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**MEMORANDUM**

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**TO:** SPCSA Board  
**FROM:** Katie Broughton, Director of Authorizing  
**SUBJECT:** Financial Performance Framework Recommendations for Fiscal Year 2025:  
Southern Nevada Trades High School  
**DATE:** April 17, 2026

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**Background**

All SPCSA charter schools are evaluated on the SPCSA Financial Performance Framework (FPF). All public charter schools are required to undergo an annual financial audit conducted by an independent third-party, as outlined in [NAC 387.775](#). The results of the annual audits are then analyzed against the SPCSA Financial Performance Framework.

The SPCSA is responsible for ensuring that sponsored schools are financially stable and meet the SPCSA board-approved financial performance standards, adopted pursuant to [NRS 388A.273](#). These standards are designed to ensure schools maintain financial stability, safeguarding their ability to operate effectively and serve students both now and in the future.

The SPCSA Financial Performance Framework includes thirteen indicators, four aimed at assessing the near-term health of a school, four aimed at assessing the long-term sustainability and viability of a school, and five related to financial management. For each indicator, schools receive one of three ratings: Meets Standard (MS), Does Not Meet the Standard (DNMS), or Falls Far Below the Standard (FFBS).

As stated in the SPCSA [Financial Performance Framework Technical Guide](#), poor financial performance measure ratings may result in intervention by the SPCSA. A school with financial framework profile results that include at least one indicator rated Falls Far Below Standard and/or at least four indicators rated at Does Not Meet Standard is generally considered out of compliance with the Financial Performance Framework. The indicators are as follows.

	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 default 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 year cash flow are positive.	Multi-year cash flow OR most recent year cash flow are negative.	Both multi-year cash flow and most recent year 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
<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

	Meets Standard	Does Not Meet Standard	Falls Far Below Standard
<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

Any school that materially fails to comply with the Financial Performance Framework may trigger revocation proceedings should financial performance not improve. Any school identified as such is typically issued a Notice to ensure the school and its governing board are aware of the material failure to comply with the Financial Performance Framework in alignment with [NRS 388A.330](#). As a reminder, the Authority has three levels of intervention when schools do not meet organizational standards. These levels are as follows:

- Notice of Concern
- Notice of Breach
- Notice of Intent to Revoke

**Southern Nevada Trades High School (SNTHS)**

Near Term Indicators	Current Ratio	Unrestricted Days Cash	Enrollment Variance	Debt Default
FY25 Result	.91	24.2	97.8%	None
FY25 Rating	DNMS	DNMS	MS	MS

Sustainability Indicators	Total Margin	Debt-to-Asset Ratio	Cash Flow	Debt/Lease Coverage Ratio
FY25 Result	Current Year Negative	1.09	One Positive	-0.11
FY25 Rating	DNMS	FFBS	DNMS	DNMS

Financial Management and Oversight	Annual Audit	Financial Reporting and Compliance	Financial Oversight	Chart of Accounts	Grant Subrecipient Compliance
FY25 Rating	MS	MS	MS	MS	MS

Southern Nevada Trades High School (SNTHS) earned one ‘Falls Far Below Standard’ rating and five ‘Does Not Meet Standard’ ratings for FY2025. The school is currently under a financial Notice of Concern from FY2024, and the FY2025 ratings reflect a decline across several indicators. As such, SPCSA staff recommend elevating the financial Notice of Concern to a Notice of Breach.

At its January 23, 2026, meeting, the SPCSA Board adopted the Fiscal Year 2025 Financial Performance Framework results, including ratings for SNTHS. However, an error was identified in the analysis: the school should have received a ‘Does Not Meet Standard’ rating for Total Margin, rather than ‘Falls Far Below Standard,’ as only the current year margin can be calculated. The analysis within this memo is based upon the updated ratings. The updated Financial Performance Framework ratings for the SPCSA portfolio are included as part of this agenda item.

Liquidity appears constrained, limiting the school’s ability to meet short-term obligations and maintain an adequate cash cushion, as evidenced by declines in the Current Ratio and Unrestricted Days Cash. Ongoing operating losses further restrict financial flexibility, while the balance sheet indicates liabilities exceed assets. Declining Total Margin and Cash Flow reflect reduced capacity to generate sufficient resources over time. Additionally, insufficient cash flow to cover debt and lease obligations, as indicated by the Debt-to-Asset and Debt/Lease Coverage ratios, further elevates financial risk.

The school’s lease agreement continues to significantly impact its financial condition, consuming a large share of Pupil-Centered Funding Plan (PCFP) revenue and contributing to declines in multiple financial indicators. Although the school has renegotiated its lease and anticipates enrollment growth, its projections currently rely on philanthropic support and increased enrollment to remain viable.

*Proposed Motion: Adopt the updated Fiscal Year 2025 Financial Performance Framework results for Southern Nevada Trades High School as provided within this memo. Additionally, elevate Southern Nevada Trades high school under the Financial Performance Framework to a Notice of Breach and require the school to participate in ongoing financial oversight as outlined by SPCSA staff.*