub-indicators in core question 2.1, it received a rating of **Exceeds Standard** for this section of the core question.

### Enrollment Variance Ratio



### Days Cash on Hand



2.2. Long-term Health: Does the organization demonstrate long-term financial health?								
Indicator Targets	Does not meet standard	The school does not meet standard on any of the 3 sub-indicators <b>OR</b> meets standard on 1 sub-indicator but does not meet standard on the remaining 2.						
	Approaching standard	The school meets standard on 2 of the sub-indicators while not meeting on the third, <b>OR</b> approaches standard on all 3 sub-indicators.						
	Meets standard	The school meets standard on 2 of the sub-indicators and approaches standard on the third.						
	Exceeds standard	The school meets standard for all 3 sub-indicators.						
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	ES	ES						
Sub-	Sub-	Sub-indicator targets				Result	Rating	
	Aggregate Three-Year Net Income	DNMS	Aggregate 3-year net income is negative.			\$2,682,256 (aggregate) \$67,093 (current year)	MS	
		AS	Aggregate 3-year net income is positive, but most recent year is					
		MS	Aggregate three year net income is positive, and most recent year is					
	Debt to Asset Ratio	DNMS	Debt to Asset ratio equals or exceeds .95			.56	MS	
		AS	Debt to Asset ratio is between .9 - .95					
		MS	Debt to Asset ratio is less than or equal to .9					
	Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than or equal to 1.05			1.91	MS	
		AS	DSC ratio is between 1.05-1.2					
		MS	DSC ratio equals or exceeds 1.2					

Herron High School received a rating of **Exceeds Standard** for Core Question 2.2 for the 2014-15 school year.

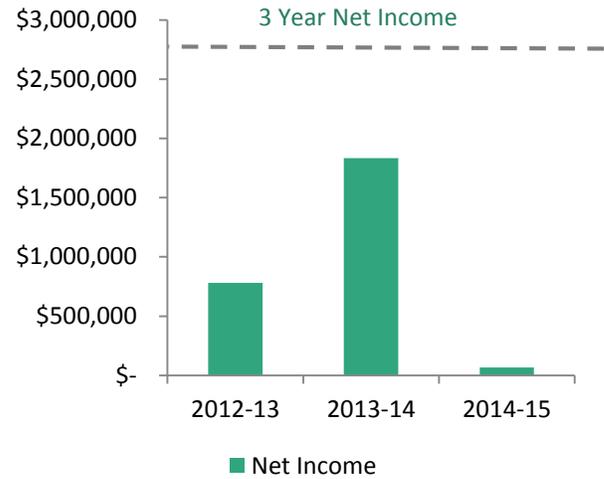
The school **met standard** for the net income sub-indicator. It had an aggregate three-year net income of **\$2,682,756** and a current year net income of **\$67,093**.

The school also **met standard** on the debt to asset ratio sub-indicator. The school had a ratio of **.56** meaning that its total assets exceeded its total debts.

Additionally, the school **met standard** for the sub-indicator regarding debt service coverage ratio. It has \$221,651 in long-term maturities that are due prior to close of fiscal year 2016, and has enough operating income to cover this debt service.

Since the school met standard for all of the sub-indicators in core question 2.2, it received a rating of **Exceeds Standard** for this section of the core question.

Three-Year Net Income



2.3. Does the organization demonstrate it has adequate financial management and systems?								
Indicator Targets	Does not meet standard		The school does not meet standard on 1 of the sub-indicators.					
	Approaching standard		The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.					
	Meets standard		The school meets standard on both sub-indicators.					
School Rating	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	MS	MS						
Sub-indicator Ratings	Sub-indicator	Sub-indicator targets					Rating	
	Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern.				MS	
		AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.					
		MS	The school receives a clean audit opinion.					
	Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements.				MS	
		MS	The school satisfies all financial reporting requirements.					

Herron High Schools received a rating of **Meets Standard** for Core Question 2.3 for the 2014-15 school year.

The school met standard for its annual accrual based audit because it received a clean audit report with no material weaknesses or significant deficiencies. The school **met standard** for all of its reporting requirements, and the school's auditors issued their report on November 17, 2015.

Moreover, the school turned in 92% of its financial compliance documents in a timely manner to OEI, resulting in a rating of **meets standard** for this sub indicator.

Because Herron High School **met standard** for both sub indicators, it received a rating of **Meets Standard** for Core Question 2.3 for the 2014-2015 school year.