



School FIRST Public Hearing

FY 2018-2019 Data

November 16, 2020

School FIRST Rating - FY 2018-2019



School FIRST Rating - FY 2018-2019

What is the School FIRST Rating?

- 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 all school districts in 15 areas
- Rating calculations this year are based on data from the 2018-2019 fiscal year



School FIRST Rating - FY 2018-2019

What are the objectives of School FIRST?

- 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



School FIRST Rating - FY 2018-2019

Ratings are determined by the number of points earned from the 15 indicators

Superior Achievement

90-100 points

Above Standard Achievement

80-89 points

Meets Standard Achievement

60-79 points

Substandard Achievement

<60 points

or a "NO" answer on one default indicator (1, 2a, 3, 4)



School FIRST Rating - FY 2018-2019

MISD Passed with Superior Achievement

A perfect score of 100 for 2019-2020

MISD has received the top rating since the inception of the rating system 18 years ago



School FIRST Rating - FY 2018-2019

FIRST 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



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FIRST Indicators

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



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FIRST Indicators

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

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 this year



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FIRST Indicators

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

TEA >90 days

MISD 127.89 days

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

Score = 10

TEA >3.0

MISD 4.0958



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FIRST Indicators

8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency (exempt if growth rate more than 7% in past five years)? **MISD 18.70% Growth**

Score = 10

TEA <.60

MISD 0.9159

9. Did the school district's general fund revenues equal or exceed expenditures? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

Score = 10

TEA >60

MISD 127.89



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FIRST Indicators

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

Score = 10

TEA >1.2

MISD 1.7972

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio (based upon school district size)?

Score = 10

TEA <.1

MISD 0.0831



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FIRST Indicators

12. Did the school district **not** have a 15 percent decline in the student to staff ratio over 3 years (enrollment to total staff)? **Yes**

Score = 10

TEA <15%

MISD 3.98%

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

TEA <3

MISD .03



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FIRST Indicators

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

TEA Yes

MISD Yes

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

TEA Yes

MISD Yes



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Five 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 2018-2019**
3. **Outside compensation and/or fees received by the Superintendent for professional consulting and /or other professional services for fiscal year 2018-2019**
4. **Gifts received by the Executive Officer and Board Members (and first degree relatives, if any) in fiscal year 2018-2019**
5. **Business transactions between school district and Board Members for fiscal year 2018-2019**



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Disclosure #1

- Superintendent's Employment Contract

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



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Disclosure #2

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended June 30, 2019

<u>Description of Reimbursements</u>	Lane Ledbetter	Bobby Soto	Gary Vineyard	Heather Prather	Matt Sanders	Carl Smith	Stewart Domke	Tami Tobey	Andrea Walton
Meals	65.00							45.00	
Lodging	845.25							261.21	
Transportation	373.80						102.13	187.62	
Motor Fuel									
Other (Registrations)	1,747.50	395.00	395.00			395.00		375.00	930.00
Total	3,031.55	395.00	395.00	0.00	0.00	395.00	102.13	868.83	930.00



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Disclosure #2, cont'd

Note - The spirit of the rule is to capture all “reimbursements” for fiscal year 2018-2019, 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.**



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Disclosure #3

- Outside compensation and/or fees received by the Superintendent for professional consulting and /or other professional services for fiscal year 2018-2019.

None



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Disclosure #4

- Gifts received by the Executive Officer and Board Members (and first degree relatives, if any) in fiscal year 2018-2019 (gifts with an economic value of \$250 or more in aggregate)

None



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Disclosure #5

- **Business transactions between the school district and Board Members for fiscal year 2018-2019.**

**Trustee Carl L. Smith, Jr.
Insurance Agent to District
Scarborough, Medlin & Associates**

**No Direct Compensation
Local Government Officer Conflicts Disclosure Statement
on file**



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Fiscal years 2017-2018, 2018-2019 and 2019-2020 were transition years
- Next major change will be the 2020-2021 rating (FY 2019-2020 data)
- 2020-2021 rating will include 20 indicators with the 5 critical indications remaining



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- 2020-2021 Scoring

Ratings:

A - Superior	90 - 100
B - Above Standard	80 - 89
C - Meets Standard	70 - 79
F - Substandard	0 - 69



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Financial Solvency Indicator Changes

6. Was the average change in (assigned and unassigned) **Fund Balance** over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned Fund Balance **exceed 75% of operational expenditures?**



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Financial Solvency Indicator Changes

10. Did the school district average less than a 10 percent **variance (90%-110%) when comparing budgeted revenues to actual revenues** over the past 3 years?

(not included in 2020-2021 due to COVID uncertainties)



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SCHOOL FIRST CHANGES

- Financial Solvency Indicator Changes

12. Was the debt per \$100 of assessed property value ratio sufficient to **support future debt payment**?



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Financial Competency Indicator Changes

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?

(not included in 2020-2021 due to COVID uncertainties)



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SCHOOL FIRST CHANGES

- Financial Competency Indicator Changes

17. Did the external independent auditor report that Annual Financial Audit was free of any instances of material weaknesses in **internal controls** over financial reporting and compliance for local, state, or federal funds?

(formerly a portion of indicator 2)



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Financial Competency Indicator Changes

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?



School FIRST Rating - FY 2019-2020

SCHOOL FIRST CHANGES

- Financial Competency Indicator Changes

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?



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MIDLOTHIAN ISD
INSPIRING EXCELLENCE