

MIDLOTHIAN INDEPENDENT SCHOOL DISTRICT

2015-16 School FIRST Rating

Public Hearing

September 19, 2016 5:30 p.m.

WHAT IS FIRST?

- Financial Integrity Rating System of Texas
- Created by Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999 to measure the performance of school districts' financial resources
- Rating indicators this year test in 15 areas
- Rating calculations this year are based on data from the 2014-2015 fiscal year

OBJECTIVES

- Assess the quality of financial management in Texas public schools
- Measure and report the extent to which financial resources are allocated for direct instructional purposes
- Fairly evaluate the quality of financial management decisions
- Openly report results to the general public

RATING DETERMINATION

- Ratings are determined by the number of points earned on the 15 indicators:

Superior Achievement

70-100 points

Above Standard Achievement

50-69 points

Standard Achievement

31-49 points

Substandard Achievement

<31 points

or a “NO” answer on one default indicator (1,2a, 3, 4,
5)

MIDLOTHIAN ISD RESULTS

- Passed with Superior Achievement

MISD received a score of **92** for 2014-2015

MISD has received the top rating since the inception of the rating system 14 years ago

INDICATORS

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

2a. Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)

YES

INDICATORS (CONTINUED)

2b. 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 weaknesses.)

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

INDICATORS (CONTINUED)

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?

YES

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)?

Score = 10

7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

Score = 10

INDICATORS (CONTINUED)

8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (districts whose membership increases by 10% over five years are exempt from this indicator)

Score = 2

9. Did the 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?

Score = 10

INDICATORS (CONTINUED)

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

Score = 10

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio?

Score = 10

12. Did the school district have a 15 percent decline in the student to staff ratio over 3 years (enrollment to total staff)?

Score = 10

INDICATORS (CONTINUED)

13. Did the comparison of Public Education Information Management Systems (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?

Score = 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?

Score = 10

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?

Score = 10

SIX ADDITIONAL DISCLOSURES

1. Superintendent's Employment Contract in place during the public hearing
2. Reimbursements received by the Superintendent and Board Members for fiscal year 2015
3. Outside compensation and/or fees received by the Superintendent for professional consulting and /or other professional services for fiscal year 2015
4. Gifts received by the Executive Officer and Board Members (and first degree relatives, if any) in fiscal year 2015
5. Business transactions between school district and Board Members for fiscal year 2015

DISCLOSURE NO. 1

Superintendent's Employment Contract

The Superintendent's current contract is available for review upon request.

DISCLOSURE NO. 2

Reimbursements received by the Superintendent and Board Members for fiscal year 2015 (including amounts paid on-behalf of the Superintendent and Board Members)

All reimbursements received by the Superintendent and the Board Members for the fiscal year ending June 30, 2015 are listed by category on the following worksheet:

DISCLOSURE NO. 2 (CONTINUED)

<u>Description of Reimbursements</u>	Lane Ledbetter	Jerome Stewart	Judy Walling	Duke Burge	Glenn Hartson	Todd Hemphill	Keith Hitt	Jim Mentzel	Tom Moore	Heather Prather	Matt Sanders	Carl Smith
Meals	\$	\$	\$ 62.93	\$	\$	\$ 67.93	\$ 85.64	\$ 86.04	\$	\$	\$	\$
Lodging	805.40		502.40	357.90		947.83	375.90	1,750.38	912.84	1,073.87	1,181.30	231.47
Transportation	285.64	423.13	255.23	198.56	197.44	518.34	16.00	384.25		285.64		160.52
Motor Fuel												
Other (Registrations)	514.00	1,225.00		600.00	325.00	975.00	600.00	875.00	875.00	375.00	975.00	375.00
Total	\$1,605.04	\$1,648.13	\$820.56	\$1,156.46	\$522.44	\$2,509.10	\$1,077.54	\$3,095.67	\$1,787.84	\$1,734.51	\$2,156.30	\$766.99

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2015, 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.

DISCLOSURE NO. 3

Outside compensation and/or fees received by the Superintendent for professional consulting and /or other professional services for fiscal year 2015 -

None

DISCLOSURE NO. 4

Gifts received by the Executive Officer and Board Members (and first degree relatives, if any) in fiscal year 2015 (gifts with an economic value of \$250 or more in aggregate) -

None

DISCLOSURE NO. 5

Business transactions between the school district and Board Members for fiscal year 2015-

The district paid \$25,547.15 to Computer Solutions, Inc. for fiscal year 2105. This company is owned by former board member Duke Burge.