



CARS Report Financial Performance Metrics

This page covers all financial metrics and cut points available in the CARS report. In your CARS report, Does Not Meet Value = Red, Approaching Value = Yellow, Meets Value = Green, and Exceeds Value = Blue.

Fund Type: Governmental

Financial Indicator	Does Not Meet Value	Approaching Value	Meets Value	Exceeds Value	Measure Notes
Operating Margin	Less Than or Equal to -3%	Between -2.9% and -0.1%	Between 0% and 2.9%	Greater Than or Equal to 3%	Demonstrates whether a school spent more than they brought in during a fiscal year.
Months of Cash on Hand	Less than or equal to 1	Between 1.1 and 1.9	Between 2 and 2.9	Greater than or equal to 3	Critical to ensure liquid assets are sufficient to meet current obligations. Schools with less than 2 months of cash on hand may have difficulty making facility and payroll expenses if/when receipts are delayed or less than expected.
Months of Unassigned Fund Balance on Hand	Less than or equal to 0.6	Between 0.7 and 0.9	Between 1 and 1.4	1.5	Unassigned fund balance ensures that the school can weather unexpected expenses or decreased revenues with little to no operational impact. The higher the fund balance, the more insulated the operations (teacher pay, rent, instructional supplies) are from unexpected negative events.
Positive Unassigned Fund Balance (TABOR)	NO	N/A	YES	N/A	Unassigned fund balance is equal to total fund balance less restrictions imposed by state law, board policy, lenders, authorizers, or assigned for specific use by staff. If this indicator is negative, it signals that the school does not have an adequate fund balance to comply with law, policy, or other regulations.

Financial Performance

Fund Type: Proprietary

Financial Indicator	Does Not Meet Value	Approaching Value	Meets Value	Exceeds Value	Measure Notes
Current Ratio (CURRENT ASSETS / CURRENT LIABILITIES)	0	Between 0.1 and 0.9	1	1.5	Demonstrates whether current assets (cash on hand, liquid investments, receivables) are sufficient to cover current liabilities (disbursements due within the fiscal year). This is an important indicator of financial health. If assets are less than liabilities, the school is at risk for being unable to meet current obligations such as rent and payroll.
Debt to Asset Ratio (TOTAL DEBT / TOTAL ASSETS)	greater than or equal to 2	between 1.5 and 1	Between 0.5 and 0.9	Less than 0.5	Demonstrates whether a school's debt is higher than the school's assets. If a school has a debt to asset ratio of 1, then the school has the same amount of debt as they do assets. If a school has a debt to asset ratio of 0.5, then the school's debt is 50% (or half) of the school's assets. A debt to asset ratio of 2 signals that the school's debt is twice as high as the value of their assets. This signals a weak financial position because the school owes significantly more than it owns, and likely has high debt service requirements, or a balloon payment in the future.
Change in Net Position	less than 0	N/A	0	greater than 0	Demonstrates whether a school's net position (assets less liabilities) increased or decreased. A decrease in net position is an indicator that liabilities increased faster than assets, signaling a potential weakening in the school's financial position.

Financial Performance

Fund Type: Government-wide

Financial Indicator	Does Not Meet Value	Approaching Value	Meets Value	Exceeds Value	Measure Notes
Default	YES	N/A	NO	N/A	This indicator represents whether a school has defaulted on any of its financial covenants – particularly with lenders. Default usually occurs when a school does not make minimum payments on debt. This is a strong indicator of financial risk.
Funded Pupil Count (FPC) Current-Year Variance (CURRENT YEAR BUDGETED FPC – CURRENT YEAR ACTUAL FPC)	Less than or equal to (10%)	Between (9.9%) and (5%)	between (4.9%) and 4.9%	Greater than or equal to 5%	This indicator measures the accuracy of funded pupil count projections which correlates directly to the accuracy of revenue projections. A variance of +/- 4.9% is expected. Negative variances of more than 5% signal potential financial distress and the need for financial monitoring and interventions.
Change in FPC from Prior-Year (CURRENT YEAR ACTUAL FPC – PRIOR YEAR ACTUAL FPC)	(5%)	Between (5%) and (3%)	Between (3%) and 5%	5%	This indicator measures the variance of enrollment from year to year. A variance of -3% or +5% is expected due to immaterial variances in population. Negative variances of more than 3% signal a potential shift in demand for the school and a higher likelihood that fixed costs will begin to take up an unsustainable and growing portion of the revenue, leading to instability in facilities and/or administration.