



SCHOOL FIRST

**FINANCIAL INTEGRITY RATING
SYSTEM OF TEXAS**

**2019-20 RATING BASED ON
2018-2019 SCHOOL YEAR DATA**

What is School FIRST and What is its Purpose?



School FIRST is a financial **accountability** rating system that holds school districts accountable for the quality of their financial management practices.

School FIRST is designed to encourage Texas public school to manage their financial resources better in order to provide the **maximum allocation** possible for **direct instructional purposes**.

School FIRST is a tool that creates **transparency** and discloses the **quality** of local management and decision-making processes that the school district uses concerning the financial resources the school district receives.



REPORTING REQUIREMENTS

- ◎ **School district must prepare and distribute an annual financial management report**
- ◎ **Public hearing to provide an opportunity for comment on the report**

INDICATORS AND RATINGS

◎ Texas Education Agency

Indicators

- Critical
- Solvency
- Financial Competence



◎ 4 Ratings

- A = Superior Achievement
- B = Above Standard
- C = Meets Standard
- F = Substandard Achievement

DISTRICT RATINGS

| 2018-19 Rating Year Data 2017-18 | | 2019-20 Rating Year Data 2018-19 | |
|---|----------|---|----------|
| # of indicators | 15 | # of indicators | 15 |
| Ratings: | Points: | Ratings: | Points: |
| A – Superior | 90 - 100 | A – Superior | 90 - 100 |
| B – Above Standard | 80 – 89 | B – Above Standard | 80 – 89 |
| C – Meets Standard | 60 – 79 | C – Meets Standard | 60 – 79 |
| F - Substandard | 0 – 59 | F – Substandard | 0 – 59 |

CRITICAL INDICATORS



| # | Indicator Description | 2018-2019 Data | 2017-2018 Data |
|---|---|----------------|----------------|
| 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 | Yes |
| 2 | Was there an unmodified opinion in the AFR on the financial statements as a whole and was it free of any instances of material weakness in internal controls over financial reporting? | Yes | Yes |
| 3 | Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? | Yes | 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 governmental agencies ? | Yes | 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 ? | Not Scored | Yes |

*Indicator 5 was not scored this year due to the impact of accounting changes implemented by the Governmental Accounting Standards Board

SOLVENCY INDICATORS



| # | Indicator Description | 2018-2019 Data | 2017-2018 Data |
|----|---|----------------|----------------|
| 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)? | 10 | 10 |
| 7 | Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt ? | 10 | 10 |
| 8 | Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency ? | 10 | 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? | 10 | 10 |
| 10 | Was the debt service coverage ratio sufficient to meet the required debt service? | 10 | 10 |
| 11 | Was the school district's administrative cost ratio equal to or less than the threshold ratio? | 10 | 10 |
| 12 | Did the school district not have a 15 percent decline in 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.) | 10 | 10 |

COMPETENCE INDICATORS

| # | Indicator Description | 2018-2019 Data | 2017-2018 Data |
|----|--|-------------------------|-------------------------|
| 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? | 10 | 10 |
| 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? | 10 | 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? | 10 | 10 |
| | TOTAL RATING: | 100 Superior | 100 Superior |

REQUIRED DISCLOSURES



- Superintendent's current **employment contract** *(included with report)*
- Summary schedule of **total reimbursements/expenditures** received by the superintendent and each board member *(included with report)*
- Summary schedule of **compensation and/or fees received** by the superintendent in exchange for professional consulting and/or other personal services **(NONE)**
- Summary schedule of the **dollar amount of gifts** that had an economic value of \$250 or more **(NONE)**
- Summary schedule of the dollar amount by board member for the aggregate amount of **business transactions with the school district** **(NONE)**

SUPERINTENDENT & BOARD EXPENDITURES

| Reimbursement Description | Dr. John Chapman | Nancy Cline | Guillermo Ramos | Tara Hrbacek | Candace Valenzuela | John Mathews | Randy Schackman | Sally Derrick | Total Board |
|----------------------------------|-----------------------------|------------------------|----------------------------|-------------------------|-------------------------------|-------------------------|----------------------------|--------------------------|------------------------|
| Meals | \$ 1,949.80 | \$ 714.52 | \$ 684.52 | \$ 809.52 | \$ 800.52 | \$ 808.52 | \$ 884.52 | \$ 714.48 | \$ 7,366.40 |
| Lodging | 3,162.07 | 2,599.06 | 1,329.61 | 1,329.61 | 1,329.58 | 1,070.92 | 1,329.61 | 1,329.62 | 13,480.08 |
| Transportation | 134.85 | 1,660.47 | - | - | 229.99 | 393.85 | 235.99 | - | 2,655.15 |
| Motor Fuel | - | - | - | - | - | - | - | - | - |
| Other-Dues/Registration | 8,129.37 | 2,260.00 | 1,207.50 | 1,010.00 | 1,047.50 | 1,405.00 | 1,010.00 | 1,405.00 | 17,474.37 |
| | \$ 13,376.09 | \$ 7,234.05 | \$ 3,221.63 | \$ 3,149.13 | \$ 3,407.59 | \$3,678.29 | \$ 3,460.12 | \$ 3,449.10 | \$ 40,976.00 |

SCHOOL FIRST CHANGES

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- Fiscal Years 2017-18, 2018-19 and 2019-20 were transition years
- Next majors changes with the 2020-21 rating
- 2020-2021 rating will include 20 indicators
 - 5 critical indicators remain



DISTRICT RATING CHANGES

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|-------------------------------------|----------|-------------------------------------|----------------|
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| C – Meets Standard | 60 – 79 | C – Meets Standard | 70 – 79 |
| F - Substandard | 0 – 59 | F – Substandard | 0 – 69 |

SOLVENCY INDICATOR CHANGES

| # | Indicator Description |
|----|--|
| 6 | Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? |
| 10 | Did the school district average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years? |
| 12 | Was the debt per \$100 of assessed property value ratio sufficient to support future debt payments? |

Indicator #10 will not be included in 2020-21 scoring due to COVID related uncertainties



FINANCIAL COMPETENCY INDICATOR CHANGES

| # | Indicator Description |
|----|--|
| 15 | Was the school district's actual average daily attendance (ADA) within the allotted range of the district's biennial pupil projection submitted to TEA? |
| 17 | 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? (formerly a portion of indicator 2) |
| 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? (i.e. tax rate posting) |
| 20 | Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? |



Indicator #15 will not be included in 2020-21 scoring due to COVID related uncertainties

