

# Considerations of the Financial Performance Framework

## Purpose

- Expectations of accountability
- For use in a performance based contract

## Implementation:

- Incorporation into the contracts
- Determine when to implement
- Board adoption/revision to policies
- Communication: gaining buy in from various stakeholders (internal, external, charter school leaders, policymakers, leadership)

## Accountability:

- Executing the contract
- Annual reviews
- Ongoing monitoring
- Renewal reviews

## Reporting Mechanism:

- Internal accountability reporting
- Public accountability reporting

# *Levels of Information*

## *Indicators:*

General categories of financial performance used to identify information that best reflects :

- a) the current financial status of a school (**Near Term Indicators**) and that depict
- b) the future financial viability of a school (**Sustainability Indicators**)

## *Measures:*

The general means to evaluate an aspect of an indicator. Eight measures are used in the framework.

**Near Term Indicators - Current Ratio, Unrestricted Days of Cash-on-Hand, Enrollment Forecast Accuracy, Debt Default**

**Sustainability Indicators - Total Margin, Debt to Asset Ratio, Cash Flow, Debt Service Coverage Ratio**

## *Metrics:*

The methods for calculating measures. An example of a metric is Current Ratio equals Current Assets divided by Current Liabilities.

## *Targets:*

The thresholds that signify success for a specific measure. An example of a metric is Current Ratio is greater than 1.1.

## **Ratings**

### **Meets Standard:**

The school's performance on this component does not signal a financial risk to the school and meets the authorizer's standard. Meeting the standard requires no follow up action by the authorizer.

### **Does Not Meet Standard:**

The school's performance on this component signals a moderate financial risk to the school and does not meet the authorizer's expectation. This indicator may require follow up depending on the interplay with other indicators. Schools may be eligible for notice of unsatisfactory performance, probation, or other forms of intervention. Schools not meeting the standard across more than one area may be eligible for non-renewal.

### **Falls Far Below Standard:**

The school's performance on this component signals a significant financial risk to the school and does not meet the authorizer's expectation. Follow up is necessary to determine probation, intervention, non-renewal, or revocation.

**Nevada State Public Charter School Authority  
Financial Performance Framework Calculations Workbook**

<b>School</b>		<b>FY</b>		<b>School Code</b>	
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\*\*\*Standards for a school beyond the first two years of operation are being applied\*\*\*

**Near Term**

**Measure 1 - Current Ratio**

Total Current Assets	\$ 276,168.00	<input checked="" type="checkbox"/>	<b>Meets Standard:</b>	<b>Is 1.1 or greater</b>
Total Current Liabilities	\$ 62,589.00	<input type="checkbox"/>	<b>Meets Standard:</b>	Between 1.0 and 1.1 and one-year trend is positive
<b>Current Ratio</b>	<b>4.41</b>	<input type="checkbox"/>	<b>Does Not Meet Standard:</b>	Between 0.9 and .99
One-Year Trend	-0.12	<input type="checkbox"/>	<b>Does Not Meet Standard:</b>	Between 1.0 and 1.1 and one-year trend is negative
		<input type="checkbox"/>	<b>Falls Below Standard:</b>	Less Than 0.9

**Measure 2 - Unrestricted Days of Cash-on-Hand**

Annual Expense	\$ 2,192,780.00	<input type="checkbox"/>	<b>Meets Standard:</b>	60 days of cash or more
Less Annual Depreciation	\$ 6,427.00	<input type="checkbox"/>		
<b>Total</b>	<b>\$ 2,186,353.00</b>	<input type="checkbox"/>	<b>Meets Standard:</b>	Between 30 and 60 and one-year trend is positive
Days	365	<input type="checkbox"/>	<b>Does Not Meet Standard:</b>	Days of cash between 15 and 29
Unrestricted Cash and Equivalents	\$ 199,839.00	<input checked="" type="checkbox"/>	<b>Does Not Meet Standard:</b>	<b>Between 30 and 60 and one-year trend is negative</b>
Average Daily Expenses	\$ 5,990.01	<input type="checkbox"/>	<b>Falls Below Standard:</b>	Less than 15 days of cash
<b>Days of Cash-On-Hand</b>	<b>33.4</b>			
One-Year Trend	-21.9			

**Measure 3 - Enrollment Forecast Accuracy**

Actual Enrollment	312	<input type="checkbox"/>	<b>Meets Standard:</b>	Enrollment forecast accuracy equals or exceeds 95% in the most recent year and equals or exceeds 95% of each the last three years
Projected Enrollment	400	<input type="checkbox"/>		
<b>Current Year Forecast Accuracy</b>	<b>78.0%</b>	<input type="checkbox"/>	<b>Does Not Meet Standard:</b>	Enrollment forecast accuracy is between 85% and 94% in the most recent year
Previous Year Forecast Accuracy	109.0%	<input type="checkbox"/>		
<b>2013 Forecast Accuracy</b>	<b>75.3%</b>	<input type="checkbox"/>	<b>Does Not Meet Standard:</b>	Enrollment forecast accuracy is 95% or greater in the most recent year but does not equal or exceed 95% or greater each of the last three years
		<input checked="" type="checkbox"/>	<b>Falls Below Standard:</b>	<b>Enrollment forecast accuracy is less than 85% in the most recent year</b>

**Measure 4 - Debt Default**

Does the school have a loan?	No	<input checked="" type="checkbox"/>	<b>Meets Standard:</b>	<b>School is not in default of loan covenant(s) and is not delinquent with debt service payments</b>
<b>Is the school in default of loan covenants?</b>	<b>No</b>	<input type="checkbox"/>	<b>Falls Below Standard:</b>	School is in default of loan covenant(s) and is not delinquent with debt service payments

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**Sustainability**

**Measure 1 - Total Margin**

2015 Total Revenue	\$ 2,132,189.00	<input type="checkbox"/>	Meets Standard:	Aggregated three-year total margin is positive and the most recent year total margin is positive
2015 Total Expenditures	\$ 2,192,780.00	<input type="checkbox"/>		
Net Surplus	\$ (60,591.00)	<input type="checkbox"/>	Meets Standard:	Aggregated three-year total margin is greater than -1.5% but less than zero, the trend is positive for the last two years, and the most recent year total margin is positive
Current Year Total Margin	-2.8%	<input type="checkbox"/>		
Previous Year Current Margin	-1.9%	<input type="checkbox"/>		
2013 Total Margin	0.8%	<input checked="" type="checkbox"/>	Does Not Meet Standard:	Aggregated three-year total margin greater than -1.5%, but the most recent year is negative
Three-Year Net Surplus	\$ (82,465.00)	<input type="checkbox"/>		
Three-Year Revenues	\$ 5,590,346.00	<input type="checkbox"/>	Falls Below Standard:	Aggregated three-year total margin is less than -1.5%
Aggregated Total Margin	-1.5%	<input type="checkbox"/>		

**Measure 2 - Debt to Asset Ratio**

Total Assets	330,362	<input checked="" type="checkbox"/>	Meets Standard:	Is less than 0.9
Total Liabilities	62,589	<input type="checkbox"/>	Does Not Meet Standard:	Is between 0.9 and 1.0
Debt to Asset Ratio	0.19	<input type="checkbox"/>	Falls Below Standard:	Is greater than 1.0

**Measure 3 - Cash Flow**

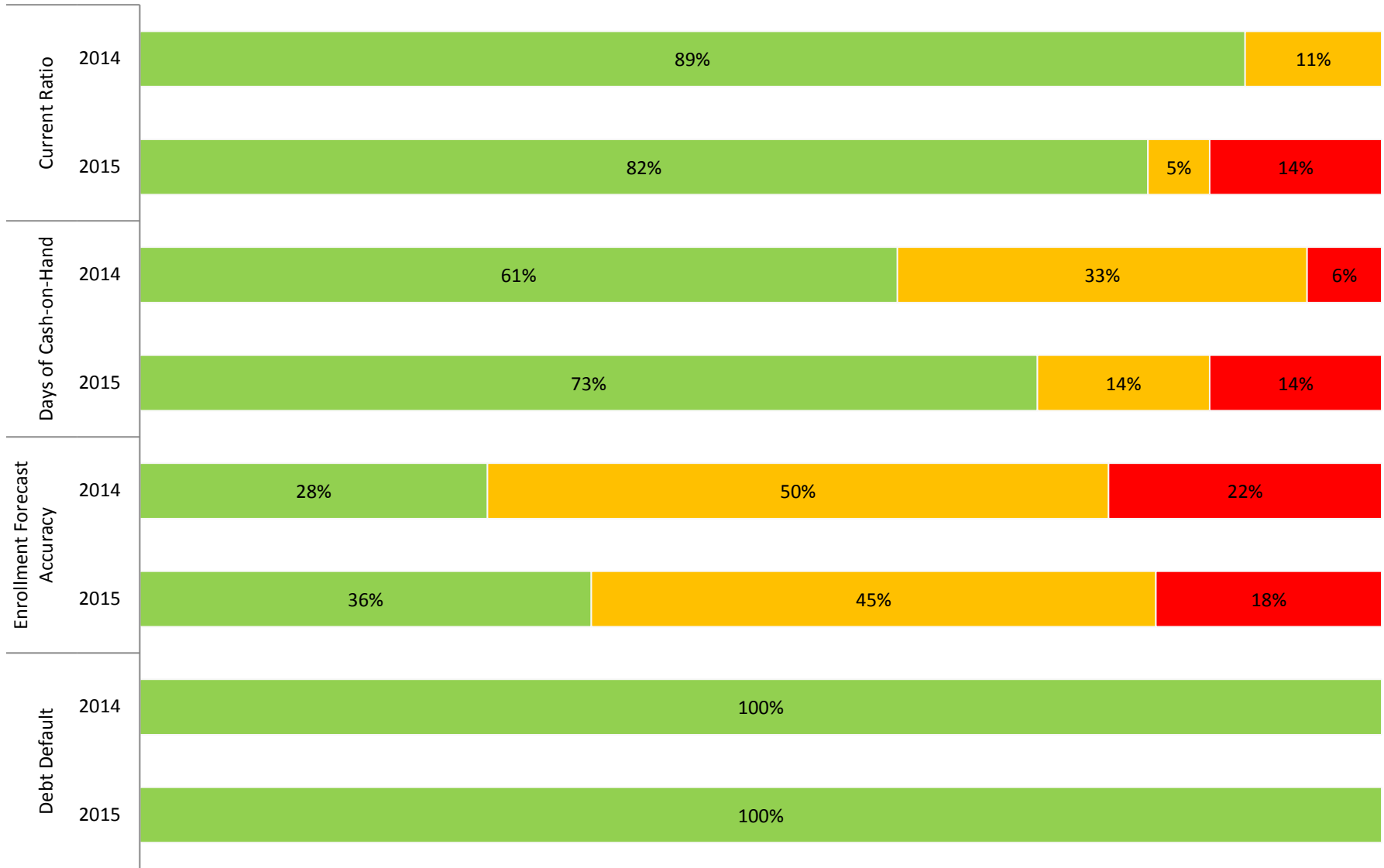
2015 Cash	\$ 199,839.00	<input type="checkbox"/>	Meets Standard:	Multi-year cumulative is positive and cash flow is positive each year
2014 Cash	\$ 284,688.00	<input type="checkbox"/>		
2013 Cash	\$ 324,490.00	<input type="checkbox"/>	Meets Standard:	Multi-year cumulative is positive, cash flow is positive in two of the three years, and cash flow in the most recent year is positive
Current Year Cash Flow	\$ (84,849.00)	<input type="checkbox"/>		
Previous Year Cash Flow	\$ (39,802.00)	<input type="checkbox"/>	Does Not Meet Standard:	Multi-year cumulative cash flow is positive, but the current year trend is negative
2013 Cash Flow	\$ (174,265.00)	<input type="checkbox"/>		
Multi-Year Cash Flow	\$ (124,651.00)	<input checked="" type="checkbox"/>	Falls Below Standard:	Multi-year cumulative cash flow is negative

**Measure 4 - Debt Service Coverage Ratio**

Net Income	\$ (60,591.00)	<input type="checkbox"/>	Meets Standard:	Is equal to or exceeds 1.10
Depreciation Expense	\$ 6,427.00	<input type="checkbox"/>	Does Not Meet Standard:	Less than 1.10
Interest Expense	\$ -	<input type="checkbox"/>		
Total	\$ (54,164.00)	<input type="checkbox"/>		
Annual Principal	\$ -	<input type="checkbox"/>		
Interest Payments	\$ -	<input type="checkbox"/>		
Total	\$ -	<input type="checkbox"/>		
Debt Service Current Ratio		<input type="checkbox"/>		

# Summary of Near Term Measures Across All Schools

■ Meets Standard    
 ■ Does Not Meet Standard    
 ■ Falls Far Below Standard    
 ■ N/A



# Summary of Sustainability Measures Across All Schools

■ Meets Standard    
 ■ Does Not Meet Standard    
 ■ Falls Far Below Standard    
 ■ N/A

