

# TABLES & GRAPHICS

Graphic images included in rules are published separately in this tables and graphics section. Graphic images are arranged in this section in the following order: Title Number, Part Number, Chapter Number and Section Number.

Graphic images are indicated in the text of the emergency, proposed, and adopted rules by the following tag: the word “Figure” followed by the TAC citation, rule number, and the appropriate subsection, paragraph, subparagraph, and so on.

Figure: 10 TAC §10.625

Noncompliance Event	Program(s)	If HTC, on Form 8823?
Violations of the National Standards for the Physical Inspection of Real Estate or Local Codes	All Programs	Yes
Noncompliance related to Affirmative Marketing requirements	All Programs	No
Development is not available to the general public because of leasing issues	HTC	Yes
TDHCA has received notice of possible Fair Housing Act Violation from HUD or DOJ and reported general public use violation in accordance with IRS 8823 Audit Guide Chapter 13	HTC	Yes
TDHCA has referred unresolved Fair Housing Design and Construction issue or other Fair Housing noncompliance to the Texas Workforce Commission	All programs	No
Development has gone through a deed in lieu of foreclosure or foreclosure	All programs	Yes
Development is never expected to comply due to failure to report or allow monitoring	All programs	Yes
Owner did not allow on-site monitoring or physical inspection and/or failed to notify residents resulting in inspection cancelation	All programs	Yes
LURA not in effect	All programs	Yes
Project failed to meet minimum set aside	HTC and Bonds	Yes
No evidence of, or failure to certify to material participation of a non-profit or HUB, if required by LURA	HTC	Yes, if non- profit issue, No, if HUB issue
Development failed to meet additional state required rent and occupancy restrictions	All programs	No
Noncompliance with social service requirements	HTC and Bond	No
Development failed to provide housing to the elderly as promised at application	All programs	No

Failure to provide special needs housing as required by LURA	All programs	No
Changes in Eligible Basis or Applicable percentage	HTC	Yes
Failure to submit all or parts of the Annual Owner's Compliance Report	All programs	Yes for part A, No for other parts
Failure to submit quarterly reports as required by §10.607	All programs	No
Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation §1.42-10	All programs	Yes if rent exceeds limit, no if related to noncompliance with other requirements, such as posting, updating etc.
Noncompliance with lease requirements described in §10.613 of this subchapter	All programs	No
Asset Management Division has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this chapter	All programs	No
Failure to provide a notary public as promised at application	HTC	No
Violation of the Unit Vacancy Rule	HTC	Yes
Casualty Loss	All programs	Yes
Failure to provide monitoring and/or physical inspection documentation	All programs	No
Failure to provide amenity as required by LURA	All programs	No

Failure to pay asset management, compliance monitoring or other required fee	HTC, TCAP, ERA, Bond, NHTF, TCAP-RF, Exchange, HOME-ARP, HOME Match, and HOME and /NSP Developments committed funds after August 23, 2013	No
Change in ownership without Department approval (other than removal of a general partner in accordance with §10.406 of this chapter)	All programs	No
Noncompliance with written policy and procedure requirements	All programs	No, unless finding is because Owner refused to lease to Section 8 households
Program Unit not leased to Low-Income household/ Household income above income limit upon initial occupancy	All programs	Yes
Program unit occupied by nonqualified students	HTC during the Compliance Period, Bond, HOME/ NSP developments committed funds after August 23, 2013, 811, and HOME-ARP Developments	Yes
Low Income Units used on a transient basis	HTC and Bond	Yes
Violation of the Available Unit Rule	All programs, but only during the Compliance Period for HTC, TCAP, and Exchange	Yes

Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	All programs	Yes
Failure to provide Tenant Income Certification and documentation	All programs	Yes
Unit not available for rent	All programs	Yes
Failure to collect data required by §10.612	All programs	No
Development evicted or terminated the tenancy of a low-income tenant for other than good cause	HTC, HOME, HOME-ARP, ERA, HOME Match, TCAP- RF, NHTF, and NSP	Yes
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	HOME, TCAP-RF, HOME Match, ERA, and HOME ARP	No
Violation of the Integrated Housing Rule	All programs	No
Failure to resolve final construction deficiencies within the corrective action period	All programs	No
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards as modified in the Department rules, or other accessibility related requirements of a Department rule	HOME, HOME-ARP, HOME Match, NSP, TCAP- RF, ERA NHTF, THTF, and for those HTC properties that were awarded after 2001	No
Noncompliance with the notice to the Department requirements described in §10.609 of this subchapter	All programs	No
Failure to reserve Units for Section 811 participants	811 developments	No
Failure to notify the Department of the availability of units	811 developments	No
Owner failed to check required criminal history	811 developments	No
Failure to use Enterprise Income Verification System	811 developments	No
Failure to properly document and calculate adjusted	811 developments	No
Failure to use required HUD forms	811 developments	No

Accepted funding that limits Section 811 participation	811 developments	No
Failure to properly calculate tenant portion of rent	811 developments	No
Failure to use HUD model lease	811 developments	No
Failure to disperse Section 811 units	811 developments	No
Failure to conduct interim certifications	811 developments	No
Failure to conduct annual income recertification	811 developments	No
Asset Management Division has reported that Owner has failed to submit rents on an annual basis in accordance with §10.403 of this chapter	HOME, NSP, TCAP RF, HOME Match, HOME-ARP, and NHTF	No
Unit Leased to a household that is not qualified for the 811 PRA program	811 developments	No
Noncompliance with CHDO Requirements	HOME	No
Failure to disperse unit designations across all unit types – Average Income only	HTC	No
Household income designations was improperly changed or removed	All programs	No
Failure to maintain the specific unit mix required in the Land Use Restriction Agreement (LURA)	HOME, HOME-ARP, ERA, HOME Match, TCAP-RF, and NHTF	No
Increased a household's rent more than one time during a 12-month period	All programs	No
Failure to issue a notice of rent increase in accordance with §10.622(k)	All programs	No
Failure to market to veterans as required in the LURA	HTC	No
Failure to include veteran statement in the application	All programs	No
Failure to properly calculate and/or collect security deposit-Section 811 only	Section 811	No
Development inaccurately charged an application or late fee- Section 811 only	Section 811	No
Failure to issue utility allowance reimbursement in accordance with Section 811 only	Section 811	No
Failure to issue HUD Notices – Section 811	Section 811	No

Failure to submit completed IRS Form(s) 8609 with Part II completed by the first year of the credit period	HTC, Exchange, and TCAP	No
Failure to provide notice to applicants and households prior to the LURA term ending	All programs	No

Figure: 19 TAC §109.1001(e)(8)  
 School FIRST - Rating Worksheet Dated June 2024 for Rating Years 2023-2024+  
 Fiscal Year Ended June 30, \_\_\_\_\_, or August 31, \_\_\_\_\_

## School FIRST Worksheet based on Fiscal Year End Data

<u>Indicator Number</u>	<u>Critical Indicators</u>	<u>Pass</u>	<u>Fail</u>
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	<u>Yes</u>	<u>No</u>
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.)	<u>Yes</u>	<u>No</u>
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district 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.)	<u>Yes</u>	<u>No</u>
4	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail this indicator. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement (even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days).	<u>Yes</u>	<u>No</u>

<u>Indicator Number</u>	<u>Solvency Indicators</u>	<u>Points</u>
5	Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	<u>Ceiling Indicator</u>
6	Was the average change in (assigned and unassigned) fund balance over 3 years less than a 25 percent decrease or did the current year assigned and unassigned fund balance exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	<u>Ceiling Indicator</u>
7	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)	<u>10</u>

<u>8</u>	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)	<u>10</u>
<u>9</u>	Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	<u>10</u>
<u>10</u>	Did the school district average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	<u>10</u>
<u>11</u>	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.) (See ranges below.)	<u>10</u>
<u>12</u>	What is the correlation between future debt requirements and the district's assessed property value? (See ranges below.)	<u>10</u>
<u>13</u>	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	<u>10</u>
<u>14</u>	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)	<u>10</u>

<u>Indicator Number</u>	<u>Financial Competence Indicators</u>	<u>Points</u>
<u>15</u>	Was the school district's actual ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? (see ranges below)	<u>5</u>
<u>16</u>	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	<u>Ceiling Indicator</u>
<u>17</u>	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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)	<u>Ceiling Indicator</u>
<u>18</u>	Did the external independent auditor indicate the AFR was 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.)	<u>10</u>
<u>19</u>	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	<u>5</u>
<u>20</u>	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	<u>Ceiling Indicator</u>
<u>21</u>	Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship? (If the school district fails indicator 21, the maximum points and highest rating that the school district may receive is 70 points, C = Meets Standard Achievement.)	<u>Ceiling Indicator</u>

Maximum Possible Points 100

## School FIRST Determination of Points

Indicator	10	8	6	4	2	0	
5	Yes	Ceiling Indicator - If the school district fails both parts of indicator 5, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)					No
6	Yes	Ceiling Indicator - If the school district fails indicator 6 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.					No
7	≥ 90	≥ 75	≥ 60	≥ 45	≥ 30	≤ 30	
8	≥ 3	≥ 2.5	≥ 2	≥ 1.5	≥ 1	≤ 1	
9	≥ 0%	10 points are awarded if the school district has at least 60 days cash on hand as determined in indicator #7.					
10	≤ 10%	10 points are awarded if the school district's budgeted to actual revenues are < 10% variance (90% to 110%).					
11	≥ 0.60	≥ 0.70	≥ 0.80	≥ 0.90	≥ 1.00	≤ 1.00	
12	≥ 4	≥ 7	≥ 10	≥ 11.5	≥ 13.5	≤ 13.5	

Indicator	Threshold Ratio (based on ADA size)					
	10	8	6	4	2	0
13	≥ 10,000	≥ 0.0450	≥ 0.0575	≥ 0.0700	≥ 0.0825	≥ 0.0950
	5,000 to 9,999	≥ 0.0550	≥ 0.0675	≥ 0.0800	≥ 0.0925	≥ 0.1050
	1,000 to 4,999	≥ 0.0585	≥ 0.0710	≥ 0.0835	≥ 0.0960	≥ 0.1085
	500 to 999	≥ 0.0625	≥ 0.0750	≥ 0.0875	≥ 0.1000	≥ 0.1125
	< 500	≥ 0.0850	≥ 0.0975	≥ 0.1100	≥ 0.1225	≥ 0.1350
	Sparse	≥ 0.1125	≥ 0.1250	≥ 0.1375	≥ 0.1500	≥ 0.1625

Indicator	10	8	6	4	2	0	
14	Yes						No

Indicator	Allotted Range (based on ADA size)					
	5	0	0.07	0.10	0.20	0.25
15	≥ 10,000	≤ 0.07	≤ 0.10	≤ 0.20	≤ 0.25	≤ 0.30
	5,000 to 9,999	≤ 0.10	≤ 0.20	≤ 0.25	≤ 0.30	≤ 0.35
	1,000 to 4,999	≤ 0.20	≤ 0.25	≤ 0.30	≤ 0.35	≤ 0.40
	500 to 999	≤ 0.25	≤ 0.30	≤ 0.35	≤ 0.40	≤ 0.45
	< 500	≤ 0.30	≤ 0.35	≤ 0.40	≤ 0.45	≤ 0.50
	Sparse	≤ 0.35	≤ 0.40	≤ 0.45	≤ 0.50	≤ 0.55

16	Yes	Ceiling Indicator - If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.					No
17	Yes	Ceiling Indicator - If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.					No

Indicator	10	0
18	Yes	No

Indicator	5	0
19	Yes	No

20		<u>Yes</u>	<u>Ceiling Indicator - If the school district fails indicator 20, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.</u>	<u>No</u>
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21		<u>No</u>	<u>Ceiling Indicator - If the school district fails indicator 21, the maximum points and highest rating that the school district may receive is 70 points, C = Meets Standard Achievement.</u>	<u>Yes</u>
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<b>Ceiling Indicators</b>		
<b>Maximum Points</b>	<b>Applicable Rating</b>	
95	A = Superior Achievement	Did the school district meet the criteria for any of the following ceiling indicators 4, 5, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below.
79	C = Meets Standard Achievement	<b>Determination of rating based on meeting ceiling criteria.</b>
89	B = Above Standard Achievement	<b>Indicator 4</b> (Timely Payments) - School district was issued a warrant hold.
89	B = Above Standard Achievement	<b>Indicator 5</b> (Total Net Position) - Negative total net position and do not have 7% or more or 1,000 or more increase in growth in students in membership over 5 years.
79	C = Meets Standard Achievement	<b>Indicator 6</b> (Average Change in Fund Balance) - Response to indicator is <u>No.</u>
89	B = Above Standard Achievement	<b>Indicator 16</b> (PPIMS to AFR) - Response to indicator is <u>No.</u>
79	C = Meets Standard Achievement	<b>Indicator 17</b> (Material Weaknesses and/or Going Concern) - Response to indicator is <u>No.</u>
89	B = Above Standard Achievement	<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is <u>No.</u>
70	C = Meets Standard Achievement	<b>Indicator 21</b> (FSP Payment Plan) - Response to indicator is <u>Yes.</u>

If the school district's overall points earned is less than the maximum points allowed by the applicable ceiling indicator, the school district will receive a rating based on the lesser points earned. If the school district fails a critical indicator or the school district's total number of points is equal to or less than 69 points, the school district will receive an F = Substandard Achievement rating, regardless of any ceiling indicator criteria met.

**Examples of the points and rating that a district may earn when the criteria of a ceiling indicator is met.**

**Example 1:** Your district fails ceiling indicator 17 and your district's total points before failing ceiling indicator 17 is 98 points, the maximum points and rating that your district may receive is 79 points, C = Meets Standard Achievement, respectively.

**Example 2:** Your district fails ceiling indicator 6 and your district's total points before failing ceiling indicator 6 is 86 points, the maximum points and rating that your district may receive is 86 points, B = Above Standard Achievement, not 89 points, B = Above Standard Achievement.

**Example 3:** Your district fails critical indicator 4 and ceiling indicator 16 and your district's total points before failing indicators 4 and 16 is 67 points, the maximum points and rating that your district may receive is 67 points, F = Substandard Achievement.

**Example 4:** Your district fails part 1 of indicator 5, but passes indicator 5 based on part 2, the district's 7% or more or 1,000 or more increase in growth in students in membership over 5 years. Your district's total points before passing indicator 5 solely on part 2 of the indicator is 100 points, the maximum points and rating that your district may receive is 89 points, B = Above Standard Achievement.

**Example 5:** Your district received a warrant hold (Indicator 4) that was cleared within 30 days from the date that the warrant hold was issued and the district's total points is 90 points before any ceiling deduction. The maximum points and rating that your district may receive is 90 points, A = Superior Achievement because the total points is less than the ceiling of 95 points.

<b>Determination of School District Rating</b>	
<b>Points</b>	
90 through 100	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.
80 through 89	<b>Determine the rating by the applicable number of points.</b>
70 through 79	A = Superior Achievement
0 through 69	B = Above Standard Achievement
	C = Meets Standard Achievement
	F = Substandard Achievement (The school district receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, 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.)

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 49. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.

**School FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	Indicator	Calculation Defined
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district'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 school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district 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	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.) (Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued).	<p>If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail this indicator.</p> <p>If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points. A = Superior Achievement (even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days).</p> <p>The agency will use the AFR, warrant holds, information from the IRS, and other sources to make a determination of timely payments.</p>
5	Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points. C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points. B = Above Standard Achievement.)	<p><math>(A - B) / B &gt; C</math> OR <math>(D + E + F + G) &gt; 0</math>, where</p> <p>A = Number of students in membership in year 5 from base year;            B = Number of students in membership in base year;            C = Threshold for 5 year percent increase in students in membership, which = 7% or 1,000 or more students in membership;            D = Total net position in the governmental activities column in Exhibit A-1 (Statement of Net Position) in the annual financial report;            E = Accretion of interest for capital appreciation bonds;            F = Net Pension Liability (NPL), as applicable            G = Other Post Employment Benefits (OPEB)</p>

**School FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	Indicator	Calculation Defined
6	Was the average change in (general fund - assigned and unassigned) fund balance over 3 years less than a 25% decrease or did the current year assigned and unassigned fund balance (fund 199) exceed 75 days of total expenditures (fund 199)?	$\frac{(((A-B)/B)+((C-A)/A)+((D-C)/C))/3 < 25\%}{\text{or}}$ $D > [(E-F)/365]*75, \text{ where}$ <p>A = Assigned and Unassigned Fund Balance (fund 199) for Year 2 (two years prior to current year under review)                      B = Assigned and Unassigned Fund Balance (fund 199) for Year 1 (three years prior to current year under review)                      C = Assigned and Unassigned Fund Balance (fund 199) for Year 3 (one year prior to current year under review)                      D = Assigned and Unassigned Fund Balance (fund 199) for Year 4 (current year under review)                      E = Total Expenditures (fund 199)                      F = Capital Outlay (Function 81)</p> <p>The average of the change in fund balance (general fund assigned and unassigned) over 3 years must be less than 25%</p> <p>If the average change in fund balance (general fund assigned and unassigned) is not less than 25%, then use:  <math display="block">D &gt; [(E-F)/365]*75</math></p>
7	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover expenditures (excluding facilities acquisition and construction - function 81, fund 199)?	$[(A + B) / (C - D)] * 365, \text{ where}$ <p>A = Cash &amp; Equivalents; (fund 199)                      B = Current Investments; (fund 199)                      C = Total Expenditures; (fund 199)                      D = Facilities Acquisition and Construction (fund 199, function 81)</p>
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	<p>A / B, where</p> <p>A = Current Assets (governmental activities column from the Statement of Net Position)                      B = Current Liabilities (governmental activities column from the Statement of Net Position)</p>
9	Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	$[A / (B - C) - 1] > 0, \text{ where}$ <p>A = Total Revenues (fund 199; code 5020 from the Statement of Revenues, Expenditures, and Changes in Fund Balance)                      B = Total Expenditures (fund 199; code 6030 from the Statement of Revenues, Expenditures, and Changes in Fund Balance)                      C = Facilities Acquisition and Construction (fund 199; function 81 - from the Statement of Revenues, Expenditures, and Changes in Fund Balance)</p>
10	Did the school district average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	$\frac{(((A-B)/B)+((C-D)/D)+((E-F)/F))/3 = +/- 10\% \text{ variance, where}}$ <p>A=Actual Revenues for year 1 (two years prior to current year under review)                      B=Budgeted Revenues for year 1 (two years prior to current year under review)                      C=Actual Revenues for year 2 (one year prior to current year under review)                      D=Budgeted Revenues for year 2 (one year prior to current year under review)                      E=Actual Revenues for year 3 (current year under review)                      F=Budgeted Revenues for year 3 (current year under review)</p> <p>Data source: TSDS PEIMS collections - General fund (199); object codes 57XX through 58XX, October Snapshot - Fall PEIMS (Budgeted Revenues); and Mid-year PEIMS (Actual Revenues).  <b>Note: October Snapshot is the last Friday in October whether this is a day of instruction or not.</b></p>
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)	<p>A/B, where</p> <p>A = Long Term Liabilities (governmental activities column from the Statement of Net Position)                      B = Total Assets (governmental activities column from the Statement of Net Position)</p>

<b>School FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+</b>		
<b>#</b>	<b>Indicator</b>	<b>Calculation Defined</b>
<u>12</u>	What is the correlation between future debt requirements and the district's assessed property value?	$(A/B)*C*100/D$ , where A = Total Local and Intermediate Sources (code 5700) from fund 599 B = Total Revenue (code 5020, fund 599) C = Long Term Liabilities (governmental activities column from the Statement of Net Position) D = Assessed Property Value (Interest & Sinking Value)
<u>13</u>	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	$(A/B) < \text{threshold based on district ADA size}$ , where A = Sum of amounts for function codes 21 and 41; B = Total Expenditures  *Includes object codes 61XX-64XX, except 6144, in fund codes 199, 266, 281, 282, and 283
<u>14</u>	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)	$(A/B) - 1 > -0.15$ or $C - D > 0$ , where A = Student to Staff ratio in the year under review; B = Student to Staff ratio 3 years prior to the year under review; C = Enrollment in year under review; D = Enrollment 3 years prior to the year under review
<u>15</u>	Was the school district's actual ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections?	$(A-B)/B < \text{threshold based on district ADA size}$ , where A = Actual Average Daily Attendance (ADA) B = Projected Average Daily Attendance (ADA)
<u>16</u>	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	$(A/B) < C$ , where A = Sum of the absolute values of all differences in expenditures (determined by function) between Exhibit C-2 (Statement of Revenues, Expenditures, and Changes in Fund Balance) and PEIMS, by function in Fund Code 199; B = Sum of expenditures in PEIMS by function in fund code 199; C = Threshold level variance, which = 3%
<u>17</u>	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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.)	No Calculation Involved
<u>18</u>	Did the external independent auditor indicate the AFR was 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.)	No Calculation Involved
<u>19</u>	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	No Calculation Involved
<u>20</u>	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?	No Calculation Involved
<u>21</u>	Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?	No Calculation Involved

Figure: 19 TAC §109.1001(f)(8)  
 Charter FIRST - Rating Worksheet Dated June 2023 for Rating Years 2023-2024+  
 Fiscal Year Ended June 30, \_\_\_\_\_, or August 31, \_\_\_\_\_

## Charter FIRST Worksheet based on Fiscal Year End Data

Indicator Number	Critical Indicators	Pass	Fail
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	Did the charter school make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? If the charter school received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the charter school is considered to not have made timely payments and will fail this indicator. If the charter school was issued a warrant hold, the maximum points and highest rating that the charter school may receive is 95 points. A = Superior Achievement (even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days).	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 increase of students in membership over 5 years was 7 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 an average of 7 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 7 percent increase in 5 years.) (If the charter school passes indicator 5 based only on the charter school's 7 percent or more increase in students in membership, the maximum points and highest rating that the charter school may receive is 79 points, C = Meets Standard Achievement.)	Yes	No

Indicator Number	Solvency Indicators	Points
6	Was the average change in total net assets over 3 years less than a 25 percent decrease or did the current year total net asset balance exceed 75 days of operational expenditures [(total expenditures less depreciation) / 365 * 75 days]? (If the charter school fails indicator 6, the maximum points and highest rating that the charter school may receive is 89 points, B = Above Standard Achievement.)	Ceiling Indicator
7	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. (See ranges below.)	10
8	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt? (See ranges below.)	10

<u>9</u>	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.	<u>5</u>
<u>10</u>	Did the charter school average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	<u>10</u>
<u>11</u>	Was the ratio of long-term liabilities to total assets for the charter school sufficient to support long-term solvency? (If the charter school's increase of students in membership over 5 years was 7 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 an average of 7 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 7 percent increase in 5 years.) (See ranges below.)	<u>10</u>
<u>12</u>	Was the debt service coverage ratio sufficient to meet the required debt service?	<u>10</u>
<u>13</u>	Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?	<u>5</u>
<u>14</u>	Was the charter school's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	<u>10</u>
<u>15</u>	Did the charter school not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the charter school will automatically pass this indicator.)	<u>10</u>

<u>Indicator Number</u>	<u>Financial Competence Indicators</u>	<u>Points</u>
<u>16</u>	Was the charter school's actual average daily attendance (ADA) within 10 percent of the charter school's annual estimated ADA?	<u>5</u>
<u>17</u>	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? (If the charter school fails indicator 17, the maximum points and highest rating that the charter school may receive is 89 points, B = Above Standard Achievement.)	<u>Ceiling Indicator</u>
<u>18</u>	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 and free from substantial doubt about the charter school's ability to continue as a going concern? (The AICPA defines material weakness.) (If the charter school fails indicator 18, the maximum points and highest rating that the charter school may receive is 79 points, C = Meets Standard Achievement.)	<u>Ceiling Indicator</u>
<u>19</u>	Did the external independent auditor indicate the AFR was 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.)	<u>10</u>
<u>20</u>	Did the charter school post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the charter school's fiscal year end?	<u>5</u>
<u>21</u>	Did the charter school receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship? (If the charter school fails indicator 21, the maximum points and highest rating that the charter school may receive is 70 points, C = Meets Standard Achievement.)	<u>Ceiling Indicator</u>

Maximum Possible Points **100**

## Charter FIRST Determination of Points

<u>Indicator</u>	<u>10</u>	<u>8</u>	<u>6</u>	<u>4</u>	<u>2</u>	<u>0</u>	
<u>6</u>	<u>Yes</u>	<u>Ceiling Indicator - If the charter school fails indicator 6, the maximum points and highest rating that the charter school may receive is 89 points, B = Above Standard Achievement.</u>					<u>No</u>
<u>7</u>	<u>≥ 60</u>	<u>≥ 50</u>	<u>≥ 40</u>	<u>≥ 30</u>	<u>≥ 20</u>	<u>≤ 20</u>	
<u>8</u>	<u>≥ 2</u>	<u>≥ 1.75</u>	<u>≥ 1.5</u>	<u>≥ 1.25</u>	<u>≥ 1</u>	<u>≤ 1</u>	
<u>Indicator</u>	<u>5</u>						<u>0</u>
<u>9</u>	<u>≥ 0%</u>	<u>5 points are awarded if the charter school has at least 40 days cash on hand as determined in indicator #7.</u>					<u>≤ 0%</u>
<u>Indicator</u>	<u>10</u>	<u>8</u>	<u>6</u>	<u>4</u>	<u>2</u>	<u>0</u>	
<u>10</u>	<u>≤ 10%</u>	<u>10 points are awarded if the charter school's budgeted to actual revenues are &lt; 10% variance (90% to 110%).</u>					<u>≥ 10%</u>
<u>11</u>	<u>≤ 0.60</u>	<u>≤ 0.70</u>	<u>≤ 0.80</u>	<u>≤ 0.90</u>	<u>≤ 1.00</u>	<u>≥ 1.00</u>	
<u>12</u>	<u>≥ 1.20</u>	<u>≥ 1.15</u>	<u>≥ 1.10</u>	<u>≥ 1.05</u>	<u>≥ 1.00</u>	<u>≤ 1.00</u>	
<u>Indicator</u>	<u>5</u>						<u>0</u>
<u>13</u>	<u>≤ 95%</u>	<u>5 points are awarded if the charter school has a debt to capitalization ratio &lt; 95%.</u>					<u>≥ 95%</u>
<u>Threshold Ratio (based on ADA size)</u>							
<u>Indicator</u>	<u>10</u>	<u>8</u>	<u>6</u>	<u>4</u>	<u>2</u>	<u>0</u>	
<u>14</u>	<u>≥ 0.850</u>	<u>≥ 0.975</u>	<u>≥ 1.100</u>	<u>≥ 1.225</u>	<u>≥ 1.350</u>	<u>≥ 1.350</u>	
<u>500 to 1,000</u>	<u>≤ 0.0900</u>	<u>≤ 0.1025</u>	<u>≤ 0.1150</u>	<u>≤ 0.1275</u>	<u>≤ 0.1400</u>	<u>≥ 0.1400</u>	
<u>&lt; 500</u>	<u>≤ 0.1165</u>	<u>≤ 0.1290</u>	<u>≤ 0.1415</u>	<u>≤ 0.1540</u>	<u>≤ 0.1665</u>	<u>≥ 0.1665</u>	
<u>Indicator</u>	<u>10</u>						<u>0</u>
<u>15</u>	<u>Yes</u>						<u>No</u>
<u>Indicator</u>	<u>5</u>						<u>0</u>
<u>16</u>	<u>Yes</u>						<u>No</u>
<u>17</u>	<u>Yes</u>	<u>Ceiling Indicator - If the charter school fails indicator 17, the maximum points and highest rating that the charter school may receive is 89 points, B = Above Standard Achievement.</u>					<u>No</u>
<u>18</u>	<u>Yes</u>	<u>Ceiling Indicator - If the charter school fails indicator 18, the maximum points and highest rating that the charter school may receive is 79 points, C = Meets Standard Achievement.</u>					<u>No</u>
<u>Indicator</u>	<u>10</u>						<u>0</u>
<u>19</u>	<u>Yes</u>						<u>No</u>
<u>Indicator</u>	<u>5</u>						<u>0</u>
<u>20</u>	<u>Yes</u>						<u>No</u>
<u>21</u>	<u>No</u>	<u>Ceiling Indicator - If the charter school fails indicator 21, the maximum points and highest rating that the charter school may receive is 70 points, C = Meets Standard Achievement.</u>					<u>Yes</u>

<b>Ceiling Indicators</b>		
<b>Maximum Points</b>	<b>Applicable Rating</b>	
95	A = Superior Achievement	
79	C = Meets Standard Achievement	
89	B = Above Standard Achievement	
89	B = Above Standard Achievement	
79	C = Meets Standard Achievement	
70	C = Meets Standard Achievement	

Did the charter school meet the criteria for any of the following ceiling indicators 4, 5, 6, 17, or 18? If so, the charter school's applicable maximum points and rating are disclosed below.

**Determination of rating based on meeting ceiling criteria.**

**Indicator 4** (Timely Payments) - Charter school was issued a warrant hold.

**Indicator 5** (Total Net Assets) - Negative total net assets and pass indicator based only on 7% or more increase in students in membership over 5 years.

**Indicator 6** (Average Change in Total Net Assets) - Response to indicator is No.

**Indicator 17** (PEIMS to AFR) - Response to indicator is No.

**Indicator 18** (Material Weaknesses and/or Going Concern) - Response to indicator is No.

**Indicator 21** (FSP Payment Plan) - Response to indicator is Yes.

If the charter school's overall points earned is less than the maximum points allowed by the applicable ceiling indicator, the charter school will receive a rating based on the lesser points earned. If the charter school fails a critical indicator or the charter school's total number of points is equal to or less than 69 points, the charter school will receive an F = Substandard Achievement rating, regardless of any ceiling indicator criteria met.

**Examples of the points and rating that a charter school may earn when the criteria of a ceiling indicator is met:**

**Example 1:** Your charter school fails ceiling indicator 18 and your charter school's total points before failing ceiling indicator 18 is 98 points, the maximum points and rating that your charter school may receive is 79 points, C = Meets Standard Achievement.

**Example 2:** Your charter school fails ceiling indicator 6 and your charter school's total points before failing ceiling indicator 6 is 86 points, the maximum points and rating that your charter school may receive is 86 points, B = Above Standard Achievement, not 89 points, B = Above Standard Achievement.

**Example 3:** Your charter school fails critical indicator 4 and ceiling indicator 17 and your charter school's total points before failing indicators 4 and 17 is 67 points, the maximum points and rating that your charter school may receive is 67 points, F = Substandard Achievement.

**Example 4:** Your charter school fails Part 1 of indicator 5, but passes critical indicator 5 based on Part 2, the charter school's 7% or more increase in growth in students in membership over 5 years. Your charter school's total points before passing indicator 5 solely on Part 2 of the indicator is 100 points, the maximum points and rating that your charter school may receive is 79 points, C = Meets Standard Achievement.

**Example 5:** Your charter school received a warrant hold (Indicator 4) that was cleared within 30 days from the date that the warrant hold was issued and the charter school's total points is 90 points before any ceiling deduction. The maximum points and rating that your charter school may receive is 90 points, A = Superior Achievement because the total points is less than the ceiling of 95 points.

**Determination of Charter School Rating**

Did the charter school fail any of the critical indicators 1, 2, 3, 4, or 5 (parts 1 and 2)? If so, the charter school's rating is F for Substandard Achievement regardless of points earned.

**Determine the rating by the applicable number of points.**

<b>Points</b>
90 through 100
80 through 89
70 through 79
0 through 69

A = Superior Achievement

B = Above Standard Achievement

C = Meets Standard Achievement

F = Substandard Achievement (The charter school receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, 4, or 5, 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.)

**Charter FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	<u>Indicator</u>	<u>Calculation Defined</u>
1	<u>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?</u>	<u>No calculation involved</u>
2	<u>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.)</u>	<u>No calculation involved</u>
3	<u>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.)</u>	<u>No calculation involved</u>
4	<u>Did the charter school make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued).</u>	<p><u>If the charter school received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the charter school is considered to not have made timely payments and will fail this indicator.</u></p> <p><u>If the charter school was issued a warrant hold, the maximum points and highest rating that the charter school may receive is 95 points. A = Superior Achievement (even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days).</u></p> <p><u>The agency will use the AFR, warrant holds, information from the IRS, and other sources to make a determination of timely payments.</u></p>
5	<u>Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's increase of students in membership over 5 years was 7 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 an average of 7 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 7 percent increase in 5 years.)</u>	<p><u><math>(A + B) &gt; C</math> OR <math>\frac{(D - E)}{E} \times 100 \geq F</math>, where</u></p> <p><u>A = Total net asset balance in the Statement of Financial Position in the annual financial report</u></p> <p><u>B = Pension Expense, Other Post Employment Benefits (OPEB), and Net Pension Liability (NPL), as applicable</u></p> <p><u>C = Net assets threshold, which = 0</u></p> <p><u>D = Number of students in membership in year 5 from base year</u></p> <p><u>E = Number of students in membership in base year</u></p> <p><u>F = Threshold for percent increase in students in membership, which = 7%</u></p>

**Charter FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	<b>Indicator</b>	<b>Calculation Defined</b>
6	<p>Was the average change in total net assets in the Statement of Financial Position over 3 years less than a 25% decrease or did the current year total net asset balance in the Statement of Financial Position exceed 75 days of operational expenditures [(total expenditures less depreciation) /365]*75?</p>	<p>The average of the change in the total net asset balance in the Statement of Financial Position over 3 years must be less than 25%.</p> $\frac{[(B-A)/A]+((C-B)/B)+((D-C)/C)}{3} < 25\%$ <p align="center"><b>or</b></p> $D > [(E-F)/365]*75, \text{ where}$ <p>A = Total Net Asset Balance for Year 1 (three years prior to current year under review)                      B = Total Net Asset Balance for Year 2 (two years prior to current year under review)                      C = Total Net Asset Balance for Year 3 (one year prior to current year under review)                      D = Total Net Asset Balance for Year 4 (current year under review)                      E = Total Expenditures (total from Statement of Activities)                      F = Depreciation (<b>Note: The data for variable "F" comes from the Statement of Cash Flows</b>)</p> <p>If the average change in total net assets is not less than 25%, then use:  <math display="block">D &gt; [(E-F)/365]*75</math></p>
7	<p>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.</p>	$[(A + B) / (C - D - E)] * 365 = F, \text{ where}$ <p>A = Cash &amp; Equivalents (total from the Statement of Financial Position)                      B = Current Investments (total from the Statement of Financial Position)                      C = Total Expenditures (total from the Statement of Activities)                      D = Depreciation Expense (<b>Note: The data for variable "D" comes from the Statement of Cash Flows</b>)                      E = Pension Expense, OPEB, and NPL, as applicable (Notes to the Financial Statements)                      F = Days of Cash on Hand &amp; Current Investments</p>
8	<p>Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?</p>	$A / B = C, \text{ where}$ <p>A = Current Assets (total from the Statement of Financial Position)                      B = Current Liabilities (total from the Statement of Financial Position)                      C = Current Assets to Current Liabilities Ratio</p>
9	<p>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.</p>	$[A / (B - C - D) - 1] > 0, \text{ where}$ <p>A = Total Revenue (total from the Statement of Activities)                      B = Total Expenses (total of all function codes from the Statement of Activities)                      C = Depreciation (<b>Note: The data for variable "C" comes from the Statement of Cash Flows</b>)                      D = Pension Expense, OPEB, and NPL, as applicable (Notes to the Financial Statements)</p>

**Charter FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	Indicator	Calculation Defined
10	Did the charter school average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	$\frac{((A-B)/B)+((C-D)/D)+((E-F)/F)}{3} = G \text{ +/- 10\% variance, where}$ <p>A = Actual Revenues for Year 1 (two years prior to current year)                      B = Budgeted Revenues for Year 1 (two years prior to current year)                      C = Actual Revenues for Year 2 (one year prior to current year)                      D = Budgeted Revenues for Year 2 (one year prior to current year)                      E = Actual Revenues for Year 3 (current year under review)                      F = Budgeted Revenues for Year 3 (current year under review)                      G = Average Variance</p> <p>Data source: TSDS PEIMS collections - General fund (420 &amp; 199); object code 58XX, October Snapshot - Fall PEIMS (Budgeted Revenues); and Mid-year PEIMS (Actual Revenues)</p> <p><b>Note: October Snapshot is the last Friday in October whether this is a day of instruction or not.</b></p>
11	Was the ratio of long-term liabilities to total assets for the charter school sufficient to support long-term solvency? (If the charter school's increase of students in membership over 5 years was 7 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 an average of 7 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 7 percent increase in 5 years.)	$(A - B) / C = D, \text{ where}$ <p>A = Long Term Liabilities; (total from the Statement of Financial Position)                      B = Pension Expense, OPEB, and NPL, as applicable (Notes to the Financial Statements)                      C = Total Assets (total from the Statement of Financial Position)                      D = Long-term Liabilities to Total Assets Ratio</p>
12	Was the debt service coverage ratio sufficient to meet the required debt service?	$(A - B + C + D + E + F) / (D + E) = G, \text{ where}$ <p>A = Total Revenues (total from the Statement of Activities)                      B = Total Expenses (total of all function codes from the Statement of Activities)                      C = Depreciation                      D = Interest                      E = Principal                      F = Pension Expense (Notes to the Financial Statements)                      G = Debt Service Coverage Ratio</p> <p><b>Note: The data for variables C, D, and E come from the Statement of Cash Flows</b></p>
13	Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?	$A / (B + A) \times 100 = C, \text{ where}$ <p>A = Long-term Liabilities (total from the Statement of Financial Position)                      B = Total Net Assets (total from the Statement of Financial Position)                      C = Debt to Capitalization Percentage</p>
14	Was the charter school's administrative cost ratio equal to or less than the threshold ratio?	$(A / B) < \text{threshold based on CS size, where}$ <p>A = Sum of amounts for function codes 21 and 41                      B = Total Expenses</p> <p>*Includes object codes 61XX-64XX in fund codes 199, 420, 266, 281, 282, and 283</p>
15	Did the charter school not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the charter school will automatically pass this indicator.)	$(A / B) - 1 > -0.15 \text{ or } C - D > 0, \text{ where}$ <p>A = Student to Staff ratio in the year under review                      B = Student to Staff ratio 3 years prior to the year under review                      C = Enrollment in the year under review                      D = Enrollment 3 years prior to the year under review</p>

**Charter FIRST - Rating Worksheet Calculations Dated June 2024 for Rating Years 2023-2024+**

#	Indicator	Calculation Defined
16	<u>Was the charter school's actual average daily attendance (ADA) within 10% of the charter school's annual estimated ADA?</u>	$(A - B) / B < 10\%$ , where A = Actual Average Daily Attendance (ADA) B = Estimated Average Daily Attendance (ADA)
17	<u>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?</u>	$(A / B) < C$ , 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%
18	<u>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, federal funds and free from substantial doubt about the charter school's ability to continue as a going concern? (The AICPA defines material weakness.)</u>	No calculation involved
19	<u>Did the external independent auditor indicate the AFR was 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.)</u>	No calculation involved
20	<u>Did the charter school post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the charter school's fiscal year end?</u>	No calculation involved
21	<u>Did the charter school receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?</u>	No calculation involved