

Figure: 19 TAC §109.1001(f)(1)

Charter FIRST - Rating Worksheet Dated August 2015 for Rating Year 2014-2015

Fiscal Year Ended June 30, _____, or August 31, _____

County-District # _____ - _____

Charter School Name: _____

Indicator number	Charter FIRST: 2014-2015 Ratings based on Fiscal Year 2014 data	Select the appropriate box below	
		Pass	Fail
Critical Indicators			
1	Was the complete annual financial report (AFR) and charter school financial data submitted to TEA within 30 days of the November 27 or January 28 deadline depending on the charter school's fiscal year end date of June 30 or August 31, respectively?	Yes	No
2	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	Yes	No
3	Was the charter school in compliance with the payment terms of all debt agreements at fiscal year end? (If the charter school was in default in a prior fiscal year, an exemption applies in following years if the charter school is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)	Yes	No
4	Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's change of students in membership over 5 years was 10 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have a 10 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 10 percent increase in 5 years.)	Yes	No
Solvency Indicators			
5	Was the charter school's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	Points 10	
Financial Competence Indicators			
6	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in a total variance of less than 3 percent of all expenses by function?	Points 10	
7	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	Points 10	
Maximum possible points		30	

Charter FIRST Determination of Points

Indicator number	10	8	6	4	2	0
5	Threshold Ratio (based on ADA size)					
ADA Size						
1,000 and Above	≤ 0.1401	> 0.1401 ≤ 0.1651	> 0.1651 ≤ 0.1901	> 0.1901 ≤ 0.2151	> 0.2151 ≤ 0.2401	> 0.2401
500 to 999	≤ 0.1561	> 0.1561 ≤ 0.1811	> 0.1811 ≤ 0.2061	> 0.2061 ≤ 0.2311	> 0.2311 ≤ 0.2561	> 0.2561
Less than 500	≤ 0.2645	> 0.2645 ≤ 0.2895	> 0.2895 ≤ 0.3145	> 0.3145 ≤ 0.3395	> 0.3395 ≤ 0.3645	> 0.3645

Indicator number	10		0
6	Yes		No
7	Yes		No

Determination of Charter School Rating	
Did the charter school fail any of the critical indicators 1 through 4? If so, then the charter school's rating is F for Substandard Achievement, regardless of points earned.	
Determine the rating by the applicable number of points.	Points
P = Pass	16 through 30
F = Substandard Achievement <i>(The charter school receives an F if it scores below the minimum passing score, or if it failed any critical indicator 1 through 4, or if the AFR and the data were not complete, or if either the AFR or the data were not submitted on time for FIRST analysis.)</i>	0 through 15

For questions, call Financial Accountability at (512) 463-9095

Completed by _____

Charter FIRST - Rating Worksheet Calculations Dated August 2015 for Rating Year 2014-2015

	Indicator	Calculation Defined
1	Was the complete annual financial report (AFR) and charter school financial data submitted to TEA within 30 days of the November 27 or January 28 deadline depending on the charter school's fiscal year end date of June 30 or August 31, respectively?	No Calculation Involved
2	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	No Calculation Involved
3	Was the charter school in compliance with the payment terms of all debt agreements at fiscal year end? (If the charter school was in default in a prior fiscal year, an exemption applies in following years if the charter school is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)	No Calculation Involved
4	Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's change of students in membership over 5 years was 10 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have a 10 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 10 percent increase in 5 years.)	$A + B > C$ OR $\frac{D - E}{E} \times 100 \geq F$, where A = Total net asset balance in the statement of financial position in the annual financial report; B = Pension Expense, Other Post Employment Benefits (OPEB), and Net Pension Liability (NPL), as applicable C = Net assets threshold, which = 0; D = Number of students in membership in year 5 from base year; E = Number of students in membership in base year; F = Threshold for percent change in students in membership, which = 10%
5	Was the charter school's administrative cost ratio equal to or less than the threshold ratio?	$\frac{A}{B} < \text{threshold based on CS size}$, where A = Sum of amounts for function codes 21 and 41; B = Sum of amounts for function codes 11, 12, 13, and 31 *Includes object codes 61XX-64XX in fund codes 199 and 420
6	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in a total variance of less than 3 percent of all expenses by function?	$\frac{A}{B} < C$, where A = Sum of the absolute values of all differences in expenses (determined by function) between the Statement of Activities and PEIMS; B = Sum of expenses for all expenses presented in the Statement of Activities; C = Threshold for percentage of data variance, which = 3%
7	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	No Calculation Involved