



Horizon Montessori Public Schools
"Tomorrow's Education Today"



Annual Financial Accountability Management Report

Fiscal Year 2020-2021

Horizon Montessori Public Schools has received a Superior rating under the Texas Charter School Finance Accountability Rating System for fiscal year 2020-2021.

The Charter School FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas Charter School developed by the Texas Education Agency in correspondence to Senate Bill 875 of the 76th Texas Legislature in 1999 and Senate Bill 218 of the 77th Legislature in 2001. The primary goal of FIRST is to achieve quality performance in the management of charter schools' financial resources. This goal is now more significant due to the complexity of accounting associated with the Texas school finance system.

The Charter School FIRST accountability rating system assigns one of the four financial accountability ratings to Texas Charter schools, being the following: Superior, Above Standard, Meets Standard, Substandard Achievement, and Suspended on a scale of 0 to 100 total points possible.

OVERVIEW

Senate Bill 875 of the 76th Legislature and Senate Bill 218 of the 77th Texas Legislature authorized the implementation of a financial accountability rating system, which is regarded as School FIRST. The primary goal of School FIRST is to improve the management of school districts' financial resources. School FIRST was developed in consultation with the Comptroller of Public Accounts. Its development also initiated from the many comments that were received from school districts and regional education service center personnel. Texas Charter Schools are also held to the same standard of rating the management of the schools' financial resources.

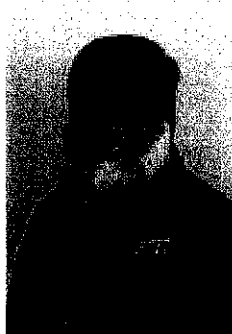
Senate Bill 218 also requires each charter school to prepare the Annual Financial Accountability Management Report. Many business-related issues are covered in this report; however, its focus lies on the Charter School FIRST rating worksheet. This worksheet was developed by representatives from the Texas Education Agency, Texas Business & Educational Council, and the Texas Association of School Business Officials. The worksheet is used to rate the district in the seven identified indicators, based upon its relative performance, except for the first four critical indicators. A negative response to any of the first four critical indicators will result in the school receiving Substandard Achievement.

The following report is based on Horizon Montessori Public Schools Charter School FIRST analysis of staff and student data reported for the 2020-2021 school year, including financial data for the 2020 fiscal year (September 1, 2020, to August 31, 2021) and details the prior year's Charter School FIRST rating for the 2019 fiscal year for comparison.

Horizon Montessori Public Schools Charter School FIRST rating for the fiscal year ending August 31, 2020, is Superior. This report lists data used to calculate the rating and the assessment for each indicator. In addition, the Annual Financial Accountability Management Report includes the reimbursements made to the board members and to the superintendent for the 2020-2021 school year. The required superintendent's current contract is available online at the Horizon Montessori Public School website located at the following address. www.hmpe.net

MISSION STATEMENT

The mission of the South Texas Educational Technologies, Inc. is to provide the highest quality education possible to all students. To the full extent of their individual abilities, students will be provided the opportunity to develop the capability to think logically, independently, and creatively, and to communicate effectively.



Mr. Alim U. Ansari, Superintendent

SCHOOLS GOALS

- I. Mission Possible, Everybody Can Learn
- II. School, Homes and Community Working Together
- III. Education through Space-Age Technology

SCHOOLS VISION

The vision of South Texas Educational Technologies, Inc. is to maximize the education potential and the experience of continuous learning by every student within the school and community environment. It includes instruction in all forms of human potential: aesthetic, ethical, intellectual, physical and technological. With this concept of education in mind, STET assumes the responsibility for providing a well-organized, flexible and varied program of classroom and out-of-classroom activities. Since students differ in interests, attitude and abilities, and parents have various aspirations for their children; the learning process needs to allow for the personal growth of individuals and families.

RATING WORKSHEET COMPARISON FOR FY18 AND FY17

2020-2021 (FY2020 Data): Above Average Achievement 85/100 Points

HORIZON MONTESSORI PUBLIC SCHOOLS (108802)

Status	Indicator Num	Indicator Description	Updated	Score
P	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 and date of June 30 or August 31, respectively?	7/13/2021 10:01:25 AM	YES
P	2	Was there an unmodified opinion on the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion, the extent of independent auditor testimony if there was an unmodified opinion.)	7/13/2021 10:01:25 AM	YES
P	3	Was the charter school in compliance with the covenant 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 performance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempt are technical defaults that are not related to monetary defaults. A technical default is a failure to adhere to the terms of a debt covenant, contract, or master commodity note even though payments to the lender, issuer, or similar fund are current. A debt agreement is a legal agreement between a debtor (person, corporation, etc.) that owns money and the creditors, which includes a plan for paying back the debt.)	7/13/2021 10:01:25 AM	YES
P	4	Did the charter school make timely payments to the Taxpayer Relief System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	7/13/2021 10:01:25 AM	YES, Ceiling Not Activated
P	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 if the charter school has a negative net asset balance at fiscal year end. If the indicator is a pass, the calculation changes to the 7 percent increase in 5 years.)	7/13/2021 10:01:25 AM	YES, Ceiling Not Activated
	6	Was the number of days of cash on hand and current investments for the charter school sufficient to cover operations expenses? (If a calculation will use expenses, excluding depreciation.)	7/13/2021 10:01:25 AM	Passed
	7	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?	7/13/2021 10:01:25 AM	10
	8	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 if the charter school has a negative net asset balance at fiscal year end. If the indicator is a pass, the calculation changes to the 7 percent increase in 5 years.)	7/13/2021 10:01:25 AM	10
	9	Did the charter school's revenue 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 30 days? The indicator will use revenues, excluding depreciation.	7/13/2021 10:01:25 AM	5
	10	Did the charter school average less than a 10 percent increase (50% to 100%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	7/13/2021 10:01:25 AM	10
	11	Was the debt service coverage ratio sufficient to meet the required debt service?	7/13/2021 10:01:25 AM	2
	12	Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?	7/13/2021 10:01:25 AM	5
	13	Did the charter school's administrative cost ratio equal or less than the threshold ratio?	7/13/2021 10:01:25 AM	6
	14	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.)	7/13/2021 10:01:25 AM	10
	15	Was the charter school's actual average daily attendance (ADA) within 10 percent of the charter school's annual estimated ADA?	7/13/2021 10:01:25 AM	10
	16	Did the comparison of Public Education Information Reporting System (PEIRS) data to file information in the charter school's AFR result in a total variance of less than 3 percent of all expenses for functions?	7/13/2021 10:01:25 AM	Passed
	17	Did the external independent auditor report that the AFR was free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weaknesses.)	7/13/2021 10:01:25 AM	10
	18	Did the external independent auditor indicate the AFR was free of any instances of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	7/13/2021 10:01:25 AM	Passed
	19	Did the charter school not receive an affected recipient school for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds as a result of a financial penalty?	7/13/2021 10:01:25 AM	5
	20	This indicator is not being scored.		
	21	This indicator is not being scored.		

85 Weighted Sum
1 Multiplier Sum
(100 Ceiling)
85 Score

2019-2020 (FY19 Data): Superior Achievement Rating 96/100 Points

HORIZON MONTESSORI PUBLIC SCHOOLS (108802)

Status	Indicator Num	Indicator Description	Updated	Score
P	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 and date of June 30 or August 31, respectively?	5/7/2020 11:17:52 AM	YES
P	2A	Was there an unmodified opinion on the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion, the extent of independent auditor testimony if there was an unmodified opinion.)	5/7/2020 11:17:52 AM	YES
P	2B	Did the external independent auditor report that the AFR was free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weaknesses.)	5/7/2020 11:17:52 AM	10
P	3	Was the charter school in compliance with the covenant 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 performance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempt are technical defaults that are not related to monetary defaults. A technical default is a failure to adhere to the terms of a debt covenant, contract, or master commodity note even though payments to the lender, issuer, or similar fund are current. A debt agreement is a legal agreement between a debtor (person, corporation, etc.) that owns money and the creditors, which includes a plan for paying back the debt.)	5/7/2020 11:17:52 AM	YES
P	4	Did the charter school make timely payments to the Taxpayer Relief System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	5/7/2020 11:17:52 AM	YES
P	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. If the charter school has a negative net asset balance at fiscal year end, the calculation changes to the 7 percent increase in 5 years.)	5/7/2020 11:17:52 AM	YES
	6	Was the number of days of cash on hand and current investments for the charter school sufficient to cover operations expenses? (If a calculation will use expenses, excluding depreciation.)	5/7/2020 11:17:52 AM	10
	7	Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?	5/7/2020 11:17:52 AM	10
	8	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. If the charter school has a negative net asset balance at fiscal year end, the calculation changes to the 7 percent increase in 5 years.)	5/7/2020 11:17:52 AM	10
	9	Did the charter school's revenue 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 30 days? The indicator will use revenues, excluding depreciation.	5/7/2020 11:17:52 AM	10
	10	Was the debt service coverage ratio sufficient to meet the required debt service?	5/7/2020 11:17:52 AM	10
	11	Was the charter school's administrative cost ratio equal or less than the threshold ratio?	5/7/2020 11:17:52 AM	6
	12	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.)	5/7/2020 11:17:52 AM	10
	13	Did the comparison of Public Education Information Reporting System (PEIRS) data to file information in the charter school's AFR result in a total variance of less than 3 percent of all expenses for functions?	5/7/2020 11:17:52 AM	10
	14	Did the external independent auditor indicate the AFR was free of any instances of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	5/7/2020 11:17:52 AM	10
	15	Did the charter school not receive an affected recipient school for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds as a result of a financial penalty?	5/7/2020 11:17:52 AM	10

96 Weighted Sum
1 Multiplier Sum
96 Score

11: must pass 1, 3, 4, 5 and 21

RATING WORKSHEET OVERVIEW

Indicator 1: Was the complete annual financial and compliance 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, the compliance report and financial data were submitted on 12/10/2021 for the year ended 8/31/2020.

Passed

Indicator 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, and the external independent auditor determines if there was an unmodified opinion.

Yes, the audit received an unmodified opinion and had a clean audit for the year ended 8/31/2020.

Passed

Indicator 3: Was the charter school in compliance with the payment's 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.

There were no debt defaults for Horizon Montessori Public School.

Passed

Indicator 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, the charter school made timely payments to all government agencies.

Passed

Indicator 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 five-year percent change in students was a 7 percent increase 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 a 7 percent growth in student's year over year until its fifth year of operations. After the fifth year of operations, the calculation changes to the 7 percent increase in 5 years).

Horizon Montessori Public Schools had a net asset balance of \$7,429,530 in its Statement of Financial Position. The number of students in the base year totaled 1,276 while the numbers of students in year 5 were 1,163 meeting the threshold for the required 7 percent change.

Passed

Indicator 6: Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.

Yes, the charter schools number of days of cash on hand and current investments were sufficient to cover operating expenses.

Passed

Indicator 7: Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?

Yes, the charter schools measure of current assets to current liabilities ratio for the charter school were sufficient.

Passed

Indicator 8: 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 a 7 percent increase in 5 years)

The total long-term liabilities of \$ 8,435,293 divided by total assets 18,432,979 equaled .46 and gave Horizon Montessori Public Schools a ten out of ten points available.

Passed

Indicator 9: Did the charter school's revenue 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.

The total revenue 12,611,419 divided by total expenses of 12,937,680 less depreciation 388,492 equaled 1.004959 and is greater than zero resulting in Horizon Montessori Public Schools scoring a ten out of a possible ten points available.

Passed

Indicator 10: Was the debt service coverage ratio sufficient to meet the required debt service?

Yes, the debt service coverage ratio was sufficient enough to meet the required debt service. Horizon Montessori Public School scored a ten out of ten points available.

Indicator 11: Was the charter school's administrative cost ratio equal to or below the threshold ratio as specified by TEA?

The total administrative costs of 913,993 divided by other costs of 4,395,221 equaled to 0.21 and gave Horizon Montessori Public Schools a total of six out of ten points available due to having an Average Daily Attendance of 1047.86 for the 2020-2021 school year.

Passed

Indicator 12: Did the charter school not have a 15 percent decline in the students to staff ration over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the charter school will automatically pass this indicator.)

Horizon Montessori Public Schools did not have a decline in the students to staff ratio therefore giving the charter school ten out of ten points available.

Passed

Indicator 13: Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in an aggregate variance of less than 3 percent of all expenses?

Yes we met the threshold of less than 3 percent.

Passed

Indicator 14: Did the external 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.)

There were no material noncompliance indicated for the 2020-2021 school year. A total of ten points available were awarded.

Passed

Indicator 15: Did the charter school not receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds as a result of a financial hardship?

Horizon Montessori Public Schools did not receive an adjusted repayment schedule for the 2020-2021 school year. A total of ten out of ten available points were awarded.

REQUIRED DISCLOSURES

Superintendent Salary

The total salary compensation for the superintendent is \$213,195.00 for 2020-21 school year.

The charter school does not issue any contracts.

The above information is available through the Horizon Montessori Public Schools website located at <http://www.hmps.net/>.

REQUIRED DISCLOSURES

Reimbursements Received by the Board Members

For the Twelve-Month Period Ended August 31, 2020

See Governance Report

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

For the Twelve-Month Period Ended August 31, 2020

See attached Governance Report

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, 2020

See Attached Governance Report

Business Transactions between Charter School and Board Members

CONTACT INFORMATION

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