

China Spring ISD

Financial Management Report



2018-2019

(based on 2017-18 data)



Presented at 10/28/2019 Board Meeting

2018-2019 Schools FIRST Rating

The 2018-2019 Schools FIRST Rating is presented for your information. FIRST stands for “Financial Integrity Rating System of Texas” and is the annual rating performed by the Texas Education Agency to test the financial performance of school districts as required by Title 19, Texas Administrative Code, Section 109.

The District is required to hold a public meeting to issue a Financial Report and related disclosures and to explain the district’s performance under each of sixteen different indicators and the resultant district rating. The current rating for 2018-19 was based upon analysis of staff and student data reported for the 2017-2018 school year, and the budgetary and actual financial data for the fiscal year ended June 30, 2018.

China Spring ISD is proud of our past success on the FIRST ratings – we have consistently earned the highest rating available each year since 2003 and this year is no exception! China Spring ISD earned a rating of SUPERIOR for 2019. Attached is a comparison of this year’s results to the prior year’s results on the 16 indicators evaluated by TEA.

Rating	Point Bands used for Ratings	CSISD Rating 2019	CSISD Rating 2018
A=Superior	90-100 points	100	100
B=Above Standard	80-89 points		
C=Meets Standard	60-79 points		
F=Substandard Achievement	0-59 points		

Attached is a copy of the 2019 and 2018 actual FIRST results that are published on the TEA website and an appendix which includes required financial disclosures. If there are any questions, please contact Brenda S. Poteet, Executive Director of Finance, China Spring ISD, 254-836-1115.

Comparison of 2018-2019 and 2017-2018 Ratings

Indicator	Description	2018-2019 (Based on FY 2017-2018)	2017-2018 (Based on FY 2016-2017)
1	Was the Annual audit submitted to TEA by the November 27 th deadline?	Yes Submitted 11/12/2018	Yes Submitted 11/07/2017
2A	Was there an unmodified opinion on the annual audit?	Yes	Yes
2B	Was the annual audit free of any instance of material weaknesses in internal controls over financial reporting and compliance?	Yes	Yes
3	Was the school district in compliance with payment terms of all debt agreements at fiscal year end?	Yes	Yes
4	Did the school district make timely payments to TRS, TWC, IRS and other government agencies?	Yes	Yes
5	Was the Net Asset Balance greater than \$0?	Indicator not scored	Yes Total Unrestricted Net Assets \$11,551,556
6	Was the number of days cash on hand in general fund sufficient to cover operating expenses?	Yes 130.7671 days (90 days required to earn full 10 points)	Yes 122.0773 days (90 days required to earn full 10 points)
7	Was the current assets to current liabilities ratio sufficient to cover short-term debt?	Yes 3.5832 (earned full 10 points)	Yes 3.6375 (earned full 10 points)
8	Was the ratio of long-term liabilities to total assets sufficient to support long-term solvency?	Yes .5354 (earned full 10 points – goal was <= .60)	Yes .5686 (earned full 10 points – goal for 10 points was <= .60)

Indicator	Description	2018-2019 (Based on FY 2017-2018)	2017-2018 (Based on FY 2016-2017)
9	Did general fund revenues exceed expenditures (excluding facilities acquisition & construction)?	Yes	Yes
10	Was the debt service coverage ratio sufficient to meet the required debt service?	Yes	Yes
11	Was the district's administrative cost ratio equal to or less than the threshold ratio?	Yes Admin Cost Ratio .0787 Threshold <= .1151	Yes Admin Cost Ratio .0839 Threshold <= .1151
12	Did the district not have a 15% decline in student/staff ratio over 3 years?	Yes	Yes
13	Did the comparison of PEIMS data to the audit result in a variance of less than 3%?	Yes	Yes
14	Did the external auditor indicate the annual report was free of any instances of material noncompliance for grants, contracts, etc?	Yes	Yes
15	Did the district <u>not</u> receive an adjusted repayment schedule from TEA for FSP funds as a result of financial hardship?	Yes	Yes

User: Brenda Poteet
User Role: District

RATING YEAR DISTRICT NUMBER



Financial Integrity Rating System of Texas

2018-2019 RATINGS BASED ON SCHOOL YEAR 2017-2018 DATA - DISTRICT STATUS DETAIL

Name: CHINA SPRING ISD(161920)		Publication Level 1: 8/7/2019 3:33:27 PM	
Status: Passed		Publication Level 2: 8/8/2019 2:06:12 PM	
Rating: A = Superior		Last Updated: 8/8/2019 2:06:12 PM	
District Score: 100		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>	8/6/2019 12:02:40 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>	8/6/2019 12:02:40 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>	8/6/2019 12:02:41 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>	8/6/2019 12:02:41 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>	8/6/2019 12:02:41 AM	Yes
5	This indicator is not being scored.		
			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>	8/6/2019 12:02:42 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>	8/6/2019 12:02:42 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>	8/6/2019 12:02:42 AM	10
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>	8/6/2019 12:02:43 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/6/2019 12:02:44 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	8/6/2019 12:02:44 AM	10
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>	8/6/2019 12:02:45 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>	8/6/2019 12:02:46 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>	8/6/2019 12:02:46 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>	8/6/2019 12:02:46 AM	10
			100 Weighted Sum
			1 Multiplier Sum
			100 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 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

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.

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THE TEXAS EDUCATION AGENCY
1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 5.7.1.0

RATING YEAR DISTRICT NUMBER



Financial Integrity Rating System of Texas

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

Name: CHINA SPRING ISD(161920)	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: 100	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 9:14:17 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 9:14:17 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 9:14:17 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 9:14:17 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 9:14:17 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 9:14:18 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 9:14:18 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 9:14:18 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 9:14:18 AM	10
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 9:14:19 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 9:14:19 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 9:14:19 AM	10
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 11:22:35 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 9:14:20 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 9:14:20 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 9:14:20 AM	10
			100 Weighted Sum
			1 Multiplier Sum
			100 Score

DETERMINATION OF RATING

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	A = Superior	90-100

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FIRST 5.7.1.0



Disclosures

Reporting requirements for the financial management report for Schools FIRST public hearing are found in **Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.** This rule describes requirements for the six (6) disclosures explained below that are to be presented as appendices in the Schools FIRST financial management report.

1. Superintendent’s Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2019. In lieu of publication in the Schools FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. **If published on the Internet**, the contract is to remain accessible for twelve months.

Superintendent’s Contract for December 2018 through December 2021 is published on our website.

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2018

For the Twelve-month Period Ended June 30, 2018								
Description of Reimbursements	Supt Marc Faulkner	Board Member Jeff Bradburn	Board Member Holly Dunham	Board Member Bubba Galvan	Board Member Chris Gerick	Board Member Rick Hines	Board Member r Boyd Kent	Board Member Jeff Garrett(Oakley/Penny)
Meals	\$ 250.00	\$ 90.00	\$ 90.00	\$ 90.00	\$90.00	\$ 90.00	\$ 90.00	\$-0-
Lodging	2,755.90	745.74	688.11	745.74	745.74	714.35	497.16	-0-
Transportation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Motor Fuel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other	640.00	375.00	375.00	375.00	375.00	375.00	375.00	485.00
Total	\$ 3,645.90	\$1,210.74	\$1,153.11	\$1,210.74	\$1,210.74	\$1,179.35	\$962.16	\$ 485.00

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2018, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2018

For the Twelve-Month Period Ended June 30, 2018	
Name(s) of Entity(ies)	Amount
<i>NONE</i>	\$
Total	\$

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2018

For the Twelve-month Period Ended June 30, 2018								
	Supt Marc Faulkner	Board Member Jeff Bradburn	Board Member Holly Dunham	Board Member Bubba Galvan	Board Member Chris Gerick	Board Member Rick Hines	Board Member Boyd Kent	Board Member Jeff Garrett
Summary Amounts	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

None noted

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. (Any gifts received by their immediate family as described in Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity will be reported under the applicable school official.)

5. Business Transactions Between School District and Board Members for Fiscal Year 2018

For the Twelve-month Period Ended June 30, 2018								
	Supt Marc Faulkner	Board Member Jeff Bradburn	Board Member Holly Dunham	Board Member Bubba Galvan	Board Member Chris Gerick	Board Member Rick Hines	Board Member Boyd Kent	Board Member Jeff Garrett
Summary Amounts	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

None noted

Note - The summary amounts reported under this disclosure are not to duplicate the items reported in the summary schedule of reimbursements received by board members.

Item 6 Other Information.

6. Any other information the board of trustees of the school district or open-enrollment charter school determines to be useful.

None noted