

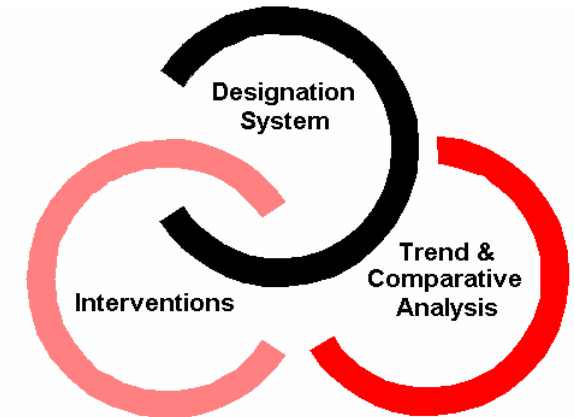
ISBE Designations:

- Financial Recognition – score of 3.54 – 4.00 – highest category of financial strength
- Financial Review – score of 3.08 – 3.53 – next highest financial health category – will be monitored for potential downward trends
- Financial Warning – score of 2.62 – 3.07 – ISBE monitors closely and offers proactive technical assistance
- Financial Watch – score of 1.00 – 2.61 – highest risk – monitored by ISBE very closely with the offer of technical assistance including, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories, and enrollment projections

Intervention Services:

An important component of the School District Financial Profile will be ISBE intervention activities. Regionally-based Finance Consultants are available to provide proactive assistance to financially distressed districts by providing customized technical assistance, analysis of financial data, proper claiming and accounting for state

and federal funds and development of sound financial management practices.



**Illinois State Board
of Education**

**Internal
Management
Tool**

**School District
Financial Profile
System**

Rod R. Blagojevich
Governor

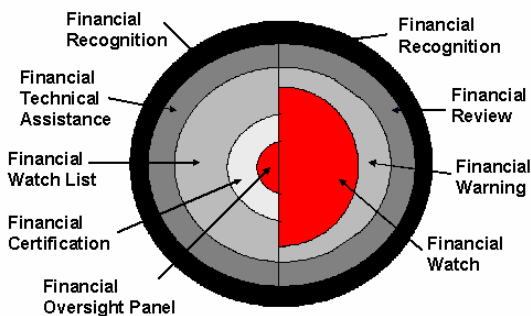
Jesse Ruiz
Chairman

Dr. Randy J. Dunn
Interim State Superintendent of Education

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Since the 1980's, the State Board of Education has been monitoring the financial conditions of school districts. This annual cycle has evolved from publishing a Financial Watch List, to the assessment of all school districts' fiscal health in the Financial Assurance and Accountability System (FAAS) to the new and more comprehensive School District Financial Profile System.

Old System (FAAS) Compared to the New School District Financial Profile



The overarching goal of the financial profile is to objectively assess the financial health of all school districts in order for the public to gain a better understanding of where their schools rank in comparison to others. This will be done through a process of benchmarking 5 indicators for school districts:

Historically, we present the Total Profile Scores at our March Board Meeting. Your Profile and comments that the district has submitted, will then be listed on our website, www.isbe.net/sfms/p/profile.htm.

The Five Indicators

- 1. Fund Balance to Revenue Ratio:** indicates the overall financial strength of the district for the prior year. It is the result of dividing the ending fund balances by the revenues for the four operating funds (Educational, Operations & Maintenance, Transportation, and Working Cash Fund) and, if applicable, a negative IMRF/FICA fund balance.
- 2. Expenditure to Revenue Ratio:** identifies how much a district spent for each dollar it received. It is calculated by dividing total expenditures by the revenues for the operating funds. Also considered in this calculation is the remaining fund balances, so if a district is deficit spending in a particular year, but has sufficient fund balances to cover the expenditures, the district will not be penalized.
- 3. Days Cash on Hand:** provides a projected estimate of the number of days a district could meet operating expenses if no additional revenues were received. It is calculated by dividing the expenditures of the four operating funds by 360 (days) to obtain an average expenditure per day. Then the total cash on hand and investments (end of fiscal year) for the same funds are divided by the average expenditures per day.

- 4. Percent of Short-Term Borrowing Maximum Remaining:** reflects the remaining short-term debt extension available to the district. The calculated percentage is 100% less the percentage of Tax Anticipation Warrants that remain outstanding.
- 5. Percent of Long-Term Debt Margin Remaining:** is a summary of numerous items relating to long-term debt distinguished from debt secured by short-term instruments.

What the composite score indicates

Scoring is predicated upon a three-step process:

- ◆ **RANGE** – is dependent upon cut scores; each indicator is calculated and the results are slotted into a category of a four, three, two, or one with four being the highest and best category possible
- ◆ **WEIGHTING** – once the range of the indicator is set, the respective score is weighted
- ◆ **TOTAL** – the sum of weighted indicators determines the financial strength and designation of each school district