

Figure: 19 TAC §109.1001(f)(3)

Charter FIRST - Rating Worksheet Dated April 2015 for Rating Year 2016-2017

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

County-District # _____ - _____

Charter School Name: _____

Indicator number	Charter FIRST: 2016-2017 Ratings based on Fiscal Year 2016 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? Note: There is no 30-day grace period.	Yes	No
2	Review the AFR for unmodified opinion and material weakness. The charter school must pass either 2.A or 2.B to pass this indicator. The charter school fails indicator number 2 if it responds "No" to indicators 2.A and 2.B.		
2.A	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
2.B	Was the AFR 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. The external independent auditor determines if there are any instances of material weakness.	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 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.	Yes	No
4	Did the charter school make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes	No
5	Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's 5 year percent change in students was a 10 percent increase or more, the charter school passes this indicator).	Yes	No

Solvency Indicators		Points
6	Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.	10
7	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?	10
8	Was the measure of long-term liabilities to long-term asset ratio for the charter school sufficient to support long-term solvency?	10
9	Did the charter school's revenues equal or exceed expenses, excluding depreciation? If not, was the charter school's number of days of cash on hand greater than or equal to 40 days? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.	10
10	Was the debt service coverage ratio sufficient to meet the required debt service?	10
11	Was the charter school's administrative cost ratio equal to or less than the threshold ratio?	10
12	Did the charter school have a 15 percent or more decline in the student to staff ratio over 3 years (total enrollment to total staff)? If the charter school is within the first three years of opening or if the student enrollment did not decrease, the charter school will automatically pass this indicator.	10

Financial Competence Indicators		Points
13	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in an aggregate variance of less than 3 percent of all expenses?	10
14	Was the AFR free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? The AICPA defines material noncompliance. The external independent auditor determines if there are any instances of material noncompliance.	10
15	Did the charter school not receive an adjusted repayment schedule for more than one fiscal year for an overallocation of Foundation School Program (FSP) funds as a result of a financial hardship?	10

Maximum possible points	100
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Charter FIRST Determination of Points						
Indicator number	10	8	6	4	2	0
6	>= 60	< 60 >= 50	< 50 >= 40	< 40 >= 30	< 30 >= 20	< 20
7	>= 2	< 2 >= 1.75	< 1.75 >= 1.5	< 1.5 >= 1.25	< 1.25 >= 1	< 1
8	<= 0.60	> 0.60 <= 0.70	> 0.70 <= 0.80	> 0.80 <= 0.90	> 0.90 <= 1.00	> 1.00
9	>= 0%	10 points are awarded if the charter school has at least 40 days cash on hand as determined in indicator #6.				< 0%
10	>= 1.20	< 1.20 >= 1.15	< 1.15 >= 1.10	< 1.10 >= 1.05	< 1.05 >= 1.00	< 1.00

Charter FIRST Determination of Points						
Indicator number	10	8	6	4	2	0
11	Threshold Ratio (based on ADA size)					
ADA Size						
1,000 and Above	<= 0.087	> 0.088 <= 0.142	> 0.143 <= 0.191	> 0.192 <= 0.239	> 0.240 <= 0.288	> 0.289
500 to 999	<= 0.090	> 0.091 <= 0.152	> 0.153 <= 0.214	> 0.215 <= 0.276	> 0.277 <= 0.330	> 0.331
Less than 500	<= 0.094	> 0.095 <= 0.163	> 0.164 <= 0.238	> 0.239 <= 0.314	> 0.315 <= 0.390	> 0.391
Indicator number	10					0
12	Yes					No
13	Yes					No
14	Yes					No
15	Yes					No

Determination of Charter School Rating	
Did the charter school fail any of the critical indicators 1, 3, 4 or 5 or both 2.A and 2.B? If so, the charter school's rating is F for Substandard Achievement, regardless of points earned.	
Determine rating by applicable number of points.	Points
A = Superior	90 through 100
B = Above Standard	80 through 89
C = Meets Standard	60 through 79
F = Substandard Achievement (The charter school receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 3, 4 or 5, or failed both 2.A and 2.B, or if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.)	0 through 59

For questions, call Financial Accountability at (512) 463-9095.
 Completed by _____

Charter FIRST - Rating Worksheet Calculations Dated April 2015 for Rating Year 2016-2017		
	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? Note: There is no 30-day grace period.	No Calculation Involved
2	Review the AFR for unmodified opinion and material weakness. The charter school must pass either 2.A or 2.B to pass this indicator. The charter school fails indicator number 2 if it responds "No" to indicator 2.A and 2.B.	Did the charter pass either 2.A or 2.B
2.A	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
2.B	Was the AFR 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. The external independent auditor determines if there are any instances of material weakness.	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 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.	No Calculation Involved
4	Did the charter school make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	No Calculation Involved
5	Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's 5 year percent change in students in membership was a 10 percent increase or more, then the charter school passes this indicator).	$A > B$ OR $\frac{((C - D) / D) \times 100}{\geq E}$, where A = Total net asset balance in the statement of financial position in the annual financial report; B = Net assets threshold, which = 0; C = Number of students in membership in base year; D = Threshold for percent change in students in membership, which = 10%
6	Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.	$\frac{[(A + B) / (C - D)] \times 365}{\geq E}$, where A = Cash & Equivalents; B = Current Investments; C = Total Expenditures; D = Depreciation Expense; E = Pension Expense
7	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?	A / B , where A = Current Assets; B = Current Liabilities
8	Was the measure of long-term liabilities to long-term asset ratio for the charter school sufficient to support long-term solvency?	A / B , where A = Long Term Liabilities; B = Long Term Assets
9	Did the charter school's revenues equal or exceed expenses, excluding depreciation? If not, was the charter school's number of days of cash on hand greater than or equal to 40 days? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.	$\frac{[A / (B - C - D) - 1]}{\geq 0}$, where A = Total Revenue; B = Total Expenses; C = Depreciation; D = Pension Expense
10	Was the debt service coverage ratio sufficient to meet the required debt service?	$(A - B + C + D) / D$, where A = Total Revenue; B = Total Expenses; C = Depreciation; D = Debt Service (interest and principle payments)
11	Was the charter school's administrative cost ratio equal to or less than the threshold ratio?	$(A / B) < \text{threshold based on CS size}$, 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 code 420, except 6144

Charter FIRST - Rating Worksheet Calculations Dated April 2015 for Rating Year 2016-2017

12	<p>Did the charter school have a 15 percent or more decline in the student to staff ratio over 3 years (total enrollment to total staff)?</p> <p>If the charter school is within the first three years of opening or if the student enrollment did not decrease, the charter school will automatically pass this indicator.</p>	<p>$(A / B) - 1 > -0.15$ or $C - D > 0$, where</p> <p>A = Student to Staff ratio in year under review; B = Student to Staff ratio 3 years prior to review; C = Enrollment in the year under review; D = Enrollment 3 years prior to the year under review</p>
13	<p>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in an aggregate variance of less than 3 percent of all expenses?</p>	<p>$A / B < C$, where</p> <p>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%</p>
14	<p>Was the AFR free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? The AICPA defines material noncompliance and the external independent auditor determines if there are any instances of material noncompliance.</p>	<p>No Calculation Involved</p>
15	<p>Did the charter school not receive an adjusted repayment schedule for more than one fiscal year for an overallocation of Foundation School Program (FSP) funds as a result of a financial hardship?</p>	<p>No Calculation Involved</p>