



2017-18 School FIRST Annual Financial Management Report

December 13, 2018

Overview

- TEA produces annual financial accountability rating for each LEA
 - Financial Integrity Rating System of Texas (FIRST)
- Districts compile data on Board and Superintendent reimbursements, gifts, business transactions, and outside compensation, if any
- Districts combine the above into an “annual financial management report” and disclose via public hearing
- Detailed requirements described in CFA (Legal)

2018 School FIRST Performance

School FIRST Background

- Measures districts' financial performance
- Primary goal is to improve districts' financial management
- Encourages resource allocation to direct instructional purposes
- Districts are required to compare current year versus prior year performance
- 2018 ratings are based on fiscal 2017 data
- 2017 ratings are based on fiscal 2016 data

Statewide 2018 FIRST Rating Statistics

2018 FIRST Rating	Point Range	District Count	% of Total	Enrollment	% of Total
A= Superior	90-100	846	82.78%	4,485,533	88.60%
B = Above Standard Achievement	80-89	110	10.76%	405,382	8.01%
C = Meets Standard Achievement	60-79	62	6.07%	151,551	2.99%
F= Substandard Achievement	< 60	4	0.39%	19,935	0.39%
Total		1,022	100.00%	5,062,401	100.00%

2017 FIRST Rating	Point Range	District Count	% of Total	Enrollment	% of Total
A= Superior	90-100	853	83.46%	4,457,010	88.64%
B = Above Standard Achievement	80-89	121	11.84%	445,407	8.86%
C = Meets Standard Achievement	60-79	43	4.21%	119,805	2.38%
F= Substandard Achievement	< 60	5	0.49%	6,205	0.12%
Total		1,022	100.00%	5,028,427	100.00%

Source: Texas Education Agency

Dallas ISD's 2018 FIRST Rating

- Dallas ISD rating: **A = Superior** (highest possible rating)
- 7th consecutive year to achieve top rating
- Score of 94 of possible 100 points (last year scored 96)
- Rating system has 15 indicators
- Performance by rating indicator:
 - > 5 Critical – Pass/Fail – District passed all
 - > 7 Solvency - Earned 64 of 70 possible points
 - > 3 Financial Competence – Earned all 30 possible points

2018 Critical Indicators & Result

	<u>2018</u>	<u>2017</u>
• Was the annual financial report submitted to TEA within 180 days of fiscal year end?	Yes	Yes
• Was there an unmodified opinion in the annual financial report on the financial statements?	Yes	Yes
• Was the district compliant with the payment terms of all debt agreements at fiscal year end?	Yes	Yes
• Did the district make timely payments to TRS, TWC, IRS, and other government agencies?	Yes	Yes

2018 Critical Indicators & Result

	<u>2018</u>	<u>2017</u>
• Was the total Unrestricted Net Position balance (net of the accretion of interest for capital appreciation bonds and the net pension liability) in the governmental activities column in the Statement of Net Position greater than zero?	Yes	Yes

2018 Solvency Indicators

	<u>2018</u>	<u>2017</u>
• Was there sufficient cash and current investments in the general fund to cover operating expenditures?	10pts	10pts
• Was the ratio of current assets to current liabilities sufficient to cover short-term debt?	10pts	10pts
• Was the ratio of long-term liabilities to total assets sufficient to support long-term solvency?	6pts	8pts
• Did general fund revenues equal or exceed expenditures, excluding facilities acquisition and construction?	10pts	10pts

2018 Solvency Indicators

	<u>2018</u>	<u>2017</u>
• Was the debt service coverage ratio sufficient to meet the required debt service?	10pts	10pts
• Was the district's administrative cost ratio equal to or less than the threshold ratio?	8pts	8pts
• Did the school district <i>not</i> have a 15 percent decline in the total enrollment to total staff ratio over 3 years?	10pts	10pts

2018 Financial Competence Indicators

- | | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| • Did PEIMS data and annual financial report data differ by less than 3% of all expenditures by function? | 10pts | 10pts |
| • Was the annual financial report free of instances of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? | 10pts | 10pts |
| • Did the district <i>not</i> receive an adjusted repayment schedule for an over allocation of FSP funds as a result of a financial hardship? | 10pts | 10pts |

Public Information Portal

- Additional information on Dallas ISD Public Information Portal at <http://www.dallasisd.org/pip>
 - > Annual Financial Management Reports
 - > Comprehensive Annual Financial Reports
 - > Adopted Budgets
 - > District Check Register

Other Required Disclosures

Required Disclosures

- The Superintendent's contract, available on the District's website at <http://www.dallasisd.org/Page/38808>
- Compensation or fees received by the Superintendent for consulting / other personal services from an outside entity in fiscal 2017 included the following:
 - Organizational Health \$4,514.20

Required Disclosures

- Gifts received from District vendors in FY17
 - Board Members and Superintendent reported they and their first degree relatives received none
- Business transactions between Board and the District in FY17
 - Board members reported there were none
- Reimbursements received by Board Members and the Superintendent, and allowances & benefits received by the Superintendent were (next slide):

Required Disclosures – FY17 Reimbursements

Description of Reimbursements	District 1 Board Member Flores	District 2 Board Member Marshall	District 3 Board Member Micciche	District 4 Board Member Resendez	District 5 Board Member Blackburn
Meals	-	-	402.00	920.50	1,298.00
Lodging	191.88	95.94	633.66	2,670.11	3,700.17
Transportation	-	207.96	-	2,299.55	3,500.64
Motor Fuel	-	-	-	-	-
Other	707.21	94.95	200.00	2,958.19	960.00
Employee Allowances/Benefits	-	-	-	-	-
Total	899.09	398.85	1,235.66	8,848.35	9,458.81

Description of Reimbursements	District 6 Board Member Foreman	District 7 Board Member Pinkerton	District 8 Board Member Solis	District 9 Board Member Nutall	Superintendent Hinojosa
Meals	1,226.00	658.00	-	861.00	-
Lodging	1,941.56	1,273.56	534.00	942.85	7,267.26
Transportation	2,039.27	730.15	198.96	2,763.59	8,155.98
Motor Fuel	-	-	-	-	-
Other	75.98	1,199.24	504.04	1,492.02	4,136.06
Employee Allowances/Benefits	-	-	-	-	94,684.86
Total	5,282.81	3,860.95	1,237.00	6,059.46	114,244.16

Questions?

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RATING YEAR **2017-2018**DISTRICT NUMBER **district #**

Select An Option

Help

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Financial Integrity Rating System of Texas

2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL

Name: DALLAS ISD (057905)	Publication Level 1: 8/6/2018 2:48:24 PM
Status: Passed	Publication Level 2: 8/8/2018 12:11:29 PM
Rating: A = Superior	Last Updated: 8/8/2018 12:11:29 PM
District Score: 94	Passing Score: 60

#	Indicator Description	Updated	Score
1	<u>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?</u>	4/20/2018 8:25:14 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>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.)</u>	4/20/2018 8:25:14 AM	Yes
2.B	<u>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.)</u>	4/20/2018 8:25:15 AM	Yes
3	<u>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.)</u>	4/20/2018 8:25:15 AM	Yes
4	<u>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?</u>	4/20/2018 8:25:15 AM	Yes
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (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.)</u>	4/20/2018 8:25:15 AM	Yes
			1 Multiplier Sum

6	<u>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)? (See ranges below.)</u>	4/20/2018 8:25:16 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 8:25:16 AM	10
8	<u>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.) (See ranges below.)</u>	4/20/2018 8:25:16 AM	6
9	<u>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?</u>	4/20/2018 8:25:16 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 8:25:17 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 8:25:17 AM	8
12	<u>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.)</u>	6/19/2018 11:07:29 AM	10
13	<u>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?</u>	4/20/2018 8:25:18 AM	10
14	<u>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.)</u>	4/20/2018 8:25:19 AM	10
15	<u>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?</u>	4/20/2018 8:25:19 AM	10
			94 Weighted Sum
			1 Multiplier Sum
			94 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is F for Substandard Achievement regardless of points earned.				
B.	Determine the rating by the applicable number of points. (Indicators 6-15)				
	<table border="1"> <tr> <td>A = Superior</td> <td>90-100</td> </tr> <tr> <td>B = Above Standard</td> <td>80-89</td> </tr> </table>	A = Superior	90-100	B = Above Standard	80-89
A = Superior	90-100				
B = Above Standard	80-89				

C = Meets Standard	60-79
F = Substandard Achievement	<60

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.texas.gov

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FIRST 5.4.1.0

RATING YEAR



Financial Integrity Rating System of Texas

2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-2016 DATA - DISTRICT STATUS DETAIL

Name: DALLAS ISD(057905)		Publication Level 1: 8/8/2017 2:29:29 PM	
Status: Passed		Publication Level 2: 8/8/2017 2:29:29 PM	
Rating: A = Superior		Last Updated: 8/8/2017 2:29:29 PM	
District Score: 96		Passing Score: 60	
#	Indicator Description	Updated	Score
1	<u>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?</u>	3/28/2017 11:21:24 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>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.)</u>	3/28/2017 11:21:24 AM	Yes
2.B	<u>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.)</u>	3/28/2017 11:21:24 AM	Yes
3	<u>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.)</u>	3/28/2017 11:21:24 AM	Yes
4	<u>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?</u>	3/28/2017 11:21:25 AM	Yes

5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position 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.)</u>	3/28/2017 11:21:25 AM	Yes
			1 Multiplier Sum
6	<u>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)? (See ranges below.)</u>	3/28/2017 11:21:25 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	3/28/2017 11:21:26 AM	10
8	<u>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 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	3/28/2017 11:21:26 AM	8
9	<u>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?</u>	3/28/2017 11:21:26 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	5/18/2017 12:20:37 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/28/2017 11:21:27 AM	8
12	<u>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.)</u>	6/21/2017 8:15:41 PM	10
13	<u>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?</u>	3/28/2017 11:21:29 AM	10
14	<u>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.)</u>	3/28/2017 11:21:29 AM	10
15	<u>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?</u>	3/28/2017 11:21:29 AM	10
			96 Weighted Sum

		1 Multiplier Sum
		96 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points. (Indicators 6-15)	
	A = Superior	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
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