



# Proposed Finance Changes for FY25

- Use the data of Unrestricted Cash as calculated and provided by the audit firms participating in the Approved Auditor Program
- Debt Service by acknowledging “Building Related Debt”
  - Schools would earn an extra 5 points with “Building Related Debt”, changing the total points available for the Annual Debt to Income Ratio from 20 to 25 points
  - Change the total points available for the Debt to Asset Ratio from 20 to 15 points
  - The total points available for Indicator 1 remain at 100 points
- Change the total points available for submitting the annual financial audit report late, on or before December 1<sup>st</sup>, from 10 to 5 points
  - The total points available for Indicator 2 remain at 100 points



<b>Measure 1c, Annual Debt to Income : Total Annual Debt Payments (Debt Service) / Total Revenue</b> <b>Does the school have enough income to cover short-term debt payments?</b> <b>Maximum Points for Annual Debt to Income:</b>	<b>Points Available</b>
	<b>25</b>
Meets Standard:	<b>20</b>
· Annual Debt to Income is below 5 percent	
Approaches Standard:	<b>10</b>
· Annual Debt to Income is between 5 and 15 percent	
Does Not Meet Standard:	<b>0</b>
· Annual Debt to Income is above 15 percent	
Does the school acquire building-related debt?	
If Yes	<b>5</b>
If No	<b>0</b>
<b>Measure 1f, Debt to Asset Ratio: (Total Liabilities-Deferred Pension Liability) divided by Total Assets</b> <b>Does the school maintain an appropriate balance between assets and liabilities over time?</b>	<b>Points Available</b>
Meets Standard:	
· Debt to Asset Ratio is less than 95 percent	<b>15</b>
Approaches Standard:	
· Debt to Asset Ratio is between 95 and 100 percent	<b>10</b>
Does Not Meet Standard:	<b>0</b>
· Debt to Asset Ratio is greater than 100 percent	



# Proposed Finance Changes for FY25 Cont.



## SECTION II, INDICATOR 2: FINANCIAL MANAGEMENT & OVERSIGHT

### Measure 2f, Timely Audit Submission

**Does the school have the proper financial documentation to allow for a timely audit review and submission?**

**Points Available**

Meets Standard:

**20**

- The school submitted its financial audit on time, on or before November 1st.

Approaches Standard:

**5**

- The school submitted its financial audit late, on or before December 1st.

Does Not Meet Standard:

**0**

- The school submitted its financial audit late, after December 1st.

# Proposed New Financial Performance Scoring



Near-term and sustainability measures - TOTAL 100:

- Current ratio (15 pts)
- Unrestricted days cash (20 pts)
- Debt to income ratio (25 pts)
- Default on debt (10 pts)
- Efficiency margin (15 pts)
- Debt to asset ratio (15 pts)

Management and oversight measures - TOTAL 100:

- GAAP standards (20 pts)
- Federal financial requirements (15 pts)
- Local Units of Administration (15 pts)
- School policies (20 pts)
- Enrollment variance < 3% (10 pts)
- Audit submission timeline (20 pts)

