



Financial Performance Framework

“FIRST-TIME” FINANCIAL INTERVENTION PROCESS GUIDE

Developed based on framework approved on December 10, 2018 and administrative rules approved on July 8, 2019, August 9, 2021 and November 22, 2021

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Introduction

Arizona Revised Statutes (“A.R.S.”) requires the Arizona State Board for Charter Schools (“Board”), as a sponsoring entity of a charter school, to ground its actions in evidence of the charter holder’s performance in accordance with the Board’s performance framework and requires the Board’s performance framework to include the financial expectations of the charter school. In December 2018, the Board approved its Financial Performance Framework (“financial framework”) and adopted the administrative rules to implement the financial framework on July 8, 2019. On August 9, 2021, the Board adopted revisions to its financial framework administrative rules found in the Arizona Administrative Code (“A.A.C.”).

Under the financial framework, a charter holder is assigned one of three summative financial performance ratings – “Good Standing,” “Adequate Standing,” or “Intervention.”¹ The term “charter holder” refers to the entity that has entered into a charter contract with the Board to operate one or more charter schools.

For those charter holders that have been assigned an “Intervention” summative financial performance rating for the first time based on the most recent audit (“First-Time Intervention Rating”), this guide specifies the Board’s financial intervention process and is applicable beginning with charter holders’ fiscal year 2021 audits.

The intervention guide for charter holders identified as “On Probation” may be accessed through the [Board’s website](#).

An Overview of the Intervention Process

The financial intervention process provides an opportunity for charter holders that receive an “Intervention” summative financial performance rating to demonstrate improved financial performance and allows the Board to act if these charter holders do not demonstrate improved performance. Figure 1 on page 3 identifies key steps for the **charter holder** and **Board staff** in the intervention process for charter holders assigned a First-Time Intervention Rating. For italicized terms identified in all capital letters on Figure 1, this guide includes a section or subsection that provides additional information.

A charter holder’s performance as evaluated using the financial framework is represented in a dashboard. The Board has provided online public access to each charter holder’s financial performance dashboard.² For a charter holder that receives a First-Time Intervention Rating, the charter holder’s intervention process submissions, as well as Board communications and the report prepared by Board staff, will be accessible from the charter holder’s financial dashboard.

¹ For additional information regarding the financial framework’s summative financial performance ratings and measures, review the *Measures and Summative Performance Ratings Guide* available on the [Board’s website](#) in the “Financial Performance Framework” section.

² A charter holder’s financial dashboard may be viewed by accessing <https://online.asbcs.az.gov/schools/performance>.

Figure 1: “First-Time” Intervention Process Overview



“First-Time” Financial Intervention Submissions

Each charter holder that receives a First-Time Intervention Rating must submit to the Board an Initial Financial Response, Quarterly Financial Reports and a June 30 Quarterly Financial Report. The charter holder will continue to submit Quarterly Financial Reports, including the June 30 Quarterly Financial Report, until the Board receives the charter holder’s next audit. All submissions must be emailed to audits@asbcs.az.gov. A First-Time Intervention Rating submission checklist is available on the [Board’s website](#).

Initial Financial Response

As the name implies, the Initial Financial Response is the first submission made to the Board after the charter holder is notified of the First-Time Intervention Rating. The charter holder’s deadline for submitting the Initial Financial Response will be set 30 calendar days from the date of the written notice sent by the Board to the charter representative indicating the audit has been reviewed and the charter holder has received First-Time Intervention Rating for the audited fiscal year (“Audit Letter”) [A.A.C. R7-5-509(B)(2)].

Pursuant to A.A.C. R7-5-101, in the Initial Financial Response, the charter holder must:

1. Provide the agenda and minutes from the meeting where the Audit Letter, along with the Board’s [Probation Risk Levels](#) and [associated consequences](#) identified in A.A.C. R7-5-402(H)-(K), were presented to and considered by the charter holder board. Draft minutes will be accepted;
2. Provide a [Quarterly Financial Report](#) for each applicable quarter;
3. Summarize the factors that caused or contributed to the charter holder’s financial performance in the audited fiscal year; and
4. Summarize the specific actions taken or being taken to improve the charter holder’s financial performance in the fiscal year that begins on the July 1 following the audited fiscal year end.

QUARTERS ADDRESSED IN INITIAL FINANCIAL RESPONSE

The quarters that must be addressed in the charter holder’s Initial Financial Response will be determined based on the date of the Audit Letter.

Written Notice Date	Applicable Quarter(s)
Between October 1 and December 31	❖ Quarter ending September 30
Between January 1 and March 31	❖ Quarter ending September 30 ❖ Quarter ending December 31
Between April 1 and June 30	❖ Quarter ending September 30 ❖ Quarter ending December 31 ❖ Quarter ending March 31
After June 30	❖ Quarter ending September 30 ❖ Quarter ending December 31 ❖ Quarter ending March 31 ❖ Quarter ending June 30

BOARD COMMUNICATIONS

Within 30 calendar days after receiving an Initial Financial Response, Board staff will provide the charter holder with written notice that includes the following:

1. The charter holder’s [Intervention Tier](#);

2. The Quarterly Financial Report requirements and submission deadlines;
3. The availability of [Staff’s Report on Initial Financial Response](#); and
4. Any differences identified between the calculations included by the charter holder in its Initial Financial Response and those completed by Board staff. [A.A.C. R7-5-509(E)]

Quarterly Financial Reports (Except for June 30 Report)

A charter holder that receives a First-Time Intervention Rating must also submit Quarterly Financial Reports for the quarters ending September 30, December 31 and March 31. One or more of the Quarterly Financial Reports may be submitted with the Initial Financial Response or may be submitted separately. Subsequent to the [June 30 Quarterly Financial Report](#), the charter holder will continue to submit Quarterly Financial Reports until the Board receives the charter holder’s next audit.

Pursuant to A.A.C. R7-5-101, in each Quarterly Financial Report, the charter holder must include:

1. An unaudited balance sheet (statement of financial position) that identifies the charter holder’s results at the quarter end date and the charter holder’s unrestricted and restricted cash balances. Minimally, the charter holder’s restricted cash balance must include the charter holder’s unspent Classroom Site Fund monies from the current fiscal year and, if applicable, prior fiscal years;
2. An unaudited income statement (statement of activities) that identifies the charter holder’s results year-to-date through the quarter end date;
3. The charter holder’s revenue and expense budget that compares year-to-date actual results through the quarter end date to the charter holder’s annual budget and, for each line item, identifies the percentage of the annual budget represented by the actual results; and
4. Using the Board’s [Measure Calculator](#), the charter holder’s calculation of its performance on the Default, Unrestricted Days Liquidity, Adjusted Net Income and Average Daily Membership measures, including all figures used in the mathematical calculations.

For each Quarterly Financial Report submitted to the Board, the charter holder may provide separate documents to address bullet 2 and bullet 3 above or the charter holder may provide one document that encompasses the information requested under both bullets.

SUBMISSION DEADLINES

The submission deadlines for Quarterly Financial Reports submitted subsequent to the Initial Financial Response are as follows [A.A.C. R7-5-509(F)]:

Quarter End Date	Quarterly Financial Report Deadline
September 30	October 30
December 31	January 30
March 31	April 30
June 30	August 15

BOARD COMMUNICATIONS

For each Quarterly Financial Report submitted subsequent to the Initial Financial Response or subsequent to the June 30 Quarterly Financial Report, Board staff will determine the charter holder’s current performance and compare Board staff’s results with the charter holder’s calculation results.

Within 30 calendar days of each Quarterly Financial Report’s receipt, Board staff will notify the charter holder in writing of:

1. The submission deadline for the next Quarterly Financial Report; and
2. Any differences identified between the calculations completed by the charter holder and those completed by Board staff. [A.A.C. R7-5-509(G)]

June 30 Quarterly Financial Report

A charter holder that receives a First-Time Intervention Rating must also submit a June 30 Quarterly Financial Report for the quarter ending June 30. The deadline for submitting the June 30 Quarterly Financial Report is August 15 [A.A.C. R7-5-509(F)(4)].

Pursuant to A.A.C. R7-5-101, in the June 30 Quarterly Financial Report, the charter holder must include:

1. An unaudited balance sheet (statement of financial position) that identifies the charter holder’s results at June 30 and the charter holder’s unrestricted and restricted cash balances. Minimally, the charter holder’s restricted cash balance must include the charter holder’s unspent Classroom Site Fund monies from the current fiscal year and, if applicable, prior fiscal years;
2. An unaudited income statement (statement of activities) that identifies the charter holder’s results for the year ended June 30;
3. The charter holder’s revenue and expense budget that compares year-to-date actual results for the year ended June 30 to the charter holder’s annual budget and, for each line item, identifies the percentage of the annual budget represented by the actual results;
4. Using the Board’s [Measure Calculator](#), the charter holder’s calculation of its performance on all six financial framework measures, including all figures used in the mathematical calculations;
5. If not specifically listed on the unaudited income statement (statement of activities), accounting system reports or lease and debt schedules identifying, as applicable, the facility lease expense and interest expense paid by the charter holder for the fiscal year and used in the charter holder’s Lease Adjusted Debt Service Coverage Ratio calculation; and
6. Accounting system reports or debt schedules identifying, as applicable, the bond, loan and capital lease principal paid by the charter holder for the fiscal year and used in the charter holder’s Lease Adjusted Debt Service Coverage Ratio calculation.

For the June 30 Quarterly Financial Report, the charter holder may provide separate documents to address bullet 2 and bullet 3 above or the charter holder may provide one document that encompasses the information requested under both bullets.

BOARD COMMUNICATIONS

Within 45 calendar days after receiving the June 30 Quarterly Financial Report, Board staff will notify the charter holder in writing of:

1. The determinations made by Board staff under A.A.C. R7-5-509(H);
2. The submission deadline for the next Quarterly Financial Report; and
3. Any differences identified between the calculations completed by the charter holder and those completed by Board staff. [A.A.C. R7-5-509(I)]

Measure Calculator

To assist charter holders in completing the calculations required for each Quarterly Financial Report, including the June 30 Quarterly Financial Report, the Board has developed a Measure Calculator. The Measure Calculator template is accessible on the [Board’s website](#) and must be used by charter holders that receive a First-Time Intervention Rating.

The Measure Calculator submitted by the charter holder with its Initial Financial Response will include the measure data for the quarter(s) identified in the Audit Letter. For subsequent Quarterly Financial Report submissions, including the June 30 Quarterly Financial Report, the charter holder will add the next quarter’s data to the Measure Calculator updated, as necessary, by Board staff to address calculation issues. Prior to each subsequent quarterly report submission, the charter holder must download and save the “Measure Calculator-Board Reviewed” available through the charter holder’s financial performance dashboard (see below) and then add the next quarter’s information. Eventually, the Measure Calculator will reflect the charter holder’s financial performance for all quarters.

The screenshot shows a dashboard with a dark header containing navigation links: Login/Register, Search, Help, Contact Us, File Complaint, Go to ADE Website, and Go to ASBCS Website. Below the header are three main sections:

- Intervention:** A box stating, "The charter holder has one or more measures rated 'Below Standard' and is required to submit information to the Board regarding its financial performance. For additional information, refer to the Financial Performance Framework."
- Next Submission Due:** A box showing the date "04/30/2021".
- Charter Holder Financial Intervention Submissions:** A list of download links:
 - Initial Financial Response (Download)
 - Measure Calculator-Charter Holder (Download)
 - Quarterly Report - September 30 (Download)
 - Quarterly Report - December 31 (Download)
 - Measure Calculator-Board Reviewed (Download) ←An orange arrow points to the last link.

The Measure Calculator template includes instructions and additional information. The completed Measure Calculator must be submitted to the Board as an Excel document.

Staff’s Report on Initial Financial Response (“Staff’s Report”)

Pursuant to A.A.C. R7-5-509(C), Board staff will review the charter holder’s Initial Financial Response and prepare a report. Board staff’s report will answer each of the following questions and briefly explain the basis for each answer:

1. Is there a sound explanation for why the charter holder underperformed on the financial framework’s measures?
2. Did the charter holder perform at a level just below or well below the financial framework’s measure(s) targets?
3. In what direction is the charter holder’s financial health heading?
4. Do the charter holder’s proposed or implemented actions address the problems that contributed to or caused the charter holder’s underperformance on the financial framework’s measures and are they realistic to implement?

The rubric Board staff will use to review each Initial Financial Response is included in [Appendix A](#).

Charter Holder’s Placement in Intervention Tier

Board staff places the charter holder in the intervention tier that aligns with the criteria established by the Board in A.A.C. R7-5-509(D) for charter holders that submit an Initial Financial Response.

Intervention Tiers Defined

The Board has defined two intervention tiers, which are described in the table on the next page.

	Description
Intervention Tier 1	<ul style="list-style-type: none"> ▪ Going Concern measure <u>or</u> Default measure rated “Below Standard” <u>and</u> zero or more measures rated “Approaches Standard” in the audited fiscal year. <u>OR</u> ▪ Two or more measures rated “Below Standard” <u>and</u> zero or more measures rated “Approaches Standard” in the audited fiscal year.
Intervention Tier 2	<ul style="list-style-type: none"> ▪ One measure other than the Going Concern measure or Default measure rated “Below Standard” <u>and</u> zero or more measures rated “Approaches Standard in the audited fiscal year.

Other Considerations When Determining Charter Holder’s Intervention Tier

After placing the charter holder in the intervention tier based on which and how many measures received “Below Standard” ratings, Board staff will determine whether an adjustment to the intervention tier is required based on the criteria identified in A.A.C. R7-5-509(D)(4)-(9) for a charter holder that submitted an Initial Financial Response.

INITIAL FINANCIAL RESPONSE – IMPROVEMENT ACTIONS

As part of the Initial Financial Response, the charter holder must summarize the specific actions taken or being taken to improve the charter holder’s financial performance in the current fiscal year. A.A.C. R7-5-509(C) requires Board staff to review the Initial Financial Response and to prepare a [report](#).

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if Staff’s Report on Initial Financial Response identifies a “No” answer to the question that asks, “Do the charter holder’s proposed or implemented actions address the problems that contributed to or caused the charter holder’s underperformance on the Financial Performance Framework’s measures and are they realistic to implement?” [A.A.C. R7-5-509(D)(4)]

INITIAL FINANCIAL RESPONSE – DEFAULT MEASURE

A charter holder’s failure to make timely payments or comply with other requirements may result in a lender or landlord issuing a notice of default. When a default notice is disclosed in the audited fiscal year, the charter holder receives a “Below Standard” rating on the financial framework’s Default measure and must address the default in the Initial Financial Response submitted by the charter holder.

Intervention Tier Implications

If the charter holder’s Initial Financial Response supports that the charter holder has cured the default identified in the audited fiscal year, then:

- A. Board staff must remove the charter holder from the intervention process if the Default measure was the only measure for which the charter holder received a “Below Standard” rating. [A.A.C. R7-5-509(D)(5)(a)]
- B. Board staff must place the charter holder in Intervention Tier 2 instead of Intervention Tier 1 if the charter holder had received a “Below Standard” rating on only one other measure. [A.A.C. R7-5-509(D)(5)(b)]

AUDIT CORRECTIVE ACTION PLAN (“CAP”)

Through its *Audit & Compliance Questionnaire Follow-up Matrix* and Operational Performance Framework, the Board has identified the audit issues that require the charter holder to submit a CAP

pursuant to A.A.C. R7-5-504(H)(1). Certain audit CAP issues have potential financial performance considerations in addition to their operational performance considerations.

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if, based on the most recent audit, the charter holder was required to submit a CAP for:

- Failure to pay taxes or contributions due to the Internal Revenue Service (“IRS”), Arizona Department of Revenue (“ADOR”), Arizona Department of Economic Security (“ADES”) or Arizona State Retirement System (“ASRS”);
- Failure to have sufficient cash at June 30 to cover the charter holder’s unspent Classroom Site Fund balance; or
- Failure to maintain worker’s compensation insurance or liability insurance. [A.A.C. R7-5-509(D)(6)]

SUBSTANTIATED COMPLAINTS

A.A.C. R7-5-507 identifies the Board’s process for handling complaints involving charter schools sponsored by the Board. Certain complaint issues have potential financial performance considerations in addition to their operational performance considerations.

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if the Board has substantiated in the audited fiscal year, subsequent fiscal year or both at least one complaint involving:

- Late payroll checks to employees;
- Health insurance or liability insurance cancellation due to nonpayment; or
- Failure to make required retirement plan contributions. [A.A.C. R7-5-509(D)(7)]

ASRS NOTIFICATIONS

The ASRS notifies the Board of charter holders that are delinquent in remitting their retirement contributions. If, based on the ASRS delinquency reports provided to the Board, a charter holder is 10 or more days delinquent in remitting its contributions, then Board staff will mark the delinquency on the charter holder’s operational performance dashboard.

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if the Board has received notification from ASRS of delinquent retirement contributions in the audited fiscal year, subsequent fiscal year or both. [A.A.C. R7-5-509(D)(7)]

MANDATORY REPORTING REQUIRED BY A.A.C. R7-5-501(C)

Under A.A.C. R7-5-501(C)³, a charter holder must report the following to the Board within 10 business days of receipt or occurrence:

1. Any notice from a lender or landlord regarding default;
2. Filing a petition for bankruptcy;
3. Any notice received from the IRS, ASRS, ADOR, or ADES regarding a tax lien, levy or garnishment.
4. Correspondence from an insurance provider related to cancellation of health or liability insurance due to nonpayment;
5. Notice of termination of line of credit whether initiated by financial institution or charter holder when replacement credit line is not in effect; or
6. Withdrawals from debt service reserve funds.

³ A.A.C. R7-5-501(C)’s requirements apply to all charter holders and not just those that receive an Intervention Rating.

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if the charter holder has been required to make at least one submission under A.A.C. R7-5-501(C) in the audited fiscal year, subsequent fiscal year or both. [A.A.C. R7-5-509(D)(8)]

SUMMATIVE FINANCIAL PERFORMANCE RATING OVER TIME

Under the Board’s financial framework, a charter holder is assigned one of three summative financial performance ratings – “Good Standing,” “Adequate Standing,” or “Intervention.” A charter holder receives a summative financial performance rating of “Adequate Standing” if the charter holder has no measures rated “Below Standard” and two or more measures rated “Approaches Standard.”

Intervention Tier Implications

Board staff must place the charter holder in Intervention Tier 1 if the charter holder’s performance fluctuates from a summative financial performance rating of “Intervention” to a summative financial performance rating of “Adequate Standing” and then back to “Intervention” within the most recent three-year period. [A.A.C. R7-5-509(D)(9)]

Student Count Visit

For each charter holder identified for Intervention Tier 1, Board staff will visit each school operated by the charter holder to conduct a physical count of students and compare the information observed and obtained onsite with the number of students reported to the Arizona Department of Education (“Department”). [A.A.C. R7-5-509(J)] Board staff will notify the Department of any material discrepancies identified. If a school was visited during the fiscal year through another process and a physical count was completed of all classrooms, a second visit may not be conducted.

Time permitting, Board staff may also visit schools operated by charter holders identified for Intervention Tier 2. [A.A.C. R7-5-509(J)(2)]

A.A.C. R7-5-509(H) Determinations

Using information from the June 30 Quarterly Financial Report and the Board’s complaint process, as well as any submissions required to be made by the charter holder pursuant to A.A.C. R7-5-501(C), Board staff will determine, for each charter holder that submitted a June 30 Quarterly Financial Report, whether:

1. The Going Concern measure received a “Below Standard” rating in the audited fiscal year.
2. The measure(s) rated “Below Standard” in the audited fiscal year will likely improve to at least an “Approaches Standard” or remain rated “Below Standard” when calculations are completed using the charter holder’s next audit.
3. One or more of the financial framework’s other measures will likely be rated “Below Standard” when calculations are completed using the charter holder’s next audit.
4. Since Board staff made the determination in A.A.C. R7-5-509(D), the Board has substantiated any complaint involving late payroll checks to employees, health insurance or liability insurance cancellation due to nonpayment or failure to make required retirement plan contributions, or the Board has received notification from the ASRS of delinquent retirement contributions.
5. Since Board staff made the determination in A.A.C. R7-5-509(D), the charter holder has been required to make at least one submission under A.A.C. R7-5-501(C).

6. Within the most recent five-year period the charter holder has been assigned three summative financial performance ratings of “Intervention” and two summative financial performance ratings of “Adequate Standing.” [A.A.C. R7-5-509(H)]

First-Time Intervention and Operational Dashboard

If a charter holder fails to submit or fails to timely submit a complete Initial Financial Response or a complete Quarterly Financial Report or June 30 Quarterly Financial Report required under A.A.C. R7-5-509(A), the failure will be noted on the charter holder’s operational performance dashboard following the steps identified in A.A.C. R7-5-509(M) and (N). [A.A.C. R7-5-509(L)] Board staff will record the failure under “Timely Submissions” in Measure 2e.

Next Audit Submission

If a charter holder assigned a First-Time Intervention Rating fails to timely submit its next audit, Board staff shall report the charter holder’s intervention status to the Board when the Board considers action under R7-5-504(E). [A.A.C. R7-5-402(R)]

Defining Financial Performance Expectations

A.R.S. § 15-183 allows the Board to consider if the charter holder has failed to “Meet the financial performance expectations set forth in the performance framework or any improvements plans”⁴ when the Board makes renewal and revocation decisions.

Meets the Board’s Minimum Financial Performance Expectations	A charter holder that receives a summative financial performance rating of “Good Standing” or “Adequate Standing.” [A.A.C. R7-5-402(E)]
Does Not Meet the Board’s Minimum Financial Performance Expectations	A charter holder assigned an “Intervention” summative financial performance rating for two or more consecutive years and placed “On Probation” pursuant to A.A.C. R7-5-402(G).

Determining Probation Risk Level for Each “On Probation” Charter Holder

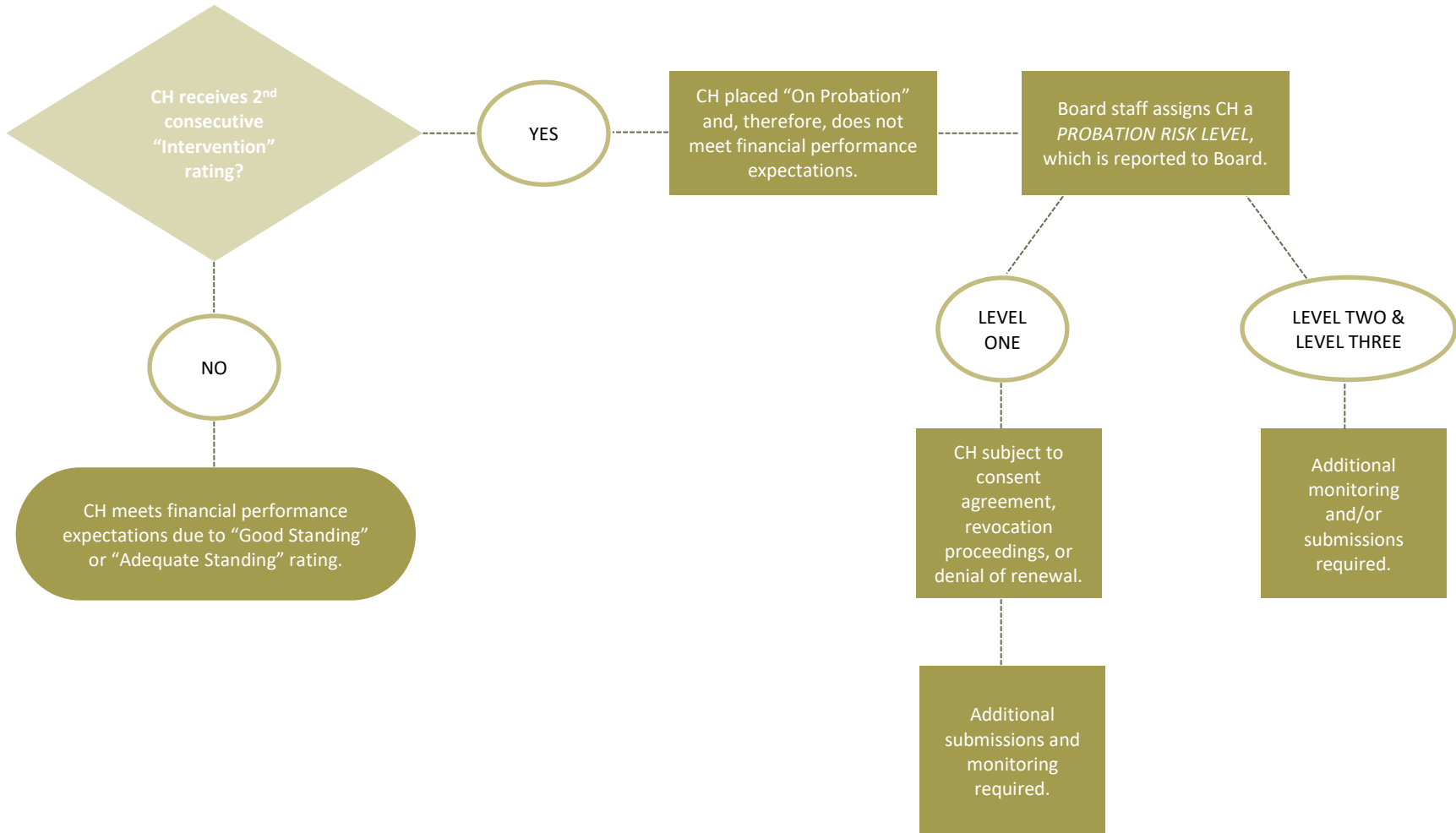
Figure 2 on page 12 includes an “On Probation” process flowchart. For the italicized term identified in all capital letters on Figure 2, this guide includes a subsection that provides additional information. In the figure, “CH” stands for charter holder.

For each charter holder identified as “On Probation,” Board staff shall:

1. Determine the charter holder’s [ADM Category](#) using publicly available ADM calculations completed by the Department.
2. Determine the charter holder’s [Default Measure Category](#).

⁴ The term “improvement plans” is defined in A.A.C. R7-5-402(N).

Figure 2: "On Probation" Process Flowchart



- Assign the charter holder a [Probation Risk Level](#) using the charter holder’s results based on the two most recent audits and the criteria found in Table 1 on page 14. [A.A.C. R7-5-402(H)]

Table 2 on page 15 identifies the consequences associated with each of the three Probation Risk Levels. [A.A.C. R7-5-402(I)-(K)] A charter holder assigned to Probation Risk Level One is subject to a consent agreement, revocation proceedings or denial of renewal.

ADM CATEGORY

The criteria used in determining the charter holder’s ADM Category are identified below.

SMALL AND MEDIUM CHARTER HOLDERS (LESS THAN 600 ADM)			
ADM CATEGORY	ESTIMATED ADM MEASURE PERFORMANCE ¹		PERCENT LOSS OF TOTAL ADM ²
LOW RISK	GREATER THAN 0 TO NEGATIVE 4.99%	OR	0 TO 9.99% DECLINE
MODERATE RISK	NEGATIVE 5% TO NEGATIVE 14.99%	OR	10% TO 19.99% DECLINE
HIGH RISK	NEGATIVE 15% OR MORE	OR	20% OR MORE DECLINE
LARGE CHARTER HOLDERS (600 OR MORE ADM)			
ADM CATEGORY	ESTIMATED ADM MEASURE PERFORMANCE ¹		PERCENT LOSS OF TOTAL ADM ²
LOW RISK	GREATER THAN 0 TO NEGATIVE 2.99%	OR	0 TO 7.99% DECLINE
MODERATE RISK	NEGATIVE 3% TO NEGATIVE 9.99%	OR	8% TO 14.99% DECLINE
HIGH RISK	NEGATIVE 10% OR MORE	OR	15% OR MORE DECLINE

¹ The "Estimated ADM Measure Performance" considers the charter holder’s estimated performance on the Average Daily Membership measure for the fiscal year that begins on the July 1 following the fiscal year end of the most recent audit.

² The "Percent Loss of Total ADM" considers the percent change in the charter holder’s ADM from the fiscal year prior to the most recent audit (year 3) to the fiscal year that begins on the July 1 following the fiscal year end of the most recent audit (year 1). For example, this means for a charter holder identified as "On Probation" following the review of the fiscal year 2021 audit year 3 would be fiscal year 2020 and year 1 would be fiscal year 2022.

DEFAULT MEASURE CATEGORY

The criteria used in determining the charter holder’s Default Measure Category are identified below.

CATEGORY	CRITERIA
LOW RISK	"MEETS" RATING ON DEFAULT MEASURE FOR TWO CONSECUTIVE FISCAL YEARS.
MODERATE RISK	"BELOW" RATING ON DEFAULT MEASURE IN PRIOR AUDITED FISCAL YEAR. <u>OR</u> "BELOW" RATING ON DEFAULT MEASURE IN MOST RECENT AUDITED FISCAL YEAR DUE TO CHARTER HOLDER’S FAILURE TO COMPLY WITH NON-PAYMENT RELATED REQUIREMENTS.
HIGH RISK	"BELOW" RATING ON DEFAULT MEASURE IN MOST RECENT AUDITED FISCAL YEAR DUE TO CHARTER HOLDER’S FAILURE TO MAKE REQUIRED PAYMENTS.

Table 1: Probation Risk Levels

LEVEL ONE (HIGHEST RISK)					
SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4	SCENARIO 5	SCENARIO 6
<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ "HIGH RISK" ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON LESS THAN THREE CALCULATED MEASURES¹; AND ▪ ANY RISK ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE IN THE PRIOR AUDITED FISCAL YEAR; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON ONE OR FEWER CALCULATED MEASURES¹; AND ▪ "HIGH RISK" ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ FOR TWO CONSECUTIVE FISCAL YEARS, ALL THREE CALCULATED MEASURES¹ RECEIVED "BELOW" OR "APPROACHES" RATINGS (REGARDLESS OF IF NUMERIC PERFORMANCE POSITIVELY INCREASED FOR ONE OR MORE CALCULATED MEASURES). 	<ul style="list-style-type: none"> ▪ "HIGH RISK" DEFAULT MEASURE CATEGORY. 	<ul style="list-style-type: none"> ▪ TWO CONSECUTIVE PROBATION RISK LEVEL TWO DETERMINATIONS; OR ▪ TWO CONSECUTIVE PROBATION RISK LEVEL THREE DETERMINATIONS; OR ▪ ONE PROBATION RISK LEVEL TWO DETERMINATION AND ONE PROBATION RISK LEVEL THREE DETERMINATION IN TWO CONSECUTIVE CYCLES.
LEVEL TWO (MODERATE RISK)					
SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4		
<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON ALL THREE CALCULATED MEASURES¹; AND ▪ "LOW RISK" OR "MODERATE RISK" ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE IN THE PRIOR AUDITED FISCAL YEAR; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON TWO OR MORE CALCULATED MEASURES¹; AND ▪ ANY RISK ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ "BELOW" RATING ON THE GOING CONCERN MEASURE IN THE MOST RECENT AUDITED FISCAL YEAR. 	<ul style="list-style-type: none"> ▪ "MEETS" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON ONE OR FEWER CALCULATED MEASURES¹; AND ▪ "HIGH RISK" ADM CATEGORY. 		
LEVEL THREE (LOWEST RISK)					
Scenario 1	Scenario 2				
<ul style="list-style-type: none"> ▪ "MEETS" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON ONE OR MORE CALCULATED MEASURES¹; AND ▪ "LOW RISK" OR "MODERATE RISK" ADM CATEGORY. 	<ul style="list-style-type: none"> ▪ "MEETS" RATING ON THE GOING CONCERN MEASURE FOR TWO CONSECUTIVE FISCAL YEARS; AND ▪ NUMERIC PERFORMANCE POSITIVELY INCREASED ON ALL THREE CALCULATED MEASURES¹; AND ▪ ANY RISK ADM CATEGORY. 				

¹ "Calculated measures" include the unrestricted days liquidity measure, adjusted net income measure and lease adjusted debt service coverage ratio measure. If a charter holder's performance on a calculated measure has decreased year over year, but continues to be rated "meets standard," this will not be considered declining performance. The charter holder's numeric performance will be considered to have "positively increased."

Table 2: Consequences and Submissions Associated with Probation Risk Levels

LEVEL ONE (HIGHEST RISK)	LEVEL TWO (MODERATE RISK)	LEVEL THREE (LOWEST RISK)
<ol style="list-style-type: none"> 1. CONSENT AGREEMENT WITH BOARD OR CHARTER REVOCATION PROCEEDINGS OR DENIAL OF RENEWAL 2. AGENDA AND MINUTES FROM MEETING WHERE CHARTER HOLDER BOARD OR, IF APPLICABLE, CHARTER SCHOOL GOVERNING BODY REVIEWED ITS CURRENT FINANCIAL PLAN AND APPROVED ANY NECESSARY CHANGES¹ 3. COPY OF CHARTER HOLDER’S FINANCIAL PLAN² 4. BY THE DEADLINES IDENTIFIED IN A.A.C. R7-5-511(B), A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED UNDER “3.” 5. QUARTERLY FINANCIAL REPORTS, INCLUDING THE JUNE 30 QUARTERLY FINANCIAL REPORT, REQUIRED UNDER A.A.C. R7-5-511(A) [A.A.C. R7-5-402(I)] 	<ol style="list-style-type: none"> 1. AGENDA AND MINUTES FROM MEETING WHERE CHARTER HOLDER BOARD OR, IF APPLICABLE, CHARTER SCHOOL GOVERNING BODY REVIEWED ITS CURRENT FINANCIAL PLAN AND APPROVED ANY NECESSARY CHANGES¹ 2. COPY OF CHARTER HOLDER’S FINANCIAL PLAN² 3. BY THE DEADLINES IDENTIFIED IN A.A.C. R7-5-511(B), A NARRATIVE DESCRIBING ANY DEVIATIONS THAT HAVE OCCURRED FROM THE FINANCIAL PLAN PROVIDED UNDER “2.” 4. QUARTERLY FINANCIAL REPORTS, INCLUDING THE JUNE 30 QUARTERLY FINANCIAL REPORT, REQUIRED UNDER A.A.C. R7-5-511(A) [A.A.C. R7-5-402(J)] 	<ol style="list-style-type: none"> 1. QUARTERLY FINANCIAL REPORTS, INCLUDING THE JUNE 30 QUARTERLY FINANCIAL REPORT, REQUIRED UNDER A.A.C. R7-5-511(A) [A.A.C. R7-5-402(K)]

¹ Agenda and draft minutes must be submitted to the Board within 30 business days of the date of the written notice provided under A.A.C. R7-5-402(L) identifying, among other information, the charter holder’s Probation Risk Level. Draft minutes will be accepted.

² The financial plan must be submitted to the Board within 30 business days of the date of the written notice provided under A.A.C. R7-5-402(L) identifying, among other information, the charter holder’s Probation Risk Level.

REPORT TO BOARD AT PUBLIC MEETING

Pursuant to A.A.C. R7-5-402(M), Board staff will report to the Board at a public meeting: 1) the Probation Risk Level for each charter holder identified as “On Probation” and, therefore, under A.A.C. R7-5-402(G) does not meet the Board’s minimum financial performance expectations; and 2) the detail underlying the Probation Risk Level determination for each charter holder assigned to Probation Risk Level One.

Appendix

A. Rubric for Reviewing the Initial Financial Response

A: Rubric for Reviewing the Initial Financial Response

The following information and criteria will be used by Board staff to evaluate the Initial Financial Response submitted by a charter holder that receives an Intervention Rating. A.A.C. R7-5-509(C) specifies the questions included below that Board staff must answer in Staff's Report.

IS THERE A SOUND EXPLANATION FOR WHY THE CHARTER HOLDER UNDERPERFORMED ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES?			
DOCUMENTATION REVIEWED	FACTORS CONSIDERED BY BOARD STAFF	QUESTION ANSWERED "Yes"	QUESTION ANSWERED "No"
<ul style="list-style-type: none"> ▪ INITIAL FINANCIAL RESPONSE, INCLUDING SUMMARY OF FACTORS THAT CAUSED OR CONTRIBUTED TO THE CHARTER HOLDER'S FINANCIAL PERFORMANCE IN THE MOST RECENT AUDITED FISCAL YEAR ▪ AUDITS SUBMITTED TO THE BOARD ▪ ADMS46-1 REPORTS AVAILABLE THROUGH DEPARTMENT'S WEBSITE 	<ul style="list-style-type: none"> ▪ DOES THE INITIAL FINANCIAL RESPONSE INCLUDE AN EXPLANATION FOR WHY THE CHARTER HOLDER UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR? ▪ COULD THE CAUSE OR CONTRIBUTING FACTORS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE HAVE AFFECTED THE CHARTER HOLDER'S PERFORMANCE ON THE MEASURE(S) RATED "BELOW STANDARD?" ▪ AS APPLICABLE, DOES INFORMATION INCLUDED IN THE CHARTER HOLDER'S AUDITS OR ADMS46-1 REPORTS CONTRADICT THE CAUSE'S OR CONTRIBUTING FACTOR'S EFFECT ON THE MEASURE(S) RATED "BELOW STANDARD?" 	<p>ALL THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE CHARTER HOLDER PROVIDES AN EXPLANATION FOR WHY IT UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE FACTORS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE RELEVANT TO THE MEASURES ON WHICH THE CHARTER HOLDER UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE FACTORS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE DO NOT CONTRADICT INFORMATION IN THE CHARTER HOLDER'S AUDITS OR ADMS46-1 REPORTS. 	<p>ONE OR MORE OF THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE CHARTER HOLDER DOES NOT PROVIDE AN EXPLANATION FOR WHY IT UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE FACTORS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE NOT RELEVANT, IN WHOLE OR IN PART, TO THE MEASURES ON WHICH THE CHARTER HOLDER UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ ONE OR MORE FACTORS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE CONTRADICT INFORMATION IN THE CHARTER HOLDER'S AUDITS OR ADMS46-1 REPORTS.
DID THE CHARTER HOLDER PERFORM AT A LEVEL JUST BELOW OR WELL BELOW THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURE(S) TARGETS?			
DOCUMENTATION REVIEWED	FACTORS CONSIDERED BY BOARD STAFF	QUESTION ANSWERED "JUST BELOW"	QUESTION ANSWERED "WELL BELOW"
<ul style="list-style-type: none"> ▪ MOST RECENT AUDITED FISCAL YEAR FINANCIAL DASHBOARD ▪ Measures and Summative Performance Ratings Guide 	<ul style="list-style-type: none"> ▪ SINCE PERFORMANCE ON THE FINANCIAL FRAMEWORK'S GOING CONCERN AND DEFAULT MEASURES IS BASED ON THE PRESENCE ("BELOW STANDARD") OR ABSENCE ("MEETS STANDARD") OF CERTAIN DISCLOSURE IN THE AUDIT, "JUST BELOW" OR "WELL BELOW" ARE NOT APPLICABLE. ▪ IF THE CHARTER HOLDER RECEIVED "BELOW STANDARD" RATINGS ON ONLY THE GOING CONCERN MEASURE, DEFAULT MEASURE OR BOTH, THEN THIS QUESTION WILL BE ANSWERED "NOT APPLICABLE." 	<p>FOR THE FINANCIAL FRAMEWORK'S FOUR CALCULATED MEASURES, ALL THE FOLLOWING, AS APPLICABLE, ARE TRUE FOR THE MEASURE(S) RATED "BELOW STANDARD:"</p> <ul style="list-style-type: none"> ○ UNRESTRICTED DAYS LIQUIDITY IS AT LEAST 10 DAYS BUT FEWER THAN 15 DAYS. ○ ADJUSTED NET INCOME DIVIDED BY TOTAL REVENUES IS BETWEEN NEGATIVE 5% AND NEGATIVE 9.99%. ○ THE LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO IS AT LEAST 0.9 BUT LESS THAN 1.0. ○ THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 15% TO 19.99% FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 10% TO 14.99% FOR A LARGE CHARTER HOLDER. 	<p>FOR THE FINANCIAL FRAMEWORK'S FOUR CALCULATED MEASURES, ONE OR MORE OF THE FOLLOWING, AS APPLICABLE, ARE TRUE FOR THE MEASURE(S) RATED "BELOW STANDARD:"</p> <ul style="list-style-type: none"> ○ UNRESTRICTED DAYS LIQUIDITY IS FEWER THAN 10 DAYS. ○ ADJUSTED NET INCOME DIVIDED BY TOTAL REVENUES IS LESS THAN OR EQUAL TO NEGATIVE 10%. ○ THE LEASE ADJUSTED DEBT SERVICE COVERAGE RATIO IS LESS THAN 0.9. ○ THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 20% OR MORE FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 15% OR MORE FOR A LARGE CHARTER HOLDER.

IN WHAT DIRECTION IS THE CHARTER HOLDER'S FINANCIAL HEALTH HEADING?			
DOCUMENTATION REVIEWED	FACTORS CONSIDERED BY BOARD STAFF	QUESTION ANSWERED "IMPROVING"	QUESTION ANSWERED "STABLE OR WORSENING"
<ul style="list-style-type: none"> ▪ QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵ AND BUDGETS SUBMITTED WITH THE INITIAL FINANCIAL RESPONSE AND QUARTERLY FINANCIAL REPORTS ▪ MOST RECENT AUDITED FISCAL YEAR FINANCIAL DASHBOARD ▪ AUDITS SUBMITTED TO THE BOARD ▪ ADMS46-1 REPORTS AVAILABLE THROUGH DEPARTMENT'S WEBSITE 	<ul style="list-style-type: none"> ▪ FOR THE DEFAULT, UNRESTRICTED DAYS LIQUIDITY AND ADJUSTED NET INCOME MEASURES, THE CHARTER HOLDER'S CURRENT PERFORMANCE BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵ AND BUDGETS. ▪ INFORMATION DISCLOSED IN THE INITIAL FINANCIAL RESPONSE AND THE AUDITS REGARDING THE CHARTER HOLDER'S DEBT AND LEASE OBLIGATIONS. ▪ AS APPLICABLE, INFORMATION DISCLOSED IN THE AUDITS REGARDING THE CHARTER HOLDER'S PERFORMANCE ON THE DEFAULT AND GOING CONCERN MEASURES. ▪ THE CHARTER HOLDER'S CURRENT PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE. IF THE CURRENT FISCAL YEAR'S ADMS46-1 REPORT IS NOT AVAILABLE ON THE DEPARTMENT'S WEBSITE, BOARD STAFF WILL USE THE CHARTER HOLDER'S ESTIMATED COUNT IN THE CALCULATION. 	<p>ALL THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE GOING CONCERN MEASURE WAS NOT RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE DEFAULT MEASURE WAS NOT RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR <u>OR</u> THE INITIAL FINANCIAL RESPONSE SUPPORTS THE CHARTER HOLDER HAS CURED THE DEFAULT(S) IDENTIFIED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ IF APPLICABLE, THE UNRESTRICTED DAYS LIQUIDITY MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, <u>AND</u> BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵, THE CHARTER HOLDER'S CURRENT PERFORMANCE AS OF THE QUARTER END DATE HAS IMPROVED TO A "MEETS STANDARD" OR "APPROACHES STANDARD." ○ IF APPLICABLE, THE ADJUSTED NET INCOME MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, <u>AND</u> BASED ON THE INITIAL FINANCIAL RESPONSE'S BUDGETS AND THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵, THE CHARTER HOLDER'S CURRENT FISCAL YEAR PERFORMANCE IS PROJECTED TO IMPROVE TO A "MEETS STANDARD" OR "APPROACHES STANDARD." ○ THE NUMBER OF MEASURES PROJECTED TO BE RATED "BELOW STANDARD" BASED ON CURRENT PERFORMANCE IS LESS THAN THE NUMBER OF MEASURES RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR.⁶ ○ BASED ON THE INITIAL FINANCIAL RESPONSE, THE CHARTER HOLDER'S NON-FACILITY DEBT HAS REMAINED THE SAME OR DECREASED IN THE CURRENT FISCAL YEAR. ○ FOR THE CURRENT FISCAL YEAR, THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS EITHER: A) AN INCREASE, B) A DECREASE OF LESS THAN 15% FOR A SMALL OR MEDIUM CHARTER HOLDER, OR C) A DECREASE OF LESS THAN 10% FOR A LARGE CHARTER HOLDER. 	<p>ONE OR MORE OF THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE GOING CONCERN MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE DEFAULT MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR <u>AND</u> THE INITIAL FINANCIAL RESPONSE DOES NOT SUPPORT THAT THE CHARTER HOLDER HAS CURED THE DEFAULT(S) IDENTIFIED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ IF APPLICABLE, THE UNRESTRICTED DAYS LIQUIDITY MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, <u>AND</u> BASED ON THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵, THE CHARTER HOLDER'S CURRENT PERFORMANCE AS OF THE QUARTER END DATE REMAINS RATED "BELOW STANDARD." ○ IF APPLICABLE, THE ADJUSTED NET INCOME MEASURE WAS RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR, <u>AND</u> BASED ON THE INITIAL FINANCIAL RESPONSE'S BUDGETS AND THE QUARTERLY FINANCIAL REPORTS THROUGH AT LEAST THE QUARTER ENDING DECEMBER 31⁵, THE CHARTER HOLDER'S CURRENT FISCAL YEAR PERFORMANCE IS PROJECTED TO REMAIN RATED "BELOW STANDARD." ○ THE NUMBER OF MEASURES PROJECTED TO BE RATED "BELOW STANDARD" BASED ON CURRENT PERFORMANCE IS EQUAL TO OR MORE THAN THE NUMBER OF MEASURES RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR.⁶ ○ BASED ON THE INITIAL FINANCIAL RESPONSE, THE CHARTER HOLDER'S NON-FACILITY DEBT HAS INCREASED IN THE CURRENT FISCAL YEAR. ○ FOR THE CURRENT FISCAL YEAR, THE CHARTER HOLDER'S PERFORMANCE ON THE AVERAGE DAILY MEMBERSHIP MEASURE SHOWS A DECREASE OF A) 15% OR MORE FOR A SMALL OR MEDIUM CHARTER HOLDER OR B) 10% OR MORE FOR A LARGE CHARTER HOLDER.

⁵ If based on A.A.C. R7-5-509(B), the charter holder's Initial Financial Response must include a quarter ending subsequent to December 31, then the latest quarter end date will be used by Board staff to determine the answer to the question that asks, "In what direction is the charter holder's financial health heading?"

⁶ For this criterion, the measures considered are Default, Unrestricted Days Liquidity and Adjusted Net Income.

DO THE CHARTER HOLDER'S PROPOSED OR IMPLEMENTED ACTIONS ADDRESS THE PROBLEMS THAT CONTRIBUTED TO OR CAUSED THE CHARTER HOLDER'S UNDERPERFORMANCE ON THE FINANCIAL PERFORMANCE FRAMEWORK'S MEASURES AND ARE THEY REALISTIC TO IMPLEMENT?			
DOCUMENTATION REVIEWED	FACTORS CONSIDERED BY BOARD STAFF	QUESTION ANSWERED "Yes"	QUESTION ANSWERED "No"
<ul style="list-style-type: none"> ▪ INITIAL FINANCIAL RESPONSE, INCLUDING SUMMARY OF ACTIONS TAKEN OR BEING TAKEN TO IMPROVE THE CHARTER HOLDER'S FINANCIAL PERFORMANCE IN THE CURRENT FISCAL YEAR ▪ AUDITS SUBMITTED TO THE BOARD ▪ ADMS46-1 REPORTS AVAILABLE THROUGH DEPARTMENT'S WEBSITE 	<ul style="list-style-type: none"> ▪ DOES THE INITIAL FINANCIAL RESPONSE INCLUDE PROPOSED OR IMPLEMENTED ACTIONS TO ADDRESS THE PROBLEMS THAT CONTRIBUTED TO THE CHARTER HOLDER'S UNDERPERFORMANCE IN THE MOST RECENT AUDITED FISCAL YEAR? ▪ COULD THE PROPOSED OR IMPLEMENTED ACTIONS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE IMPROVE THE CHARTER HOLDER'S PERFORMANCE IN THE CURRENT YEAR ON THE MEASURE(S) RATED "BELOW STANDARD" IN THE MOST RECENT AUDITED FISCAL YEAR? ▪ DOES INFORMATION INCLUDED IN THE CHARTER HOLDER'S AUDITS, ADMS46-1 REPORTS OR INITIAL FINANCIAL RESPONSE INDICATE THAT THE ACTIONS ARE UNREALISTIC FOR THE CHARTER HOLDER TO IMPLEMENT? 	<p>ALL THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE CHARTER HOLDER PROVIDES ACTIONS TO ADDRESS THE PROBLEMS THAT CONTRIBUTED TO ITS UNDERPERFORMANCE IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE ACTIONS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE RELEVANT TO THE MEASURES ON WHICH THE CHARTER HOLDER UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ THE ACTIONS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE REALISTIC FOR THE CHARTER HOLDER TO IMPLEMENT. 	<p>ONE OR MORE OF THE FOLLOWING ARE TRUE:</p> <ul style="list-style-type: none"> ○ THE CHARTER HOLDER DOES NOT PROVIDE ACTIONS TO ADDRESS THE PROBLEMS THAT CONTRIBUTED TO ITS UNDERPERFORMANCE IN THE AUDITED FISCAL YEAR. ○ THE ACTIONS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE NOT RELEVANT, IN WHOLE OR IN PART, TO THE MEASURES ON WHICH THE CHARTER HOLDER UNDERPERFORMED IN THE MOST RECENT AUDITED FISCAL YEAR. ○ ONE OR MORE ACTIONS IDENTIFIED IN THE INITIAL FINANCIAL RESPONSE ARE NOT REALISTIC FOR THE CHARTER HOLDER TO IMPLEMENT.

Historical Note:

Effective: October 15, 2019

Board Approval Date: October 15, 2019

Revised Date: August 9, 2021