

# **Arrow Academy Charter School**



## **Annual Financial Accountability Management Report 2023**

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## Two Year Comparison

ARROW ACADEMY CHARTER SCHOOL DISTRICT

CHARTER FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)

2022-2023 Rating Year Based on Data from Fiscal Year Ended August 31, 2022

Indicator	Criteria Description	Rating Year			
		2022-2023	Score	2021-2022	Score
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	N/A	YES	N/A
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	N/A	YES	N/A
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	N/A	YES	N/A
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, Ceiling Not Activated	N/A	YES, Ceiling Not Activated	N/A
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 change 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.)	YES, Ceiling Not Activated	N/A	YES, Ceiling Not Activated	N/A
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 expenses $[(\text{total expenses less depreciation}) / 365] * 75$ days?	Passed	N/A	Passed	N/A
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.	Yes	10	Yes	10
8	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?	Yes	10	Yes	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.	Yes	5	Yes	5
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?	Not Scored	10	Not Scored	10
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 change 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.)	Yes	10	Yes	10
12	Was the debt service coverage ratio sufficient to meet the required debt service?	Yes	10	Yes	10
13	Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?	Yes	5	Yes	5
14	Was the charter school's administrative cost ratio equal to or less than the threshold ratio?	Yes	8	Yes	6
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.)	Not Scored	10	Yes	10
16	Was the charter school's actual average daily attendance (ADA) within 10 percent of the charter school's annual estimated ADA?	Not Scored	5	Not Scored	5
17	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?	Passed	N/A	Passed	N/A
18	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.)	Passed	N/A	Passed	N/A

19	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.)	Yes	10	Yes	10
20	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?	Yes	5	Yes	5
21	This indicator is not being scored.	N/A	N/A	N/A	N/A
<b>TOTAL SCORE (Total Possible = 100)</b>			<b>98</b>		<b>96</b>

**Current Rating Criteria: Passing Score = 70 or more and "Yes" to indicators 1, 2, 3, 4, and 5.**

A = Superior; Score of 90-100

B = Above Standard; Score of 80-89

C = Meets Standard; Score of 70-79

F = Substandard; Score <70

(The charter school receives an F if (a) it scores below the minimum passing score, (b) if it failed any critical indicator 1, 2, 3, 4, or 5, (c) if the AFR or the data were not both complete, or (d) if either the AFR or the data were not submitted on time for FIRST analysis.)

*NOTE: See Ceiling Indicators on page 7 for complete rating criteria.*

**TEA 2022-2023**

**Rating:**

**A**

**Superior**

**TEA 2021-2022**

**Rating:**

**A**

**Superior**



User: jessica.lambert4

User Role: District

Rating Year: 2022-2023 ▾ CDN: 021805 ▾

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## 2022-2023 Ratings Based on Fiscal Year 2022 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

Size-Dependent Indicators

**Name:** ARROW ACADEMY (021805)      **Publication Level 0:** 7/24/2023 12:54:51 PM

**Status:** PASSED      **Publication Level 1:** 8/4/2023 12:10:36 PM

**Rating:** A - Superior Achievement      **Publication Level 2:** 8/7/2023 3:05:43 PM

**Charter School Score:** 98

**Passing Score:** 70      **Last Updated:** 8/7/2023 3:05:43 PM

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## 2022-2023 Ratings Based on Fiscal Year 2022 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

Size-Dependent Indicators

## ARROW ACADEMY (021805)

Status	Indicator Num	Indicator Description	Updated	Score
P	+1 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>	7/24/2023 12:54:38 PM	YES
P	+1 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>	7/24/2023 12:54:38 PM	YES
P	+1 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>	7/24/2023 12:54:38 PM	YES
P	+1 +2 4	<u>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?</u>	7/24/2023 12:54:38 PM	YES, Ceiling Not Activated
P	+1 +2 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 change 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>	7/24/2023 12:54:38 PM	YES, Ceiling Not Activated
	+2 6	<u>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 expenses [(total expenses less depreciation) /365] *75 days?</u>	7/24/2023 12:54:38 PM	Passed
	7	<u>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.</u>	7/24/2023 12:54:38 PM	10
	8	<u>Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?</u>	7/24/2023 12:54:38 PM	10
	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.</u>	7/24/2023 12:54:38 PM	5
	10	This indicator is not being evaluated.		10

		<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 change 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>	7/24/2023 12:54:38 PM	10
	11	<u>Was the debt service coverage ratio sufficient to meet the required debt service?</u>	7/24/2023 12:54:38 PM	10
	12	<u>Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?</u>	7/24/2023 12:54:38 PM	5
	13	<u>Was the charter school's administrative cost ratio equal to or less than the threshold ratio?</u>	7/24/2023 12:54:38 PM	8
	14	This indicator is not being evaluated.		10
	15	This indicator is not being evaluated.		5
	16	<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>	7/24/2023 12:54:38 PM	Passed
+2	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? (The AICPA defines material weakness.)</u>	7/24/2023 12:54:38 PM	Passed
+2	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>	7/24/2023 12:54:38 PM	10
	19	<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>	7/24/2023 12:54:38 PM	5
	20			98 Weighted Sum
				1 Multiplier Sum
				(100 Ceiling)
				98 Score

+1: must pass 5 total

+2: ceiling indicator

## Options

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User: jessica.lambert4  
User Role: District

Rating Year: 2022-2023

CDN: 021805

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## 2022-2023 Ratings Based on Fiscal Year 2022 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

### Size-Dependent Indicators

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.	Points
<b>A - Superior Achievement</b>	90-100
<b>B - Above Standard Achievement</b>	80-89
<b>C - Meets Standard Achievement</b>	70-79
<b>F - Substandard Achievement</b>	0-69

*(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.)*

Ceiling Indicators	Maximum Points	Maximum Rating
Did the charter school meet the criteria for any of the following <b>ceiling indicators</b> 4, 5, 6, 17, or 18? If so, the charter school's applicable maximum points and rating are disclosed below.		
<b>Determination of rating based on meeting ceiling criteria.</b>		
<b>Indicator 4</b> (Timely Payments) - Charter school was issued a warrant hold.	95	A = Superior Achievement
<b>Indicator 5</b> (Total Net Assets) - Negative total net assets and pass indicator based only on 7% or more increase in students in membership over 5 years.	79	C = Meets Standard Achievement
<b>Indicator 6</b> (Average Change in Total Net Assets) - Response to indicator is No.	89	B = Above Standard Achievement
<b>Indicator 17</b> (PEIMS to AFR) - Response to indicator is No.	89	B = Above Standard Achievement
<b>Indicator 18</b> (Material Weaknesses) - Response to indicator is No.	79	C = Meets Standard Achievement
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 <b>F = Substandard Achievement</b> rating, regardless of any ceiling indicator criteria met.		

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## 2022-2023 Ratings Based on Fiscal Year 2022 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

Size-Dependent Indicators

**Indicator 14**

ADA Size:	≥ 1,000	500-999	< 500	Points
	≤ 0.1401	≤ 0.1561	≤ 0.2645	10
	> 0.1401 and ≤ 0.1651	> 0.1561 and ≤ 0.1811	> 0.2645 and ≤ 0.2895	8
<b>Threshold</b>	> 0.1651 and ≤ 0.1901	> 0.1811 and ≤ 0.2061	> 0.2895 and ≤ 0.3145	6
<b>Ratio</b>	> 0.1901 and ≤ 0.2151	> 0.2061 and ≤ 0.2311	> 0.3145 and ≤ 0.3395	4
	> 0.2151 and ≤ 0.2401	> 0.2311 and ≤ 0.2561	> 0.3395 and ≤ 0.3645	2
	> 0.2401	> 0.2561	> 0.3645	0

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# Charter FIRST Annual Financial Management Report

## ARROW ACADEMY

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(q). Effective 8/1/2018.

### Superintendent's Current Employment Contract

The Superintendent's contract is posted on the Arrow Academy website.

Please go to [www.arrowacademy.org](http://www.arrowacademy.org), select "Resources/Public Disclosure Info" and choose "Terms of Employment".

### Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period

Ended August 31, 2023

<u>Description of Reimbursements</u>	<b>Superintendent</b>		<b>Board Members</b>				
	Audrey Sanders	Brian Lee	Myrna Lopez	Carmen Maxwell	David Shellenberger	Sam Smith	
Meals	\$ 141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	\$ 770						
Transportation	\$ 5,906						
Motor Fuel	\$ -						
Other	\$ 344						
Total	\$ 7,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported.

Items to be reported per category include:

Meals – Meals consumed out of town, and in geographic-boundary meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging – Hotel charges.

Transportation – Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other: Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

## **Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services**

For the Twelve-Month Period  
Ended August 31, 2023

<u>Name(s) of Entity(ies)</u>	Amount Received
N/A	\$ -
Total	<u>\$ -</u>

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to charter school business.

## **Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period  
Ended August 31, 2023

<b>Superintendent</b>	<b>Board Members</b>				
Audrey Sanders	Brian Lee	Myrna Lopez	Carmen Maxwell	David Shellenberger	Sam Smith
Total	\$ -	\$ -	\$ -	\$ -	\$ -

**Note –** An executive officer is defined as the superintendent, unless the board of trustees or the charter school administration names additional staff under this classification for local officials.

## **Business Transactions Between Charter School and Board Members**

For the Twelve-Month Period  
Ended August 31, 2023

	Brian Lee	Myrna Lopez	Carmen Maxwell	David Shellenberger	Sam Smith
Amounts	\$ -	\$ -	\$ -	\$ -	\$ -

**Note –** The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.