



The FIRST rating that we will be discussing tonight is the 2018-19 Rating, but it is based off of 2017-18 Data.




OVERVIEW

- **FIRST**
 - **Financial Integrity Rating System of Texas**
 - Commissioner's Rules for School FIRST are contained in Title 19, Texas Administrative Code, Chapter 109 Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.
 - Currently in transition to new rating indicators.
 - New indicators will begin with the 2020-2021 school year and will be based on 2019-20 data.

The Commissioner's Rules for School FIRST are contained in Title 19, Texas Administrative Code, Chapter 109, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.

The School FIRST Rating System is in a transition period and changes to the School FIRST system will go into effect for the 2020-2021 school year based on FY 2020 data.




OVERVIEW

TAC Chapter 109 requires the following disclosures as a part of this report

- 1. A copy of the Superintendent's current employment contract.**
- 2. A summary schedule for the fiscal year of total reimbursements received by the Superintendent and each Trustee.**
- 3. A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the Superintendent from another school district.**

In addition to providing stakeholders with the details of the District's performance on the 2017-2018 rating worksheet, the report must also include five additional disclosures:

1. A copy of the Superintendent's current employment contract
2. A summary schedule of reimbursements received by the Superintendent and each Trustee
3. A summary schedule of the compensation received by the Superintendent from another school district.



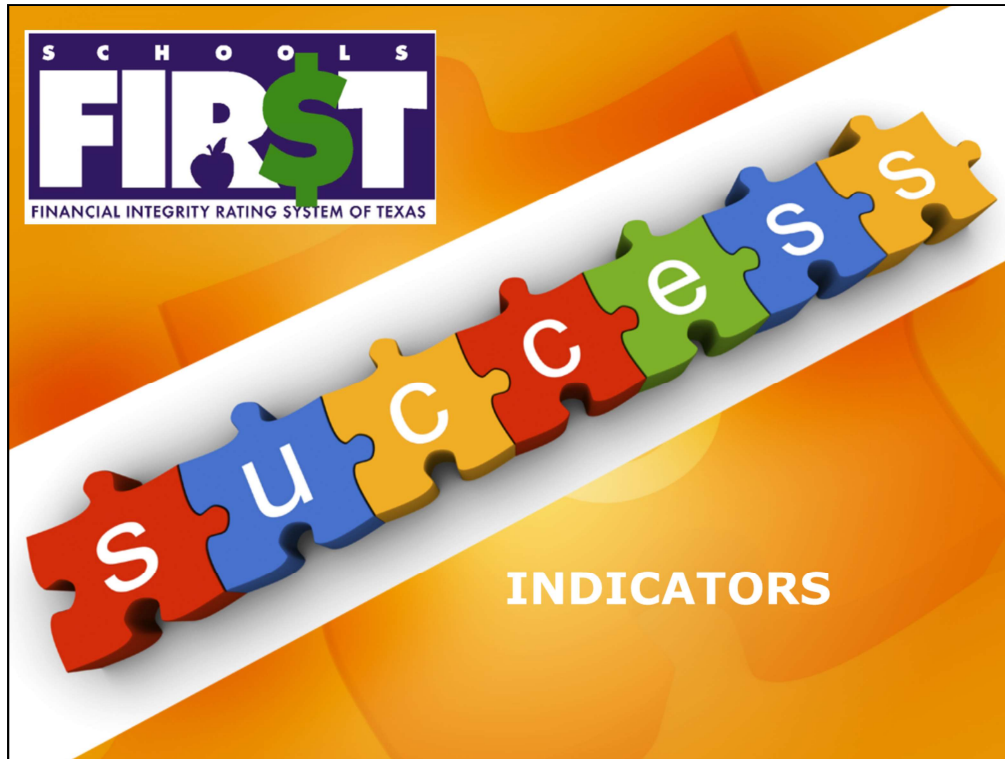
OVERVIEW

4. A summary schedule for the fiscal year of the total dollar amount by the executive officers and board members of gifts that had an economic value of \$250 or more.
5. A summary schedule for the fiscal year of the dollar amount by board members for the aggregate amount of business transactions with the school district.


4. A summary schedule of gifts received by executive officers and Trustees that had an economic value of \$250 or more.
5. A summary schedule reflecting the dollar value of business transactions between Trustees and the school district.



Texas City ISD received a perfect score of 100 points and received a rating of Superior Achievement based on 2017-18 data.




TEA analyzed the 2017-2018 District performance based on 14 indicators.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 1	
Name:	TEXAS CITY ISD (084906)
Indicator:	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?
Status:	Passed
Last Updated:	8/5/2019 11:20:14 PM
FORMULA	
Field	Value
Date Received	2019/01/24
<= Due Date (Fiscal Year End + Deadline in Days After Fiscal Year End)	2019/02/28
RESULT DETERMINATION REFERENCE	
This indicator will be considered PASSED if the audit report was on time or filed within 30 days of the deadline.	

Indicator 1: Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the January 28 deadline?

Yes. The audit was submitted January 24, 2019.




2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 2.A	
Name:	TEXAS CITY ISD (084906)
Indicator:	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.)
Status:	Passed
Last Updated:	8/5/2019 11:20:14 PM
FORMULA	
Field Unmodified Opinion	Value true
RESULT DETERMINATION REFERENCE	
This indicator will be considered PASSED if the district received an unmodified opinion in the AFR.	

Indicator 2A: Was there an unmodified opinion in the AFR on the financial statements as a whole?

A “modified” version of the auditor’s opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district’s goal, therefore, is to receive an “unmodified opinion” on its Annual Financial Report.

The auditors gave TCISD an unmodified opinion for the 2017-18 financial audit.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 2.B	
Name:	TEXAS CITY ISD (084906)
Indicator:	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.)
Status:	Passed
Last Updated:	8/5/2019 11:20:14 PM
FORMULA	
Not	Field Weak Internal Controls
	Value false
RESULT DETERMINATION REFERENCE	
This indicator will be considered PASSED if the external auditor reported no material weaknesses in the audit report.	

Indicator 2B: Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls, as defined by The AICPA, over financial reporting and compliance for local, state, or federal funds?

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.

TCISD's financial audit found no material weaknesses in internal controls.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 3					
Name:	TEXAS CITY ISD (084906)				
Indicator:	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.)				
Status:	Passed				
Last Updated:	8/5/2019 11:20:15 PM				
FORMULA					
Not	<table border="1"> <thead> <tr> <th>Field</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Default Disclosures</td> <td>false</td> </tr> </tbody> </table>	Field	Value	Default Disclosures	false
Field	Value				
Default Disclosures	false				
RESULT DETERMINATION REFERENCE					
This indicator will be considered PASSED if there were no disclosures in the annual financial report and/or other sources of information concerning default on debt agreements.					

Indicator 3: Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

This indicator seeks to make certain that the District has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

Yes. The district made all debt payments on or before the due date.




2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 4	
Name:	TEXAS CITY ISD (084906)
Indicator:	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?
Status	Passed
Last Updated:	8/5/2019 11:20:15 PM
FORMULA	
Field Timely Payments to Government Agencies	Value true
RESULT DETERMINATION REFERENCE	
This indicator will be considered PASSED if the district made timely payments to the TRS, TWC, IRS, and other government agencies.	

Indicator 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?

This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.

Yes. TCISD made timely payments to all government agencies.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 6

Name: **TEXAS CITY ISD (084906)**

Indicator: **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.)**

Result/Points: **10**

Last Updated: **8/5/2019 11:20:15 PM**

FORMULA

Field	Value
(
Cash and Equivalents	4,309,498
+	
Current Investments	40,895,774
)	
/	
(
Total Expenditures	99,313,852
-	
Facilities Acquisition and Construction	174,327
)	
*	
365	

Mathematical Breakdown: 166.4313


RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS					
10	8	6	4	2	0
>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30

Indicator 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?)

This indicator measures how long in days after the end of the fiscal year, the school district could have disbursed funds for its operating revenues without receiving any new revenues. It is important to note that this indicator looks only at the cash on hand and does not take into consideration any reservation of the funds.

Yes. As of August 31, 2018, the District had \$40.9 million in cash and cash equivalents and \$99.3 million annual operating expenditures. The District could have continued operations for approximately 166 days without receiving additional revenue.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 7

Name:	TEXAS CITY ISD (084906)
Indicator:	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)
Result/Points	10
Last Updated:	8/5/2019 11:20:16 PM

FORMULA

Field	Value
Current Assets	124,490,682
/ Current Liabilities	16,290,633

Mathematical Breakdown: 7.6419


RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS					
10	8	6	4	2	0
≥ 3.00	$<3.00 \geq 2.50$	$<2.50 \geq 2.00$	$<2.00 \geq 1.50$	$<1.50 \geq 1.00$	<1.00

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

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.

The result of the formula current assets / current liabilities was 7.6419, causing TCISD to receive the full 10 points awarded under this indicator.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 8

Name: **TEXAS CITY ISD (084906)**

Indicator: **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.)**

Result/Points: **10**

Last Updated: **8/5/2019 11:20:16 PM**

FORMULA

Field	Value	
(
Long Term Liabilities	178,125,674	②
/		
Total Assets	321,295,854	②
<=	1	
)		
Or		
(
2018 Total Students	8,781	②
-		
2014 Total Students	6,069	②
)		
/		
2014 Total Students	6,069	②
>=		
Threshold for Five-Year Percent Change in Students	0.07	②
)		

Mathematical Breakdown: $0.5544 \leq 1$ Or $0.4469 \geq 0.07$

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS					
10	8	6	4	2	0
≤ 0.60	$>0.60 \leq 0.70$	$>0.70 \leq 0.80$	$>0.80 \leq 0.90$	$>0.90 \leq 1.00$	>1.00

Indicator 8: Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

This question is like asking someone if their mortgage exceeds the market value of their home.


TCISD received the full 10 points. Based on the 2017-18 financial audit, the result of long term liabilities / total assets was 0.5544 which was less than the 0.60 required to achieve the full 10 points.

2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 9		
Name:	TEXAS CITY ISD (084906)	
Indicator:	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?	
Result/Points	10	
Last Updated:	8/5/2019 11:20:17 PM	
FORMULA		
Field	Value	
(
Total Revenue	112,087,153	②
/		
(
Total Expenditures	99,313,852	②
-		
Facilities Acquisition and Construction	174,327	②
)		
-		
1		
)		
>=		
0		
Or		
(
Cash and Equivalents	4,309,498	②
+		
Current Investments	40,895,774	②
)		
/		
(
Total Expenditures	99,313,852	②
-		
Facilities Acquisition and Construction	174,327	②
)		
*		
365		
>=		
Acceptable Days Cash on Hand	60	②
Mathematical Breakdown: 0.1306 >= 0 Or 166.4313 >= 60		
RESULT DETERMINATION REFERENCE		
DETERMINATION OF POINTS		
10	0	
>=0%	<0%	

Indicator 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?

This indicator simply asks, "Did you spend more than you earned?"

The District had more than 60 days of cash on hand and revenue was more than expenditures. The District was awarded the full 10 points for this indicator.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 10

Name:	TEXAS CITY ISD (084906)
Indicator:	Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)
Result/Points	10
Last Updated:	8/5/2019 11:20:18 PM

FORMULA

Field	Value
(
Total Revenues (in the General Fund and Debt Service Fund)	132,087,147
- Total Expenditures (in the General Fund and Debt Service Fund)	111,271,938
+ Debt Service function codes 71, 72, and 73 (in the General Fund and Debt Service Fund)	13,028,785
+ Fund Code 599 (Ending Debt Service fund balance)	10,835,689
+ Function Code 81	174,327
)	
/ Debt Service function codes 71, 72, and 73 (in the General Fund and Debt Service Fund)	13,028,785

Mathematical Breakdown: 3.4427


RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS					
10	8	6	4	2	0
>=1.20	<1.20 >=1.15	<1.15 >=1.10	<1.10 >=1.05	<1.05 >=1.00	<1.00

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

This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year. The last time the District received a FIRST rating, the District lost four points on this indicator. However, this year, the District received all ten points under this indicator.

The result of the calculation for TCISD was 3.4427, well above the 1.20 required to receive the full 10 points.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 11

Name:	TEXAS CITY ISD (084906)					
Indicator:	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)					
Result/Points	10					
Last Updated:	8/5/2019 11:20:18 PM					

FORMULA

Field	Value	
District Administrative Cost Ratio	0.0839	②
And		
ADA	8,057	②
Or		
Sparse	FALSE	②


RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS						
ADA Size	10	8	6	4	2	0
10,000 and Above	<= 0.0855	> 0.0855 <= 0.1105	> 0.1105 <= 0.1355	> 0.1355 <= 0.1605	> 0.1605 <= 0.1855	> 0.1855
5,000 to 9,999	<= 0.1000	> 0.1000 <= 0.1250	> 0.1250 <= 0.1500	> 0.1500 <= 0.1750	> 0.1750 <= 0.2000	> 0.2000
1,000 to 4,999	<= 0.1151	> 0.1151 <= 0.1401	> 0.1401 <= 0.1651	> 0.1651 <= 0.1901	> 0.1901 <= 0.2151	> 0.2151
500 to 999	<= 0.1311	> 0.1311 <= 0.1561	> 0.1561 <= 0.1811	> 0.1811 <= 0.2061	> 0.2061 <= 0.2311	> 0.2311
Less than 500	<= 0.2404	> 0.2404 <= 0.2654	> 0.2654 <= 0.2904	> 0.2904 <= 0.3154	> 0.3154 <= 0.3404	> 0.3404
Sparse	<= 0.3364	> 0.3364 <= 0.3614	> 0.3614 <= 0.3864	> 0.3864 <= 0.4114	> 0.4114 <= 0.4364	> 0.4364

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

The indicator measures the percentage of the budget that Texas school districts spend on administration.

To receive the full 10 points available for this indicator, TCISD's administrative cost ration would need to be less than 0.1. TCISD's administrative cost ratio was 0.0839.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 12

Name:	TEXAS CITY ISD (084906)	
Indicator:	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.)	
Result/Points	10	
Last Updated:	8/5/2019 11:20:19 PM	

FORMULA

Field	Value	
(
2017-2018 Total Enrollment	8,850	②
/		
2017-2018 Number of FTE Staff	1,309.6513	②
)		
(
2015-2016 Total Enrollment	6,397	②
/		
2015-2016 Number of FTE Staff	911.0292	②
)		
-		
1		
>		
Threshold for Three-Year Percent Change in Ratio	-0.15	②
Or		
2017-2018 Total Enrollment	8,850	②
-		
2015-2016 Total Enrollment	6,397	②
>		
0		

Mathematical Breakdown: $-0.0376 > -0.15$ Or $2,453 > 0$


RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
10	0
Yes	No

Indicator 12: Did the school district not have a 15 percent decline in the students to staff ratio over 3 years?

If the school district had a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students.

Due to the annexation, TCISD experienced an increase in students over the past three school years and, as a result, passed this indicator. However, since the District is staffed based on formulas, the number of staff should decrease proportionately to any decrease in the student population.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 13

Names:	TEXAS CITY ISD (084906)
Indicator:	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?
Result/Points	10
Last Updated:	8/5/2019 11:20:20 PM

FORMULA

Field	Value
Sum of Differences	144
/ Denominator	99,313,838
< Acceptable Level of Variance	.03

Mathematical Breakdown: $0 < 0.03$

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
10	0
< 3%	≥ 3%

Indicator 13: Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's Annual Financial Report result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in the Annual Financial Report to make certain that the data reported in each case “matches up.” If the difference in numbers reported in any fund type is 3 percent or more, the district “fails” this measure.

With a \$144 variance (due to rounding within each function), the district's variance was percentage was 0% and the TCISD was awarded the full amount of points for this indicator.




2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 14	
Name:	TEXAS CITY ISD (084906)
Indicator:	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.)
Result/Points	10
Last Updated:	8/5/2019 11:20:20 PM
FORMULA	
Not	Field Material Non-Compliance Value false
RESULT DETERMINATION REFERENCE	
DETERMINATION OF POINTS	
10 Yes	0 No

Indicator 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?

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of the District not being able to properly account for its use of public funds, and should be immediately addressed.

TCISD's AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds.



2018-2019 RATINGS BASED ON 2017-2018 SCHOOL YEAR DATA INDICATOR TEST 15

Name:	TEXAS CITY ISD (084906)		
Indicator:	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?		
Result/Points	10		
Last Updated:	8/5/2019 11:20:20 PM		

FORMULA

Field No Adjusted Repayment Schedule	Value true
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RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
10	0
Yes	No

Indicator 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?

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

TCISD did not have a repayment plan with TEA and received the full 10 points awarded with indicator 15.




As I mentioned at the beginning of the presentation, there is certain information that must be disclosed in conjunction with the FIRST report.



**SUPERINTENDENT'S
EMPLOYMENT CONTRACT**

- Available on the District's website.

First, we must provide a copy of the Superintendent's contract or make it available on the District's website. Dr. Cavness' contract is available on the District's website.




REIMBURSEMENTS RECEIVED 2017-18

For the 12 months Ended 08/31/2018 Description of Reimbursements	Cavness	Anderson	Biery	Campbell	Juarez	Moss	Paul	Pratt	Thompson
Meals	2,849.91	33.45	140.60	0.00	0.00	0.00	179.19	113.36	94.24
Lodging	990.00	598.05	1,590.72	398.70	711.63	721.15	1,322.20	1,322.20	695.49
Transportation	1,657.55	258.95	924.08	252.88	252.88	298.42	592.25	492.15	252.88
Motor Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	9,710.73	1,135.00	867.44	824.12	952.60	0.00	1,279.14	645.50	405.00
Total	\$15,208.19	\$2,025.45	\$3,522.84	\$1,475.70	\$1,917.11	\$1,019.57	\$3,372.78	\$2,573.21	\$1,447.61

Next, we must report all reimbursements or expenditures paid on behalf of the Superintendent and Board members. The expenditures are reported in four categories: lodging, meals, transportation, and other (including registration).

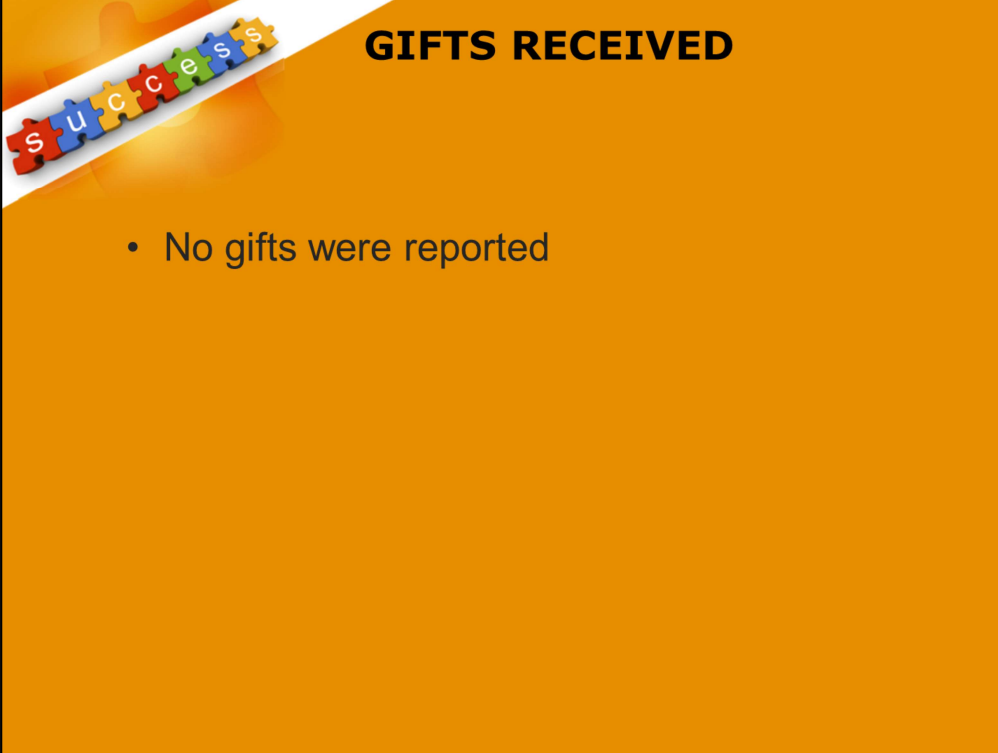
The District paid expenditures on behalf of the Superintendent and Board are shown on this slide:



OUTSIDE COMPENSATION

- The Superintendent received no outside compensation for consulting or other personal services in fiscal year 2018.

Next, the Superintendent is to report any outside compensation for consulting or other personal services. There is no outside compensation to report.



GIFTS RECEIVED

- No gifts were reported

The Superintendent and the Board must report any gifts received. There were no gifts to report for the 2017-18 school year.



BUSINESS TRANSACTIONS BETWEEN ISD & BOARD MEMBERS

- There were no transactions between TCISD and Board Members

Finally, Trustees must disclose any business transactions with the school district. There are no transactions to report for the 2017-18 school year.



This concludes the FIRST Public Hearing. Thank you for your time and attention.