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# School FIRST Report

May 16, 2018

*Everyone is still superior, right?*



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## Financial Integrity Rating System of Texas

- Developed by TEA in 1999
- Measures School Districts Performance in Management of Financial Resources
- Ratings based on indicators established by the Commissioner of Education



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# School FIRST in Transition

2014-15 Rating Year (2013-14 Data)		2015-16 Rating Year (2014-15 Data)		2016-17 Rating Year (2015-16 Data)		2020-21 Rating Year (2019-20 Data)	
# of Indicators	7	# of Indicators	15	# of Indicators	15	# of Indicators	21
Ratings	Points	Ratings	Points	Ratings	Points	Ratings	Points
P - Passed	16 - 30	A - Superior Achievement	70 - 100	A – Superior Achievement	90 - 100	A – Superior Achievement	90 - 100
F - Substandard Achievement	0 - 15	B - Above Standard Achievement	50 - 69	B – Above Standard Achievement	80 - 89	B – Above Standard Achievement	80 - 89
		C - Standard Achievement	31 - 49	C – Standard Achievement	60 - 79	C – Standard Achievement	60 - 79
		F - Substandard Achievement	0 - 30	F – Substandard Achievement	0 - 59	F – Substandard Achievement	0 - 59

Past

Present

Future



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# Number of Indicators

❖ **Critical** indicators

Remains at 5 indicators

❖ **Solvency** indicators

Increases from 7 to 9

❖ Financial **competence**

Increases from 3 to 7



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## Potential Key FIRST Indicator Changes

- **Negative unrestricted net position**  
Failure to have a position balance results in an overall C (substandard) rating before any other criteria are considered
- **Cash on hand**  
Must have at least 30 days worth – what about settle-ups and payment delays?
- **Some flexibility for fast growth school districts**



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## Potential Key FIRST Indicator Changes

- Stronger emphasis on a clean audit
- Stronger emphasis on debt ratios
- ADA must be within 10% of pupil projections
- 15% reduction in student to teacher ratio over 3 years  
Does not apply if enrollment did not decline, and  
does not consider size of school district and  
impact from a 1:1 SPED student enrolling



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# Potential Key FIRST Indicator Changes

- **Stronger emphasis on fund balance**  
Less than 25% reduction over 3 years OR  
fund balance exceeds 75 days of operational  
expenditures
- **10% variance permitted from budget to actual**



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## Critical Indicators

#	Indicator Description	Yes/No
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes
4	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
5	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's response is 'no' and the change of students in membership over 5 years was 7 percent or more, then the school district is lowered to 79.)	Yes





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# Unrestricted Net Asset Balance

## Current ISDs

- Denton ISD
- Frisco ISD
- Lamar CISD
- Leander ISD
- Montgomery ISD
- Rockwall ISD
- Wylie ISD

## Potential ISDs

- College Station ISD
- Conroe ISD
- New Caney ISD



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## Solvency Indicators

#	Indicator Description	Points
6	Was the average change in (assigned and unassigned) fund balance over 3 years less than a 25% decrease OR did the current year fund balance exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and the highest rating that the school district may receive is 89 points.)	Ceiling Indicator
7	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?	10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	10
9	Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	5



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## Solvency Indicators

#	Indicator Description	Points
10	Did the school district average less than a 10% variance (90-110%) when comparing budget revenues to actual revenues for the last 3 years?	10
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)	10
12	Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?	10
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10
14	Did the school district NOT have a 15% decline in the students to staff ratio over 3 years? (If the student enrollment did not decrease, the school district will automatically pass this indicator)	10



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## Financial Competence Indicators

#	Indicator Description	Points
15	Was the school district's actual ADA within the allotted range of the district's biennial pupil projection submitted to TEA? OR If the district did not submit pupil projections to TEA, did it certify TEA's projections?	5
16	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	Ceiling Indicator
17	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?	Ceiling Indicator



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## Financial Competence Indicators

#	Indicator Description	Points
18	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?	10
19	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules?	5
20	Did the school Board members discuss the district's property values and the funding lag at a board meeting within 120 days of the district adopting its budget? (If the school district fails indicator 20, the maximum points and highest rating is 89 points.)	Ceiling Indicator
21	Has the total amount of CABs issued since 9/1/2015 exceeded 25% of the district's outstanding bonded indebtedness issued since 9/1/2015 including the amount of principal and interest to be paid on outstanding bonds until maturity except for CABs refunded?	5



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# Prior Year Values vs Current

## 2017/18 Prior Values

- Conroe ISD - \$6,215 \*
- Montgomery ISD - \$6,222
- New Caney ISD - \$6,732

## 2017/18 Current Values

- Conroe ISD - \$6,015
- Montgomery ISD - \$5,937
- New Caney ISD - \$6,486

\* FSP Revenue Per WADA

Note: Applies to I&S side too



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