



Checklist: Level Two “On Probation” Charter (FY2021 Audit)

Use this checklist if your charter has been identified as “**On Probation**” under Arizona Administrative Code (A.A.C.) R7-5-402(G) based on the FY2021 audit **and** assigned to **Probation Risk Level Two** under A.A.C. R7-5-402(J). This checklist IS NOT applicable to charters assigned “Good Standing” or “Adequate Standing” summative financial performance ratings. “On Probation” charters assigned to Probation Risk Level One or Three or charters assigned their first “Intervention” rating based on the FY2021 audit should use the corresponding checklist.

NOTE: In addition to the quarterly submissions specified in this checklist, a Probation Risk Level Two charter holder must provide to the Board: 1) the agenda and minutes from the meeting where the charter holder’s board or, if applicable, charter school governing body reviewed its current financial plan and approved any necessary changes; and 2) a copy of the charter holder’s financial plan [A.A.C. R7-5-402(J)]. This documentation must be provided within 30 business days of the date of the written notice provided by the Board identifying, among other information, the charter holder’s Probation Risk Level. Draft minutes will be accepted.

NARRATIVE AND QUARTERLY FINANCIAL REPORT COMPONENTS

QUARTER ENDING 12/31/2021		QUARTER ENDING 3/31/2022		QUARTER ENDING 6/30/2022		QUARTER ENDING 9/30/2022	
<input type="checkbox"/>	A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED TO THE BOARD UNDER A.A.C. R7-5-402(J)(2).	<input type="checkbox"/>	A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED TO THE BOARD UNDER A.A.C. R7-5-402(J)(2).	<input type="checkbox"/>	A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED TO THE BOARD UNDER A.A.C. R7-5-402(J)(2).	<input type="checkbox"/>	A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED TO THE BOARD UNDER A.A.C. R7-5-402(J)(2).
<input type="checkbox"/>	2. UNAUDITED BALANCE SHEET [STATEMENT OF FINANCIAL POSITION] THAT IDENTIFIES: <ul style="list-style-type: none"> ▪ CHARTER HOLDER’S YEAR-TO-DATE (YTD) RESULTS AT 12/31/2021; AND ▪ CHARTER HOLDER’S UNRESTRICTED AND RESTRICTED CASH BALANCES AT 12/31/2021.¹ 	<input type="checkbox"/>	2. UNAUDITED BALANCE SHEET [STATEMENT OF FINANCIAL POSITION] THAT IDENTIFIES: <ul style="list-style-type: none"> ▪ CHARTER HOLDER’S YTD RESULTS AT 3/31/2022; AND ▪ CHARTER HOLDER’S UNRESTRICTED AND RESTRICTED CASH BALANCES AT 3/31/2022.¹ 	<input type="checkbox"/>	2. UNAUDITED BALANCE SHEET [STATEMENT OF FINANCIAL POSITION] THAT IDENTIFIES: <ul style="list-style-type: none"> ▪ CHARTER HOLDER’S YTD RESULTS AT 6/30/2022; AND ▪ CHARTER HOLDER’S UNRESTRICTED AND RESTRICTED CASH BALANCES AT 6/30/2022.¹ 	<input type="checkbox"/>	2. UNAUDITED BALANCE SHEET [STATEMENT OF FINANCIAL POSITION] THAT IDENTIFIES: <ul style="list-style-type: none"> ▪ CHARTER HOLDER’S YTD RESULTS AT 9/30/2022; AND ▪ CHARTER HOLDER’S UNRESTRICTED AND RESTRICTED CASH BALANCES AT 9/30/2022.¹
<input type="checkbox"/>	3. UNAUDITED INCOME STATEMENT [STATEMENT OF ACTIVITIES] THAT IDENTIFIES CHARTER HOLDER’S RESULTS FOR THE PERIOD OF 7/1/2021 THRU 12/31/2021 .	<input type="checkbox"/>	3. UNAUDITED INCOME STATEMENT [STATEMENT OF ACTIVITIES] THAT IDENTIFIES CHARTER HOLDER’S RESULTS FOR THE PERIOD OF 7/1/2021 THRU 3/31/2022 .	<input type="checkbox"/>	3. UNAUDITED INCOME STATEMENT [STATEMENT OF ACTIVITIES] THAT IDENTIFIES CHARTER HOLDER’S RESULTS FOR THE PERIOD OF 7/1/2021 THRU 6/30/2022 .	<input type="checkbox"/>	3. UNAUDITED INCOME STATEMENT [STATEMENT OF ACTIVITIES] THAT IDENTIFIES CHARTER HOLDER’S RESULTS FOR THE PERIOD OF 7/1/2022 THRU 9/30/2022 .

¹ Minimally, the charter holder’s restricted cash balance must include the charter holder’s unspent Classroom Site Fund monies from FY2022 and, if applicable, prior fiscal years.

<input type="checkbox"/> 4. CHARTER HOLDER’S REVENUE AND EXPENSE BUDGET THAT COMPARES YTD ACTUAL RESULTS FOR 7/1/2021 THRU 12/31/2021 <u>AND</u> , FOR EACH LINE ITEM, IDENTIFIES PERCENTAGE OF CHARTER HOLDER’S ANNUAL BUDGET [FULL 12 MONTHS] REPRESENTED BY THE ACTUAL RESULTS [6 MONTHS] .	<input type="checkbox"/> 4. CHARTER HOLDER’S REVENUE AND EXPENSE BUDGET THAT COMPARES YTD ACTUAL RESULTS FOR 7/1/2021 THRU 3/31/2022 <u>AND</u> , FOR EACH LINE ITEM, IDENTIFIES PERCENTAGE OF CHARTER HOLDER’S ANNUAL BUDGET [FULL 12 MONTHS] REPRESENTED BY THE ACTUAL RESULTS [9 MONTHS] .	<input type="checkbox"/> 4. CHARTER HOLDER’S REVENUE AND EXPENSE BUDGET THAT COMPARES YTD ACTUAL RESULTS FOR 7/1/2021 THRU 6/30/2022 <u>AND</u> , FOR EACH LINE ITEM, IDENTIFIES PERCENTAGE OF CHARTER HOLDER’S ANNUAL BUDGET [FULL 12 MONTHS] REPRESENTED BY THE ACTUAL RESULTS [12 MONTHS] .	<input type="checkbox"/> 4. CHARTER HOLDER’S REVENUE AND EXPENSE BUDGET THAT COMPARES YTD ACTUAL RESULTS FOR 7/1/2022 THRU 9/30/2022 <u>AND</u> , FOR EACH LINE ITEM, IDENTIFIES PERCENTAGE OF CHARTER HOLDER’S ANNUAL BUDGET [FULL 12 MONTHS] REPRESENTED BY THE ACTUAL RESULTS [3 MONTHS] .
<input type="checkbox"/> 5. FY2022 MEASURE CALCULATOR IDENTIFYING CHARTER HOLDER’S PERFORMANCE ON THE DEFAULT, UNRESTRICTED DAYS LIQUIDITY (UDL), ADJUSTED NET INCOME (ANI) AND AVERAGE DAILY MEMBERSHIP (ADM) MEASURES AS OF 12/31/2021. <u>DECEMBER QUARTER RESULTS WILL BE ADDED TO THE “MEASURE CALCULATOR-BOARD REVIEWED” AVAILABLE FOR DOWNLOAD FROM THE CHARTER HOLDER’S FINANCIAL DASHBOARD.</u> ALL DOLLAR AMOUNTS ENTERED IN THE MEASURE CALCULATOR MUST BE SUPPORTED.	<input type="checkbox"/> 5. FY2022 MEASURE CALCULATOR IDENTIFYING CHARTER HOLDER’S PERFORMANCE ON THE DEFAULT, UDL, ANI AND ADM MEASURES AS OF 3/31/2022. <u>MARCH QUARTER RESULTS WILL BE ADDED TO THE “MEASURE CALCULATOR-BOARD REVIEWED” AVAILABLE FOR DOWNLOAD FROM THE CHARTER HOLDER’S FINANCIAL DASHBOARD AFTER BOARD STAFF REVIEWS THE DECEMBER REPORT.</u> ALL DOLLAR AMOUNTS ENTERED IN THE MEASURE CALCULATOR MUST BE SUPPORTED.	<input type="checkbox"/> 5. FY2022 MEASURE CALCULATOR IDENTIFYING CHARTER HOLDER’S PERFORMANCE ON THE GOING CONCERN, DEFAULT, UDL, ANI, ADM AND LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO (LADSCR) MEASURES AS OF 6/30/2022. <u>JUNE QUARTER RESULTS WILL BE ADDED TO THE “MEASURE CALCULATOR-BOARD REVIEWED” AVAILABLE FOR DOWNLOAD FROM THE CHARTER HOLDER’S FINANCIAL DASHBOARD AFTER BOARD STAFF REVIEWS THE MARCH REPORT.</u> ALL DOLLAR AMOUNTS ENTERED IN THE MEASURE CALCULATOR MUST BE SUPPORTED.	<input type="checkbox"/> 5. FY2022 MEASURE CALCULATOR IDENTIFYING CHARTER HOLDER’S PERFORMANCE ON THE DEFAULT, UDL, ANI, AND ADM MEASURES AS OF 9/30/2022. <u>SEPTEMBER QUARTER RESULTS WILL BE ADDED TO THE “MEASURE CALCULATOR-BOARD REVIEWED” AVAILABLE FOR DOWNLOAD FROM THE CHARTER HOLDER’S FINANCIAL DASHBOARD AFTER BOARD STAFF REVIEWS THE 6/30/2022 REPORT.</u> ALL DOLLAR AMOUNTS ENTERED IN THE MEASURE CALCULATOR MUST BE SUPPORTED.
<p><u>ADDITIONAL INFORMATION</u></p> <ul style="list-style-type: none"> ▪ THE NARRATIVE/QUARTERLY REPORT COMPONENTS SHOULD BE SUBMITTED TO THE BOARD AS PDF DOCUMENTS, EXCEPT FOR THE MEASURE CALCULATOR, WHICH MUST BE SUBMITTED TO THE BOARD AS AN EXCEL DOCUMENT. ▪ FOR EACH QUARTERLY REPORT SUBMITTED TO THE BOARD, THE CHARTER HOLDER MAY PROVIDE SEPARATE DOCUMENTS TO ADDRESS “3.” AND “4.” OR THE CHARTER HOLDER MAY PROVIDE ONE DOCUMENT THAT ENCOMPASSES THE INFORMATION REQUESTED UNDER BOTH ITEMS. ▪ INFORMATION CONTAINED IN “5.” IS SPECIFIC TO CHARTER HOLDERS THAT SUBMITTED THE 9/30/2021 REPORT AS PART OF THE FY2020 AUDIT INTERVENTION PROCESS. IF YOUR CHARTER DID NOT PREVIOUSLY SUBMIT THE 9/30/2021 REPORT OR SUBMITTED REPORTS SUBSEQUENT TO 9/30/2021, PLEASE REFER TO THE AUDIT LETTER SENT BY THE BOARD NOTIFYING THE CHARTER HOLDER OF ITS “ON PROBATION” STATUS FOR YOUR SPECIFIC SUBMISSION REQUIREMENTS. 		<input type="checkbox"/> IF NOT SPECIFICALLY IDENTIFIED ON “2.”, ACCOUNTING SYSTEM REPORTS OR LEASE AND DEBT SCHEDULES IDENTIFYING, AS APPLICABLE, THE FACILITY LEASE EXPENSE AND INTEREST EXPENSE PAID IN FY2022 AND USED BY THE CHARTER HOLDER IN THE LADSCR CALCULATION.	<p><u>ADDITIONAL INFORMATION</u></p> <ul style="list-style-type: none"> ▪ A.A.C. R7-5-511(A) REQUIRES AN “ON PROBATION” CHARTER HOLDER TO SUBMIT QUARTERLY REPORTS TO THE BOARD UNTIL THE BOARD RECEIVES THE CHARTER HOLDER’S FY2022 AUDIT. IF THE CHARTER HOLDER’S FY2022 AUDIT IS NOT RECEIVED BY OCTOBER 30, 2022, THE CHARTER HOLDER MUST SUBMIT A REPORT FOR THE QUARTER ENDING 9/30/2022.
<p>SOURCE: A.A.C. R7-402(J)(3); A.A.C. R7-5-101, “QUARTERLY FINANCIAL REPORT” DEFINITION; A.A.C. R7-5-101, “JUNE 30 QUARTERLY FINANCIAL REPORT” DEFINITION</p>			