



ROBINSON ISD

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS

2016-2017 Rating

(2015-2016 School Year Data)



ROBINSON ISD'S FINANCIAL ACCOUNTABILITY RATING 2016-2017

Robinson Independent School District received a rating of “A” for “Superior Achievement” under Texas’ School FIRST financial accountability rating system. The “Superior Achievement” rating is the state’s highest, demonstrating the quality of Robinson ISD’s financial management and reporting system.

This is the 15th year of School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school districts’ financial resources, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system.

Amendments to the School FIRST system were implemented by the Texas Education Agency in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5, 83rd Texas Legislature, Regular Session, 2013. The Texas Education Agency assigns one of four financial accountability ratings to Texas school districts, with the highest being “A” for “Superior Achievement,” followed by “B” for “Above-Standard Achievement,” “C” for “Standard Achievement” and “F” for “Substandard Achievement.” Robinson ISD consistently achieved the rating of Superior Achievement every year.

The fifteen indicators looked at by TEA are:

- 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.**

This is a simple “Yes” or “No” indicator. Was our Annual Financial Report filed by the deadline?

- 2.a. 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.**

A “modified” version of the auditor’s opinion in our annual audit report means that we need to correct some of our reporting or financial controls. Our district’s goal, therefore, is to receive an “unmodified opinion” on our Annual Financial Report. This is a simple “Yes” or “No” indicator.

- 2.b. 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.)? Yes.**

A clean audit of our Annual Financial Report would state that our district has no material weaknesses in internal controls. Any internal weaknesses create a risk of our District not being able to properly account for its use of public funds, and should be immediately addressed.

- 3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district 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.

This indicator seeks to make certain that our district has paid our bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc.

- 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.**

This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.

- 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 change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)? Yes.**

This indicator simply asks, “Did the district’s total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?”

Fortunately, this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain scenarios.

- 6. 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)? RISD had 91.6 days.**

90 days or more earned the maximum 10 points. This indicator measures how long in days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues.

- 7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? RISD had a value of 2.29.**

A value of 2.0 or more earned 6 out of 10 points. A value of 3.0 was required to earn the maximum 10 points. This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.

- 8. 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 10% or more, then the school district passes this indicator.) RISD had a value of 0.505 with a 3.76% increase in enrollment.**

A value less than 0.60 earned the maximum 10 points. This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately, this indicator recognizes that high-growth districts incur additional operating costs to open new instructional campuses.

- 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? Yes, revenues exceeded expenditures and RISD had 91.6 days of cash on hand.**

This indicator simply asks, "Did you spend more than you earned?" (the school district will automatically pass this indicator, if the school district had at least 60 days cash on hand.)

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

RISD had a value of 1.60.

A value of 1.20 or more earned the maximum 10 points. This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year.

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio? RISD had a ratio of 8.6%.

A ratio of 11.51% or less earned the maximum 10 points. This indicator measures the percentage of budget that Texas school districts spent on administration.

12. Did the school district 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 school district will automatically pass this indicator.) RISD increased enrollment and earned 10 points.

If the school district had a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students. (The school district automatically passes this indicator if there was no decline in students.)

13. 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 (Data Quality Measure)? Our data variance was less than 0.001% so we earned 10 points.

This indicator measures the quality of data reported to PEIMS and in our Annual Financial Report to make certain that the data reported in each case "matches up." If the

difference in numbers reported in any fund type is 3 percent or more, our district “fails” this measure.

14. 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 (earned 10 points).

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.

15. Did the school district 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? RISD does not have an adjusted repayment plan (earned 10 points).

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

Because the District earned a score of 96 (out of 100) and answered “Yes” to indicators 1, 2.a., and 3-5, the District earned a “Superior” rating. The following pages contain required disclosures related to financial transactions between the district and superintendent and/or board members.