

2021-2022

School FIRST

Financial Integrity Rating System of Texas

Public Hearing

October 17, 2022



CARROLL
Independent School District

What is School **FIRST** and What is the Purpose?

School FIRST is a state financial accountability rating system which holds school districts accountable for the quality of their financial management practices and that they improve those practices.

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

Source: Texas Education Agency

School FIRST

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS



GOAL : To provide additional transparency to taxpayers, board members and other stakeholders which supports meaningful financial oversight and improvement for school districts

CRITERIA:



- 2021/2022 rating is based on 2020/2021 financial data
- 20 total indicators (5 critical/15 measureable)
- 5 – critical indicators are pass/fail
- 4 – other indicators are pass/fail
- 11 – other indicators are measured on a 10 point scale

Source: Texas Education Agency

School FIRST – CATEGORIES

Financial Integrity Rating System of Texas

**CRITICAL
INDICATORS**

1-5

**SOLVENCY
INDICATORS**

6-14

**FINANCIAL
COMPETENCE
INDICATORS**

15-20

SUMMARY OF STATEWIDE - RESULTS

DISTRICT'S OVERALL PERFORMANCE – SUPERIOR			
RATING	POINTS REQUIRED	# OF DISTRICTS IN STATE	% OF TOTAL DISTRICTS
A = Superior	90 - 100	882	86.56%
B= Above Standard	80 - 90	94	9.22%
C = Meets Standard	60 - 79	35	3.43%
F = Substandard Achievement	< 60 or failed a critical indicator	8	.79%

SUMMARY OF CARROLL ISD SCORES

CRITICAL INDICATORS

Indicator	Pass / Fail
Timely Filing of Audit	Pass
Auditor's Opinion	Pass
Debt Covenants	Pass
Timely Payment to Gov't Agencies	Pass
Unrestricted Net Position	NS

SOLVENCY INDICATORS

Indicator	Pass / Fail
Fund Balance (unassigned)	Pass
Cash on Hand	10
Liquidity	8
Revenue > Expenditure	10
Budget to Actual Variance	10
Measure Leverage	6
Ability to Pay Debt/Interest	10
Measure % Budget Spent on Administration	10
Measure % Student to Staff Ratio	10

COMPETENCE INDICATORS

Indicator	Pass / Fail
Measures of Biennial Pupil Projection Data Reported	5
Measures Quality of Financial Data Reported	Pass
Measures Internal Control	Pass
Measures Material Non-Compliance	10
Measures Financial Transparency	5
Property Values and Tax Discussion	Pass

Total Score: 94
Rating: A (Superior)

CRITICAL INDICATORS 1-5

CRITICAL INDICATOR # 1



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?

CRITERIA : Pass / Fail



EXPLANATION : Was our annual financial report filed on time?



2021 & 2022 CISD SCORE : Passed

CRITICAL INDICATOR # 2



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

CRITERIA : Pass / Fail



EXPLANATION : An unmodified opinion means there were no indications of financial mismanagement, material errors or poor controls.



2021 & 2022 CISD SCORE : Passed

CRITICAL INDICATOR # 3



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

CRITERIA : Pass / Fail



EXPLANATION : Did we make all of our required debt service payments on time ?



2021 & 2022 CISD SCORE : Passed

CRITICAL INDICATOR # 4



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?

CRITERIA : Pass / Fail



EXPLANATION : All payments to other governments were made within 30 days.



2021 & 2022 CISD SCORE : Passed

CRITICAL INDICATOR # 5



INDICATOR : 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?

CRITERIA : Pass / Fail



EXPLANATION : Total assets exceed total liabilities for the District as a whole



2021 & 2022 CISD SCORE : Not Scored

SOLVENCY INDICATORS 6-14

SOLVENCY INDICATOR # 6



INDICATOR : 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?

CRITERIA : Yes/No - *This is a ceiling indicator, meaning if a district does not pass this indicator, the highest possible rating the district may receive is a B = 89%*

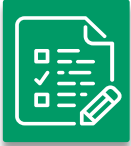


EXPLANATION : This indicator measures whether fund balance is declining too quickly and if it's declining whether there is sufficient fund balance to operate for at least 75 days.



2021 & 2022 CISD SCORE : Passed Ceiling Indicator

SOLVENCY INDICATOR # 7



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)?

CRITERIA:

10	8	6	4	2	0
90+ days	75-89 days	60-74 days	45-59 days	30-44 days	<30 days



EXPLANATION: This indicator measures how long in days after the end of the fiscal year the school district could have paid bills without receiving any new revenues.



2021 & 2022 CISD SCORE : 10

SOLENCY INDICATOR # 8



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

CRITERIA:

10	8	6	4	2	0
3+	2.5-2.9	2.0-2.4	1.5-1.9	1.0-1.4	<1



EXPLANATION: 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.



CISD CALCULATION:

2021 = 3.339

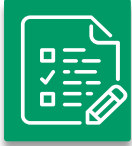
2022 = 2.7722



2021 CISD SCORE : 10

2022 CISD SCORE : 8

SOLVENCY INDICATOR # 9



INDICATOR: Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)?

CRITERIA:

10	0
$\geq 0\%$	$< 0\%$



EXPLANATION: The district did not spend more than it earned.



2021 & 2022 CISD SCORE : 10

SOLVENCY INDICATOR # 10



INDICATOR: Did the school district average less than a 10 percent variance when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

CRITERIA:

0	10
No	Yes



EXPLANATION : This indicator measures how accurately revenue was forecasted by comparing budgeted and actual revenue reported through PEIMS.



2021 & 2022 CISD SCORE : 10

(2022 all districts received 10 points, but not technically scored)

SOLENCY INDICATOR # 11



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

CRITERIA:

10	8	6	4	2	0
≤ 0.60	0.61 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.0	≥ 1.0



EXPLANATION: This ratio shows the percentage of assets that are financed with long-term debt.



2021 & 2022 CISD SCORE : 6

SOLENCY INDICATOR # 12



INDICATOR: Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?

CRITERIA

0	2	4	6	8	10
> 13.5	11.6 – 13.5	10.1 – 11.5	7.1 – 10	4.1 – 7	≤ 4



EXPLANATION: This indicator looks at the ability to make principal and interest payments with property taxes.



2021 & 2022 CISD SCORE : 10

SOLENCY INDICATOR # 13



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

CRITERIA (5,000 to 9,999 ADA):

10	8	6	4	2	0
$\leq 10.0\%$	10% - 12.5%	12.5% - 15%	15% - 17.5%	17.5% - 20%	$> 20\%$



EXPLANATION: This indicator measures the percentage of the budget spent on administration.



2021 & 2022 CISD SCORE : 10

SOLVENCY INDICATOR # 14



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)?

CRITERIA:

10	0
Yes	No



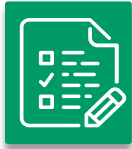
EXPLANATION: The school district did not have a 15 percent decline in the student to staff ratio.



2021 & 2022 CISD SCORE : 10

FINANCIAL COMPETENCE INDICATORS 15-20

FINANCIAL COMPETENCE INDICATOR # 15



INDICATOR : Was the school district's actual ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA?

CRITERIA	
10	0
Yes	No



EXPLANATION: This indicator measures the variance between district projections and the actual ADA.



2021 & 2022 CISD SCORE : 5

(2022 all districts received 5 points, but not technically scored)

FINANCIAL COMPETENCE INDICATOR # 16



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?

CRITERIA	
10	0
< 3%	> = 3%

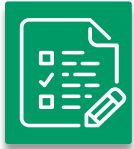


EXPLANATION : This indicator measures the quality of data reported to PEIMS.



2021 & 2022 CISD SCORE : Passed Ceiling Indicator

FINANCIAL COMPETENCE INDICATOR # 17



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?

CRITERIA : Pass/Fail

This is a ceiling indicator, meaning if a district does not pass this indicator, the highest possible rating the district may receive is a C.

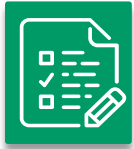


EXPLANATION: A material weakness is a significant deficiency, or a combination of significant deficiencies, in internal controls that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.



2021 & 2022 CISD SCORE : Passed

FINANCIAL COMPETENCE INDICATOR # 18



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?

CRITERIA	
10	0
Yes	No

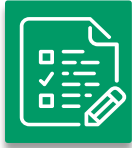


EXPLANATION: Our auditors determined that we complied with all applicable laws, contracts and requirements from granting agencies.



2021 & 2022 CISD SCORE : 10

FINANCIAL COMPETENCE INDICATOR # 19



INDICATOR: 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 that were in effect at the school district's fiscal year-end?

CRITERIA	
5	0
Yes	No

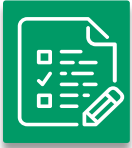


EXPLANATION: The district complied with legal requirements to post financial transparency information.



2021 & 2022 CISD SCORE : 5

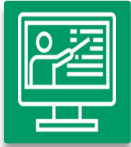
FINANCIAL COMPETENCE INDICATOR # 20



INDICATOR: Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget?

CRITERIA : Pass/Fail

This is a ceiling indicator, meaning if a district does not pass this indicator, the highest possible rating the district may receive is a B.



EXPLANATION: This measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district.



2021 & 2022 CISD SCORE : Passed

Required Disclosures

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended August 31, 2021

<u>Description of Reimbursements</u>	Lane Ledbetter Superintendent	David Almand Board Member	Hannah Smith Board Member	Todd Carlton Board Member	Cameron Bryan Board Member	Sheri Mills Board Member	Michelle Moore Board Member	Eric Lannen Board Member
Meals								
Lodging								
Transportation								
Motor Fuel								
Other	\$ 840	\$ 50	\$ 970	\$ -	\$ 495	\$ 920	\$ 495	\$ 595
Total	<u>\$ 840</u>	<u>\$ 50</u>	<u>\$ 970</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 920</u>	<u>\$ 495</u>	<u>\$ 595</u>

All “reimbursements” expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

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.

Required Disclosures

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period
Ended August 31, 2021

Name(s) of Entity(ies)

Amount Received
\$0.00

Total

\$0.00

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

Required Disclosures

Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

For the Twelve-Month Period
Ended August 31, 2021

	Lane Ledbetter Superintendent	David Almand Board Member	Hannah Smith Board Member	Todd Carlton Board Member	Cameron Bryan Board Member	Sheri Mills Board Member	Michelle Moore Board Member	Eric Lannen Board Member
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Required Disclosures

Business Transactions Between School District and Board Members

For the Twelve-Month Period
Ended August 31, 2021

	Lane Ledbetter Superintendent	David Almand Board Member	Hannah Smith Board Member	Todd Carlton Board Member	Cameron Bryan Board Member	Sheri Mills Board Member	Michelle Moore Board Member	Eric Lannen Board Member
Amounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

Required Disclosures

A copy of the Superintendent's contract is available online at the Carroll ISD Webpage:

(Visit the Superintendent's webpage)

<https://www.southlakecarroll.edu/district-information/district-departments/superintendent/superintendent-contract>

Contact Information

Questions and Comments:

Please contact

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CARROLL
Independent School District