

Galveston Independent School District  
SCHOOL FIRST HEARING  
January 24, 2018



## 2016-2017 FIRST Rating Report

### As presented 01/24/2018

As required by Senate Bill 875, this is the public hearing to disclose the 2016-2017 Financial Integrity Rating System of Texas, known as FIRST ratings. The 2016-2017 REPORT is based on 2015-2016 Data.

The primary goal of the FIRST rating is to improve the management of school districts' financial resources.

Galveston Independent School District scored 96 of 100 available points to receive a "Superior" rating for 2016-2017.

Of the 15 indicators, two did not receive a perfect score.

Indicator 1	<b><u>Audit Filed in a timely manner</u></b> <b>GISD Rating: Passed</b> The Annual Financial Report was filed by January 28 <sup>th</sup>
Indicator 2.A/2.B	<b><u>Unmodified Opinion/ No Material Weakness</u></b> <b>GISD Rating: Passed</b> The Annual Financial Report received the district's goal of an "Unmodified Opinion" and showed no material weakness.
Indicator 3	<b><u>Compliance with debt agreements</u></b> <b>GISD Rating: Passed</b> GISD has paid all debt service bills in a timely manner.
Indicator 4	<b><u>Timely governmental agency payments</u></b> <b>GISD Rating: Passed</b> GISD made timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other agencies.
Indicator 5	<b><u>Unrestricted Net Assets</u></b> <b>GISD Rating: Passed</b> The sum of Total Unrestricted Net Asset Balance was GREATER THAN ZERO.

Indicator 6	<p><b><u>Greater than 90 days cash on hand</u></b></p> <p><b>GISD Rating: 8 out of 10</b></p> <p>Based on our cash on hand at 8/31/16, we had only 78.82 days of cash on hand. The preferred amount of cash on hand is 90 days. This resulted in a score of 8 out of 10 points.</p>
Indicator 7	<p><b><u>Current assets to current liabilities ratio</u></b></p> <p><b>GISD Rating: 10</b></p> <p>Total Assets exceeds total liabilities</p>
Indicator 8	<p><b><u>Long term liabilities to total asset ratio</u></b></p> <p><b>GISD Rating: 10</b></p> <p>GISD long-term liability rate of .2505 (total liabilities/total assets). TEA Preferred ratio is less than .60</p>
Indicator 9	<p><b><u>Revenue greater than expenditures</u></b></p> <p><b>GISD Rating: 10</b></p> <p>Revenue exceeded Expenditures</p>
Indicator 10	<p><b><u>Debt service ratio meets debt service</u></b></p> <p><b>GISD Rating: 10</b></p> <p>Debt service revenue plus fund balance was greater than 1.985 times the amount of Debt service expense.</p>
Indicator 11	<p><b><u>Administrative cost ratio less than .10</u></b></p> <p><b>GISD Rating: 8</b></p> <p>The preferred administrative cost ratio is less than .10. GISD scored .1184 (a reduction from 14-15 of .0044) This is the ratio of administrative costs (Function 21 and Function 41) to instructional costs (Functions 11, 12, 13, and 31).</p>
Indicator 12	<p><b><u>Student to Staff ratio</u></b></p> <p><b>GISD Rating: 10</b></p> <p>3 year average of student to staff ratio did not decrease more than .15 GISD showed an increase from 7.07 to 8.84 students per staff.</p>



Indicator 13	<p><b><u>PEIMS data variances</u></b></p> <p><b>GISD Rating: 10</b></p> <p>Variance in Annual Financial Report and PEIMS data submission was less than 3%</p>
Indicator 14	<p><b><u>Audit free of material non-compliance</u></b></p> <p><b>GISD Rating: 10</b></p> <p>A clean audit of the Annual Financial Report would state that the district has no material weaknesses in internal controls. The 2015-2016 Annual Financial Report showed to instances of material weakness.</p>
Indicator 15	<p><b><u>No FSP adjusted repayment to TEA</u></b></p> <p><b>GISD Rating: 10</b></p> <p>The question is asked: Did the school district <u>not</u> 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? Because our answer was YES, a rating of 10 was received.</p>

## DISCLOSURES

Specific disclosures are required to be published. These disclosures are included in this report.

- Superintendent's contract
- Reimbursements received by the Superintendent and Board
- Outside compensation and/or fees received by the Superintendent
- Gifts received by Executive Officers and Board Members
- Business transactions between the district and Board Members
- Any other useful information

RATING YEAR

2016-2017

Select An Option

Help

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FIRST

## Financial Integrity Rating System of Texas

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

Name: <b>GALVESTON ISD(084902)</b>	Publication Level 1: 8/8/2017 2:29:29 PM
Status: <b>Passed</b>	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 11:33:02 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 11:33:02 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 11:33:03 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 11:33:03 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 11:33:03 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 11:33:03 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 11:33:04 AM	8
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 11:33:04 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 11:33:04 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>	3/28/2017 11:33:05 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	5/18/2017 12:23:36 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 11:33:05 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 8:18:31 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 11:33:06 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 11:33:06 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 11:33:06 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 <b>F for Substandard Achievement</b> 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.	

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

THE TEXAS EDUCATION AGENCY

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FIRST 4.5.9.0



# *Disclosures*

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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 five (5) 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 2017. In lieu of publication in the Schools FIRST financial management report, the school district may chose 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.



# Disclosures

## 2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2016

For the Twelve-month Period Ended August 31, 2016									
Description of Reimbursements	Superintendent Nichols	Board Member 1 Hay	Board Member 2 Temple	Board Member 3 Greaney-Wurst	Board Member 4 Cazares	Board Member 5 O'Neal	Board Member 6 Rawlins	Board Member 7 Jencks	Board Member 8 Brown
Meals	\$ 383.77	\$ 697.74	\$ 669.61	\$ 108.12	\$ 697.74	\$ 1,177.74	\$ 601.74	\$ 601.74	\$ 428.39
Lodging	\$ 1,340.62	\$ 738.00	\$ 484.00	\$ 0	\$ 654.00	\$ 1,517.55	\$ 0	\$ 1,186.00	\$ 0
Transportation	\$ 1,446.00	\$ 251.53	\$ 251.53	\$ 0	\$ 532.32	\$ 1,105.03	\$ 0	\$ 404.00	\$ 0
Motor Fuel	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other	\$ 630.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 385.00	\$ 1,475.00	\$ 325.00	\$ 675.00	\$ 75.00
Total	\$3,800.39	\$2,012.27	\$1,730.14	\$433.12	\$2,269.06	\$5,275.32	\$926.74	\$2,866.74	\$ 503.39

**Note** – The spirit of the rule is to capture all “reimbursements” for fiscal year 2016, 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.



## Disclosures

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### 3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2016

For the Twelve-Month Period Ended August 31, 2016	
Name(s) of Entity(ies)	
	\$
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.



# Disclosures

## 4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2016

For the Twelve-Month Period Ended August 31, 2016									
	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8
Summary Amounts	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A

**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.)





# Disclosures

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## 5. Business Transactions Between School District and Board Members for Fiscal Year 2015

For the Twelve-Month Period Ended August 31, 2015	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8
Summary Amounts	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A

**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.



# *Disclosures*

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## **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.