

2017-2018 FIRST Rating Report

As presented 10/24/2018

As required by Senate Bill 875, this is the public hearing to disclose the 2017-2018 Financial Integrity Rating System of Texas, known as FIRST ratings. The 2017-2018 REPORT is based on 2016-2017 Data.

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

Galveston Independent School District scored 94 of 100 available points to receive a "Superior" rating for 2017-2018.

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

Indicator 6	<p><u>Greater than 90 days cash on hand</u> GISD Rating: 6 out of 10 Based on our cash on hand at 8/31/17, we had only 67.99 days of cash on hand (78.82 in 15-16). The preferred amount of cash on hand is 90 days. This resulted in a score of 6 out of 10 points.</p>
Indicator 11	<p><u>Administrative cost ratio less than .10</u> GISD Rating: 8 The preferred administrative cost ratio is less than .10. GISD scored .1069 (a reduction from 15-16 of .0115) This is the ratio of administrative costs (Function 21 and Function 41) to instructional costs (Functions 11, 12, 13, and 31).</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

RATING YEAR DISTRICT NUMBER



Financial Integrity Rating System of Texas

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

Name: GALVESTON ISD(084902)	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: 94	Passing Score: 60

#	Indicator Description	Updated	Score
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?	4/20/2018 8:37:29 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	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.)	4/20/2018 8:37:29 AM	Yes
2.B	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.)	4/20/2018 8:37:29 AM	Yes
3	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.)	4/20/2018 8:37:30 AM	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?	4/20/2018 8:37:30 AM	Yes
5	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.)	4/20/2018 8:37:30 AM	Yes
			1 Multiplier Sum
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)? (See ranges below.)	4/20/2018 8:37:30 AM	6
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)	4/20/2018 8:37:31 AM	10
8	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.)	4/20/2018 8:37:31 AM	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?	4/20/2018 8:37:31 AM	10
10	Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)	4/20/2018 8:37:31 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 8:37:32 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>	6/19/2018 11:10:55 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 8:37:32 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 8:37:32 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 8:37:33 AM	10
			94 Weighted Sum
			1 Multiplier Sum
			94 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 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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FIRST 5.4.1.0