



SPCSA



Financial Performance Framework Ratings Recommendations

for the School Year Ending June 30, 2022





Agenda

1. Overview of Financial Performance Ratings
2. Recommendations for three schools including recommendations to issue notices of concern to two schools.



Financial Performance Indicators

Near Term

- Current Ratio
- Unrestricted Days Cash-on-Hand
- Enrollment Variance
- Debt Default

Sustainability

- Total Margin
- Debt to Asset Ratio
- Cash Flow
- Debt Service Coverage Ratio

Financial performance is evaluated using the results of the annual independent financial audit.



Ratings

Meets Standard Rating

- Schools earning this rating in all or nearly all indicators are performing well and are generally financially viable in both the short and long-term
- The targets for this rating category set the minimum expectations for charter school performance

Does Not Meet Standard

- Schools earning this rating in some indicators have failed to meet minimum expectations which may signal potential concerns
- At a minimum, they should be subject to closer monitoring, and their status for renewal is in question

Falls Far Below Standard

- Schools earning this rating in some indicators have failed to meet minimum expectations by a significant margin signaling concerns, some of which may be immediate
- Staff will closely monitor schools with these designations, and their status for renewal is in question



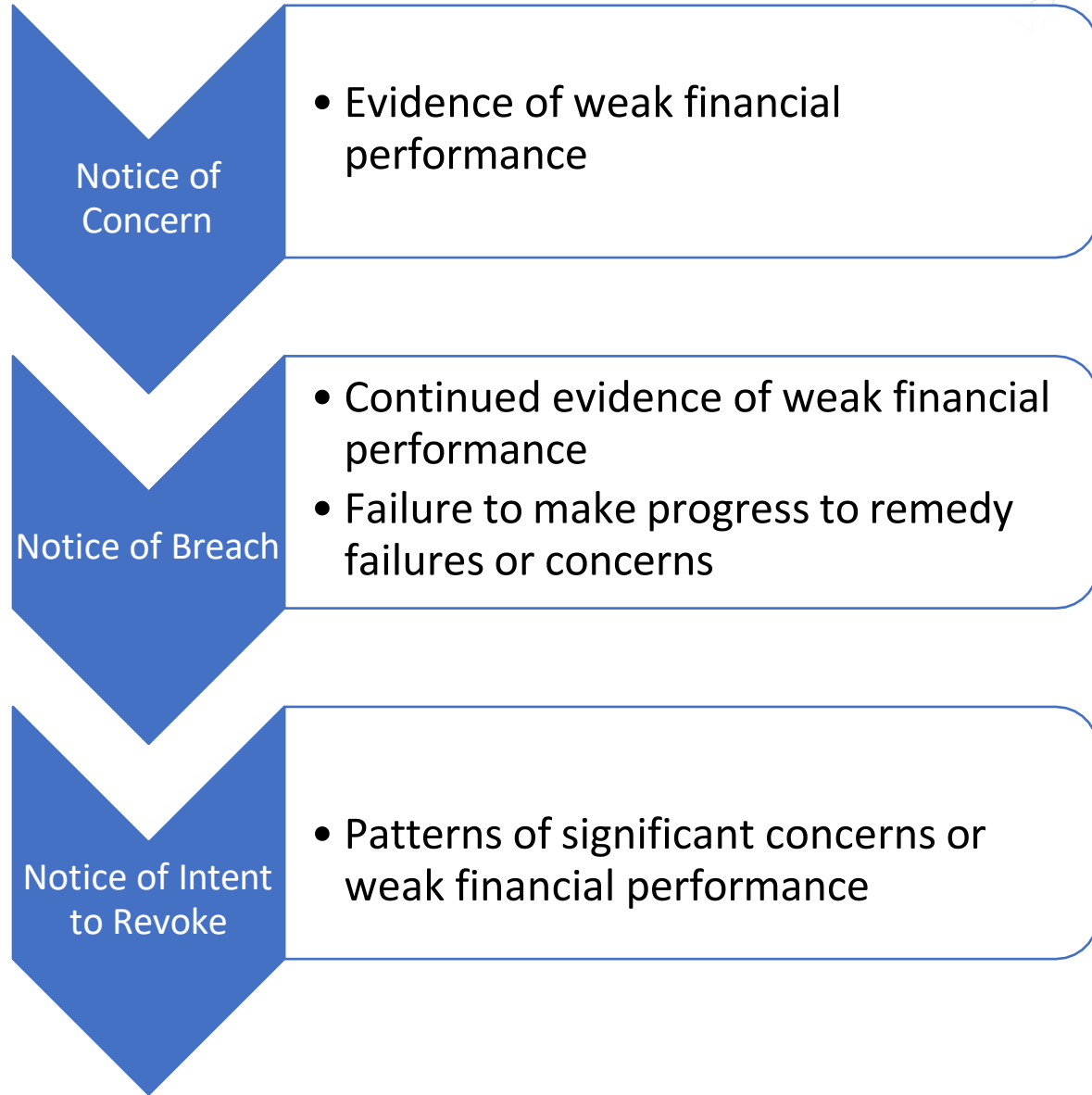
Indicators and Ratings

1. Schools will receive 7 formal ratings, or one for each indicator within the framework.
2. Poor financial performance measures ratings may trigger a Notice of Concern or Notice of Breach recommendation
 1. At least one indicator scoring at “Falls Far Below Standard” OR
 2. At least three indicators scoring at “Does Not Meet Standard”
3. Continued or significant evidence of materially weak financial performance observed through ongoing/oversight, and/or failure to make substantial progress towards remedying previously-identified concerns may result in escalated intervention



Interventions

“Occasionally, the routine Performance Framework process will result in adverse findings. Charter schools may fall **out of compliance on important legal or contractual requirements.** Academic standards may not be met. Financial sustainability may become an issue. When these situations occur, the Authority may respond in a number of ways.”





SPCSA Staff's Analysis & Considerations

1. Now 34 of 38 audits received and reviewed
2. Audit Findings & Recommendations



As of June 23, 2023

Authorizing staff have monitored quarterly reports throughout FY22

Audits were presented to individual charter boards

Audits were required to be submitted to SPCSA, LCB and NDE by December 1

Preliminary results were provided to schools for review

Additional ratings data presented to the Authority on June 23, 2023



Recommendation #1

Adopt the SPCSA Financial Performance Framework results presented for the schools listed in Appendix A for fiscal year 2022 for all indicators except Enrollment Variance, which was not rated:

- (1) CIVICA Career and Collegiate Academy,
- (2) Explore Academy, and
- (3) Mater Academy of Northern Nevada



Recommendation #2

Issue a Notice of Concern under the Financial Performance Framework to:

- (1) CIVICA Career and Collegiate Academy and
- (2) Explore Academy

Require each to develop and submit a financial improvement plan and require each to provide quarterly updates regarding the implementation of the improvement plan.



Recommended for Notice of Concern – CIVICA Career & Collegiate Academy

CIVICA Career and Collegiate Academy

Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Service Coverage Ratio
FFBS	MS	NR	MS	MS	FFBS	-	MS



Recommended for Notice of Concern:

- Explore Academy

Explore Academy

Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt Default	Total Margin	Debt to Asset Ratio	Cash Flow	Debt/Lease Service Coverage Ratio
FFBS	FFBS	NR	MS	DNMS	FFBS	DNMS	DNMS



Questions



Thank you!

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