



# Financial Performance Framework Ratings Recommendations

for the School Year Ending June 30, 2025





# Agenda

1. Overview of Financial Performance Ratings.
2. Recommendations for the removal, issuance, continuation, and elevation of Notices of Concern and Breach.



# Financial Framework: Indicators

Category/Indicator	How is this evaluated by the Authorizer?
Near-Term Financial Measures	Measure 1: Current Ratio Measure 2: Unrestricted Days Cash Measure 3: Enrollment Variance Measure 4: Debt (or Lease) Default
Sustainability Measures	Measure 1: Total Margin and Aggregated Three-Year Total Margin Measure 2: Debt-to-Asset Ratio Measure 3: Cash Flow Measure 4: Debt or Lease Service Coverage Ratio
Financial Management and Oversight	Measure 1: Annual Financial Audit Measure 2: Financial Reporting and Compliance Measure 3: Financial Oversight Measure 4: Chart of Accounts Measure 5: Grant Subrecipient Compliance



# 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**

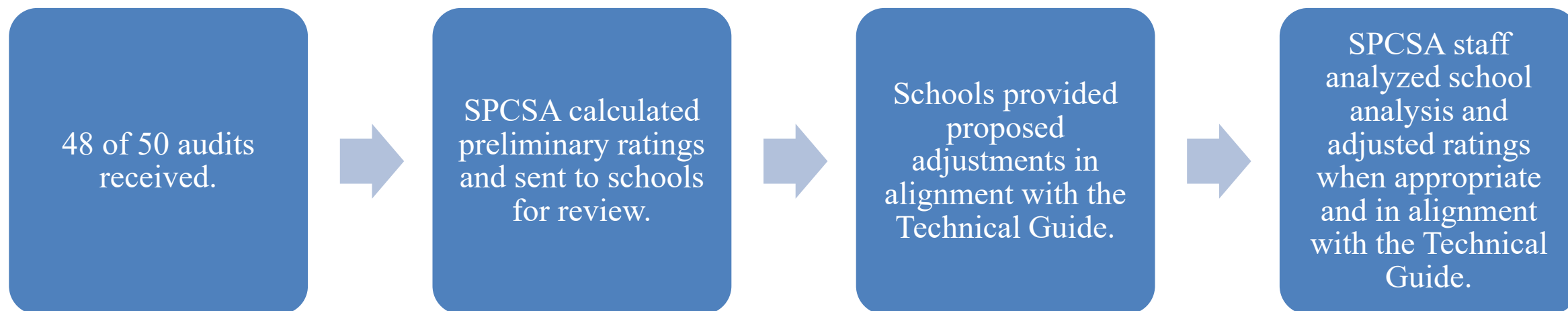
- Schools earning this rating in some indicators have failed to meet minimum expectations by a significant margin, signaling concerns.
- Staff will closely monitor schools with these designations, and their status for renewal is in question.

	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
<b>Near Term Indicators</b>			
<b>Current Ratio</b>	Greater than or equal to 1.1 OR Greater than or equal to 1 with a one-year positive trend	Between 0.90 and 1.0	Less than 0.9
<b>Unrestricted Days Cash-On-Hand</b>	Y1 Schools: 15+ days Y2 Schools: 30+ days All Others: 60+ days  OR between 30 and 60 days with a one-year positive trend.	Between 15-30 days  OR between 30 and 60 days with a one-year negative trend.	Less than 15 days
<b>Enrollment Variance</b>	Y1 Schools: 90%+ Y2 Schools: 92.5%+ All Others: 95%+	Between 90% and 95%	Less than 90%
<b>Debt or Lease Default</b>	School is not in default of any loans or lease payments.	N/A	School is in <u>default</u> of a loan or lease payment.
<b>Sustainability Indicators</b>			
<b>Total Margin and Aggregated Three-Year Total Margin</b>	Current Year and Aggregated Three-Year Margins are positive.	Current Year OR Aggregated Three-Year is negative.	Current Year AND Aggregated Three-Year are negative.
<b>Debt to Asset Ratio</b>	Less than 0.9	Between 0.90 and 1.0	Greater than 1.0
<b>Cash Flow</b>	Multi-year cash flow and most recent <u>year</u> cash flow are positive.	Multi-year cash flow OR most recent year cash flow <u>are</u> negative.	Both multi-year cash flow and most recent <u>year</u> cash flow are negative.
<b>Debt/Lease Service Coverage Ratio</b>	Ratio is greater than or equal to 1.10 or school does not have outstanding loan or long-term lease.	Ratio is less than 1.10.	N/A

	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
<b>Financial Management and Oversight</b>			
<b>Annual Financial Audit</b>	The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to financial management and oversight expectations as evidenced by an annual independent audit	The school has failed to materially comply in the manner specified.	N/A
<b>Financial Reporting and Compliance</b>	The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to financial reporting requirements,	The school has failed to materially comply in the manner specified.	N/A
<b>Financial Oversight</b>	The school and its governing board have established, approved, and monitored annual budget execution and safeguarded the financial health and activities of the school	The school has failed to materially comply in the manner specified.	N/A
<b>Chart of Accounts</b>	The school materially complies with applicable laws, rules, regulations, and provisions of the charter contract relating to the use of the Chart of Accounts prescribed by the Nevada Department of Education.	The school has failed to materially comply in the manner specified.	N/A
<b>Grant Subrecipient Compliance</b>	The school materially complies with applicable laws, rules, regulations, and terms and conditions of all applicable subaward agreements; submits timely and accurate applications, reimbursement requests, and required reports; ensures completion of an annual single audit if required; and complies with the risk assessment and subrecipient monitoring process.	The school has failed to materially comply in the manner specified.	N/A



# SPCSA Staff's Analysis & Considerations





# Indicators and Ratings

1. School receive 13 ratings—one for each indicator within the framework.
2. Poor financial performance measure ratings may trigger a Notice of Concern or a Notice of Breach recommendation:
  - At least one indicator scoring at “Falls Far Below Standard”  
OR
  - At least four 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.



# Ratings Analysis—SPCSA Portfolio

	Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt or Lease Default	Total Margin	Debt-to-Asset Ratio	Cash Flow	Debt or Lease Service Coverage Ratio	Annual Financial Audit	Financial Reporting and Compliance	Financial Oversight	Chart of Accounts	Grant Subrecipient Compliance
MS	37	37	38	42	30	25	36	28	36	40	42	42	42
DNMS	1	4	1	--	7	8	5	14	6	2	0	0	0
FFBS	4	1	3	0	5	9	1	--	--	--	--	--	--





# Ratings Summary—SPCSA Portfolio

- Out of 42 charter holders in the SPCSA portfolio during FY25, 32 earned primarily “Meets Standard” ratings, indicating the school is generally viable in the short and long term.
- All charter holder ratings can be found in the 2024-25 Financial Performance Ratings Report including in the board packet.



# Ratings Analysis—CCSD Transfer Schools

	Current Ratio	Unrestricted Days Cash on Hand	Enrollment Variance	Debt or Lease Default	Total Margin	Debt-to-Asset Ratio	Cash Flow	Debt or Lease Service Coverage Ratio	Annual Financial Audit	Financial Reporting and Compliance	Financial Oversight	Chart of Accounts	Grant Subrecipient Compliance
MS	5	5	6	6	3	3	3	3	4	5	6	6	6
DNMS	1	1	0	--	1	2	2	3	2	1	0	0	0
FFBS	0	0	0	0	2	1	1	--	--	--	--	--	--



# Ratings Summary—CCSD Transfer Schools

- Out of six charter holders that transferred from CCSD for FY25, four earned primarily “Meets Standard” ratings, indicating the school is generally viable in the short and long term.
- All charter holder ratings can be found in the 2024-25 Financial Performance Ratings Report including in the board packet.



# Financial Performance Recommendations

## Overview

Recommended Action	Charter Holders
Remove Notice of Concern	Discovery Charter School Equipo Academy Pinecrest Academy of Northern Nevada
Issue Notice of Concern	Alpine Academy
Continue Notice of Concern	Young Women’s Leadership Academy
Continue Notice of Breach	Explore Academy Nevada Prep Charter School Sage Collegiate Public Charter School
No Action	Nevada State High School Flagship Vegas Vista Academy



# Financial Performance Recommendations

## Overview

- For schools recommended for a Notice of Concern, the Notice is intended to signal to the school's governing board that the FY2025 financial metrics do not meet SPCSA standards. Governing boards are expected to develop and implement a plan to improve the school's financial position.
- For schools recommended for a Notice of Breach, SPCSA staff will work collaboratively with the school to establish a plan for ongoing financial oversight that is appropriate given the school's current financial condition and operational plans.
- Southern Nevada Trades High School's financial ratings make the school eligible for a financial Notice. The school's financial performance will be discussed at a future SPCSA board meeting.



# Questions





# Financial Performance Framework Ratings Proposed Motion

Adopt the Fiscal Year 2025 SPCSA Financial Performance Framework results provided in the 2024-25 Financial Performance Ratings Report.

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