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**AGENDA ITEM: Recent Updates to ASBCS Online****Issue**

During the new Financial Performance Framework's development, stakeholders repeatedly expressed to the Board's Financial Framework Subcommittee ("Subcommittee") that the new financial dashboard must be easy to understand and user friendly. Further, the Subcommittee considered additional transparency, including making the performance of the Board's portfolio more accessible.

**Financial Dashboard**

At the September Board meeting, staff will demonstrate the new financial dashboard. As a preview, examples of the new financial dashboard have been included with this staff report. Like the Board's operational dashboard, the new financial dashboard includes a summary view and an expanded, detailed view.

DASHBOARD EXAMPLES

The example "*Good Standing*" dashboard begins on page 3. Although not included in the meeting materials, the "*Adequate Standing*" dashboard will include the same level of information as the "*Good Standing*" dashboard. The differences will be that certain measures on the "*Adequate Standing*" dashboard will be rated "*Approaches Standard*" and will display with yellow triangles, and the "*Good Standing*" rating will be replaced with "*Adequate Standing: Meets the Board's Financial Performance Expectations*," which will display in yellow.

The example "*Intervention*" dashboard begins on page 6. Charter holders that receive an Intervention rating must submit information to the Board regarding the charter holder's financial performance. The Subcommittee's recommended framework, which was approved by the Board in December, indicated that efforts would be made to have all charter holder submissions and related Board communications accessible from the dashboard. When the "*Intervention*" rating is clicked, the user is taken to a webpage that includes this information (see page 8). This webpage is updated throughout the intervention process.

PLACE FOR CHARTER HOLDER EXPLANATION

Based on feedback received during the Subcommittee's process, the new financial dashboard allows a charter representative to enter a brief explanation for the charter holder's financial performance that will display under the charter holder's dashboard. After the charter holder's fiscal year 2019 audit dashboard becomes available through ASBCS Online, the charter representative will be able to enter an explanation (see page 10). To add an explanation, the charter representative must:

1. Log into ASBCS Online.
2. Access the "Performance" tab.
3. Scroll down to the bottom of the fiscal year 2019 or subsequent audit financial dashboard.
4. Click on "Add explanation (optional)."

**School Performance**

The Subcommittee also considered recommendations to promote transparency. One of those recommendations involved making the performance of the Board's portfolio more accessible. Through the new School Performance webpage, which may be accessed at <https://online.asbcs.az.gov/schools/performance>, the public is able to access the school level academic performance and the charter holder level financial and operational performance of each open school in the Board's portfolio.

The School Performance webpage includes the most current academic (fiscal year 2018) and operational (fiscal year 2019) performance ratings available under the Board's performance frameworks. The first financial performance rating will display after the fiscal year 2019 audit has been received and reviewed. The information that displays for each school will update as the individual dashboards are updated. The School Performance webpage also includes a link to the "Performance" tab, which is the same link the Board's rules require schools to post on their websites.

# **“Good Standing” Dashboard Example**



# Charter Holder: Demo Charter Holder, Inc. CTDS: 00-00-00-000 | Entity ID: 123456

[Back to search results](#)

- General
- Mission Statement
- Representatives
- Board Members
- Schools
- Documentation
- Complaints
- Amendments
- Performance

Select a dashboard to view:

## Financial Performance - FY2019

Click on any of the triangles below to see more information

Key: ▲ Meets Standard ▶ Approaches Standard ▼ Below Standard

[Expand All](#)

▲	Going Concern	▼
▲	Default	▼
▲	Available Reserve	▼
▲	Revenues Exceed Expenses	▼
▲	Facility & Debt Costs Covered	▼
▲	Stable or Increasing # of Students	▼

**GOOD STANDING: MEETS THE BOARD'S FINANCIAL PERFORMANCE EXPECTATIONS**



# Charter Holder: Demo Charter Holder, Inc. CTDS: 00-00-00-000 | Entity ID: 123456

[Back to search results](#)

- General
- Mission Statement
- Representatives
- Board Members
- Schools
- Documentation
- Complaints
- Amendments
- Performance

Select a dashboard to view: **Financial Performance Dashboard**

## Financial Performance - FY2019

Click on any of the triangles below to see more information

Key: ▲ Meets Standard ▶ Approaches Standard ▼ Below Standard [Expand All](#)



### Going Concern

- Meets Standard**  
No substantial doubt about the charter holder's ability to continue operating is raised in the audit.
- Going Concern Measure:** Accounting principles require charter holder management to evaluate their entity's ability to continue operating. Under auditing standards, the charter holder's independent CPA then audits the conclusion reached by management.
- Meets Standard =** No substantial doubt
- [Additional Information on Financial Framework's Measures](#)



### Default

- Meets Standard**  
Audit indicates the charter holder is not in default on its material loans and facility agreements.
- Default Measure:** Failure to make timely payments or comply with other requirements may result in a lender or landlord issuing a notice of default.
- Meets Standard =** No default
- [Additional Information on Financial Framework's Measures](#)



### Available Reserve

- Meets Standard**  
34.69
- Unrestricted Days Liquidity Measure:** Indicates a charter holder's available reserve by identifying how many days' expenses can be paid without another influx of cash.
- Meets Standard =**  $\geq 30$  days
- Approaches Standard =**  $< 30$ , but  $\geq 15$
- Below Standard =**  $< 15$
- [Additional Information on Financial Framework's Measures](#)



### Revenues Exceed Expenses

- Meets Standard**  
5165,876
- Adjusted Net Income Measure:** Considers whether a charter holder is operating within its available resources. If the charter holder's adjusted expenses exceed its revenues (negative adjusted net income), then performance on this measure also considers the percentage calculated by dividing the charter holder's adjusted net income by its total revenues.
- Meets Standard =** Positive adjusted net income
- Approaches Standard =** Zero or negative adjusted net income and a percentage  $\leq 0$ , but  $\geq (4.99\%)$
- Below Standard =** Negative adjusted net income and a percentage  $\leq (5\%)$
- Negative numbers indicated by parentheses.**
- [Additional Information on Financial Framework's Measures](#)



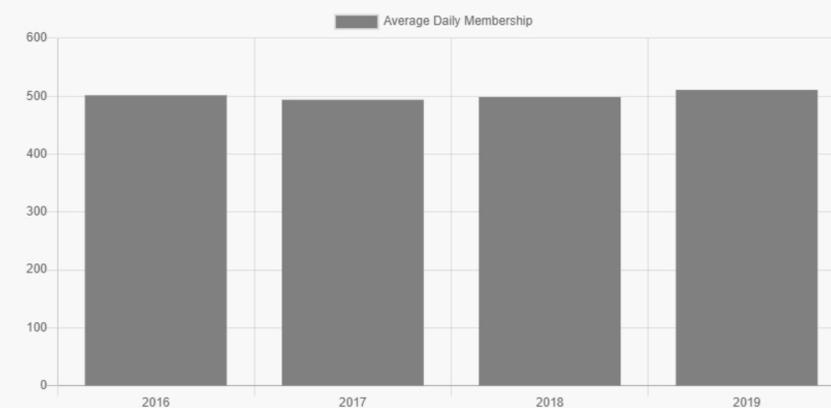
### Facility & Debt Costs Covered

- Meets Standard**  
1.16
- Lease Adjusted Debt Service Coverage Ratio Measure:** Considers how easily debt principal, interest and facility costs can be paid as they become due. A ratio of less than 1.0 means the charter holder is unable to cover its facility and debt costs for the year without dipping into its savings or borrowing additional funds.
- Meets Standard =**  $> 1.10$
- Approaches Standard =**  $\leq 1.10$ , but  $\geq 1.0$
- Below Standard =**  $< 1.0$
- Negative numbers indicated by parentheses.**
- [Additional Information on Financial Framework's Measures](#)



### Stable or Increasing # of Students

- Meets Standard**  
The charter holder experienced an overall increase in its student count.
- Average Daily Membership Measure:** Averages the annual percent change in the charter holder's student count used for state funding for the three most recent completed school years.



- Meets Standard =** Increase, or decrease of up to 4.99%
- Approaches Standard =** Decrease of 5% to 14.99%
- Below Standard =** Decrease of 15% or more
- [Additional Information on Financial Framework's Measures](#)

## GOOD STANDING: MEETS THE BOARD'S FINANCIAL PERFORMANCE EXPECTATIONS

- Good Standing**  
The charter holder has no measure rated "Below Standard" and no more than one measure rated "Approaches Standard." A charter holder with a rating of "Good Standing" meets the Board's financial performance expectations.
- Adequate Standing**  
The charter holder has no measure rated "Below Standard" and two or more measures rated "Approaches Standard." A charter holder with a rating of "Adequate Standing" meets the Board's financial performance expectations.
- Intervention**  
The charter holder either has a) one or more measures rated "Below Standard" or b) three consecutive years in "Adequate Standing." A charter holder with a rating of "Intervention" must submit information to the Board regarding the charter holder's financial performance.

# **“Intervention” Dashboard Example**



# Charter Holder: Demo Charter Holder, Inc. CTDS: 00-00-00-000 | Entity ID: 123456

[Back to search results](#)

- General
- Mission Statement
- Representatives
- Board Members
- Schools
- Documentation
- Complaints
- Amendments
- Performance

Select a dashboard to view:

## Financial Performance - FY2020

Click on any of the triangles below to see more information

Key: ▲ Meets Standard ▶ Approaches Standard ▼ Below Standard

[Expand All](#)

▲	Going Concern	▼
▲	Default	▼
▲	Available Reserve	▼
▼	Revenues Exceed Expenses	▼
▼	Facility & Debt Costs Covered	▼
▲	Stable or Increasing # of Students	▼

**INTERVENTION: [CLICK HERE FOR MORE INFORMATION](#)**



- General
- Mission Statement
- Representatives
- Board Members
- Schools
- Documentation
- Complaints
- Amendments
- Performance

Select a dashboard to view: Financial Performance Dashboard

### Financial Performance - FY2020

Click on any of the triangles below to see more information

Key: ▲ Meets Standard ▶ Approaches Standard ▼ Below Standard [Expand All](#)

#### ▲ Going Concern

- Meets Standard**  
No substantial doubt about the charter holder's ability to continue operating is raised in the audit.
- Going Concern Measure: Accounting principles require charter holder management to evaluate their entity's ability to continue operating. Under auditing standards, the charter holder's independent CPA then audits the conclusion reached by management.
- Meets Standard = No substantial doubt
- [Additional Information on Financial Framework's Measures](#)

#### ▲ Default

- Meets Standard**  
Audit indicates the charter holder is not in default on its material loans and facility agreements.
- Default Measure: Failure to make timely payments or comply with other requirements may result in a lender or landlord issuing a notice of default.
- Meets Standard = No default
- [Additional Information on Financial Framework's Measures](#)

#### ▲ Available Reserve

- Meets Standard**  
35.18
- Unrestricted Days Liquidity Measure: Indicates a charter holder's available reserve by identifying how many days' expenses can be paid without another influx of cash.
- Meets Standard =  $\geq 30$  days
- Approaches Standard =  $< 30$ , but  $\geq 15$
- Below Standard =  $< 15$
- [Additional Information on Financial Framework's Measures](#)

#### ▼ Revenues Exceed Expenses

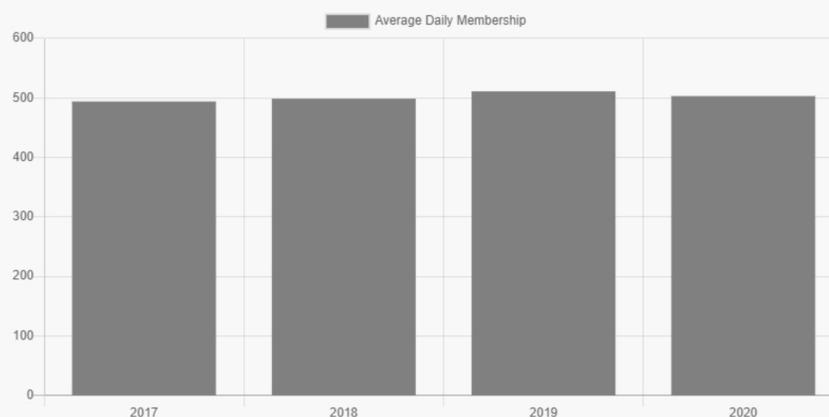
- Below Standard**  
(\$348,316), (7.36%)
- Adjusted Net Income Measure: Considers whether a charter holder is operating within its available resources. If the charter holder's adjusted expenses exceed its revenues (negative adjusted net income), then performance on this measure also considers the percentage calculated by dividing the charter holder's adjusted net income by its total revenues.
- Meets Standard = Positive adjusted net income
- Approaches Standard = Zero or negative adjusted net income and a percentage  $\leq 0$ , but  $\geq (4.99\%)$
- Below Standard = Negative adjusted net income and a percentage  $\leq (5\%)$
- Negative numbers indicated by parentheses.
- [Additional Information on Financial Framework's Measures](#)

#### ▼ Facility & Debt Costs Covered

- Below Standard**  
0.67
- Lease Adjusted Debt Service Coverage Ratio Measure: Considers how easily debt principal, interest and facility costs can be paid as they become due. A ratio of less than 1.0 means the charter holder is unable to cover its facility and debt costs for the year without dipping into its savings or borrowing additional funds.
- Meets Standard =  $> 1.10$
- Approaches Standard =  $\leq 1.10$ , but  $\geq 1.0$
- Below Standard =  $< 1.0$
- Negative numbers indicated by parentheses.
- [Additional Information on Financial Framework's Measures](#)

#### ▲ Stable or Increasing # of Students

- Meets Standard**  
The charter holder experienced an overall increase in its student count.
- Average Daily Membership Measure: Averages the annual percent change in the charter holder's student count used for state funding for the three most recent completed school years.



- Meets Standard = Increase, or decrease of up to 4.99%
- Approaches Standard = Decrease of 5% to 14.99%
- Below Standard = Decrease of 15% or more
- [Additional Information on Financial Framework's Measures](#)

#### INTERVENTION: CLICK HERE FOR MORE INFORMATION

- Intervention**  
The charter holder has one or more measures rated "Below Standard" and is required to submit information to the Board regarding its financial performance.



### Intervention

The charter holder has one or more measures rated "Below Standard" and is required to submit information to the Board regarding its financial performance.  
For additional information, refer to the [Financial Performance Framework](#).

### Next Submission Due

07/30/2020

### Charter Holder Financial Intervention Submissions

- [Initial Financial Response \(Download\)](#)
- [Quarterly Report - September 30 \(Download\)](#)
- [Quarterly Report - December 31 \(Download\)](#)
- [Quarterly Report - March 31 \(Download\)](#)

### Board Report on Initial Financial Response

[Download Report](#)

### Board Communications

#### [Initial Financial Response Reviewed](#)

- [Review Email](#)

#### [Quarterly Financial Reports Reviewed](#)

- [Review Email](#)
- [Review Email](#)

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**Place for Charter Representative  
To Add Brief Explanation**



### Demo Charter Holder, Inc. CTDS: 00-00-00-000 | Entity ID: 123456

- General
- Representatives
- Grades
- Enrollment Caps
- Board Members
- Schools
- Documentation
- Amendments
- Performance**

Select a dashboard to view:

#### Financial Performance - FY2020

Click on any of the triangles below to see more information

Key: ▲ Meets Standard ▶ Approaches Standard ▼ Below Standard

[Expand All](#)

- ▲ Going Concern ▼
- ▲ Default ▼
- ▲ Available Reserve ▼
- ▼ Revenues Exceed Expenses ▼
- ▼ Facility & Debt Costs Covered ▼
- ▲ Stable or Increasing # of Students ▼

**INTERVENTION: CLICK HERE FOR MORE INFORMATION**

Add explanation (optional)