

Steve Sisolak  
Governor

STATE OF NEVADA

Rebecca Feiden  
Executive Director



STATE PUBLIC CHARTER SCHOOL AUTHORITY

1749 North Stewart Street Suite 40  
Carson City, Nevada 89706-2543  
(775) 687-9174 · Fax (775) 687-9113

2080 East Flamingo Road Suite 230  
Las Vegas, Nevada 89119-5164  
(702) 486-8895 · Fax (702) 486-5543

Via Electronic Mail

December 23, 2022

Nevada State High School  
Mr. Matthew Fox  
Jesse Welsh  
2651 North Green Valley Parkway, Suite 106  
Henderson, NV 89014

**RE: FY22 Preliminary Financial Performance Ratings For Your School**

Dear Mr. Matthew Fox and Jesse Welsh:

As you know the State Public Charter School Authority (SPCSA) is responsible through the Nevada Revised Statutes (NRS) 388A.150 for providing “oversight to the charter schools...to ensure that those charter schools maintain high educational and operational standards.”

The SPCSA must also adopt a performance framework which “must include, without limitation, performance indicators, measures and metrics for the categories of academics, finances and organization.” With regard to finances, the framework must address “the financial condition and sustainability of the charter school.” NRS 388A.273.

Therefore, the SPCSA has a Financial Performance Framework through which the financial health of sponsored schools is examined. The examination is performed after schools submit their Independent Annual Audit, also called an Annual Financial Report, to the SPCSA by December 1st of each year for their most recent completed School Year Ending (SYE) June 30. Ratings are generated from an analysis of information contained within this report and from other school records, such as enrollment records. Your school submitted their Annual Report and other documents throughout the year and these were reviewed by SPCSA staff. Each of the indicators measured may be rated as:

1. Meets Standards
2. Does Not Meet Standards, or
3. Falls Far Below Standards

**The summary of preliminary Financial Performance ratings for your school for the School Year Ending (SYE) June 30, 2022 can be found below.**

<b>Indicator</b>	<b>Preliminary Rating</b>
Current Ratio	Meets Standards
Unrestricted Days Cash-On-Hand	Meets Standards
Enrollment Variance <sup>[1]</sup>	Falls Far Below Standards
Debt (or lease) Default	Meets Standards
Total Margin and Aggregated Three-Year Total Margin	Meets Standards
Debt to Asset Ratio	Meets Standards
Cash Flow	Meets Standards
Debt or Lease Service Coverage Ratio	Meets Standards

This analysis was based on the eight financial measures detailed in the [Financial Performance Framework Technical Guide](#) found on the State Public Charter School Authority website. Details regarding your school’s Financial Performance ratings for SYE 2022 are attached to this memo. The actual ratings measures for the framework are calculated and shown in the section titled “Financial Performance Measures, Metrics, Ratings” beginning at approximately row 202.

While recommendations for SYE 2022 performance are not yet finalized, schools are generally considered as meeting financial performance standards under the Financial Performance Framework if they receive at least five (5) out of seven (7) possible “Meets Standards” ratings, and no “Falls Far Below Standards” ratings. Conversely, schools may be recommended for a “Notice of Concern” if they receive three (3) or more “Does Not Meet Standards” ratings and/or one (1) or more “Falls Far Below Standards” ratings for the most recent school year being reviewed as noted in the Technical Guide linked above. Schools that demonstrate materially weak financial performance or sustained years of weak financial performance may be recommended for a “Notice of Breach” or a “Notice of Intent to Terminate.” SPCSA staff encourage the school’s board to consult the Financial Performance Framework Technical Guide as found within the SPCSA [Accountability tab](#) on the agency website.

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<sup>[1]</sup> The Enrollment Variance measure is for information only for FY22 as approved by the Authority on June 25, 2021.

**SPCSA staff is providing a review window of this preliminary data through the close of business hours, Friday, January 13, 2023, after which time this data will become finalized.** Please review this data with your leadership teams prior to that date. Should you find any systemic issues, such as a miscalculation, please reach out to us directly.

**Additionally, should you and your leadership team wish to provide additional documentation regarding specific calculations as noted within the Financial Performance Framework Technical Guide, this should also be provided on or before January 13, 2022. This includes working papers or information related to GASB 87.**

Finally, and as you are likely aware, the SPCSA experienced some delays in providing timely grant reimbursements to schools for Fiscal Year 22 (FY22). In some cases, this may have resulted in your school reporting less cash on hand than would have otherwise been available at the end of the fiscal year. SPCSA staff has determined the amount of reimbursement that should have been paid by the June 30, 2022. This exact total is referenced on row 136 in the FP Data Ratings tab.

To appropriately account for this under the framework, and to not penalize schools for issues beyond their control, SPCSA staff is incorporating this amount into all impacted calculations under the framework. Stated another way, SPCSA staff has added this total to the reported cash amount in your audit, and subtracted this amount from your reported Accounts Receivables **for calculations under the SYE 2022 framework only.**

SPCSA staff is not adjusting any numbers within your school's final audit, instead we are adjusting the calculations within the Financial Performance Framework for FY22. Additionally, SPCSA staff is working diligently to prevent this issue from recurring for FY23, and we don't anticipate making a similar adjustment in future fiscal years as a result.

All schools are welcome to contact staff to review their results and plans going forward, regardless of their ratings. Schools wishing to setup a meeting should contact either myself or Michael Gawthrop-Hutchins ([m.hutchins@spsca.nv.gov](mailto:m.hutchins@spsca.nv.gov)).

The State Public Charter School Authority believes strongly in a quality public school of choice for every Nevada child. Achieving and maintaining your school's financial health is critical and we are dedicated to quality oversight and consulting to help all of our schools achieving that goal in best supporting student success. Feel free to contact us with questions.

Sincerely,

Mike Dang

[mdang@spsca.nv.gov](mailto:mdang@spsca.nv.gov)



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Jesse Welsh  
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