



# School FIRST

Financial Integrity Rating System Texas

# Public Hearing

2021

November 15

Source : Senate Bill 218 – 77<sup>th</sup> Texas Legislature

VOL. 04

# INSIDE CARROLL



CATE HALL  
CISD BOND BUILDER

EXCELLENCE • RELATIONSHIPS • CHARACTER & INTEGRITY • INNOVATION  
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# WHAT IS SCHOOL FIRST AND WHAT IS THE PURPOSE ?



- 01 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.
- 02 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**.



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



## **CRITERIA :**

- 2020/2021 rating is based on 2019/2020 financial data
- 20 total indicators (5 critical)
- Critical indicators are pass/fail
- Other indicators are measured on a 10 point scale

# FINANCIAL ACCOUNTABILITY - CATEGORIES



**CRITICAL  
INDICATORS**

**1-5**

**SOLVENCY  
INDICATORS**

**6-14**

**FINANCIAL  
COMPETENCE  
INDICATORS**

**15-20**



# 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	Not Scored

\*New Indicator

## SOLVENCY INDICATORS

Indicator	Pass / Fail
<b>Fund Balance (unassigned)</b>	Pass
Cash on Hand	10
Liquidity	10
Revenue > Expenditure	10
<b>Budget to Actual Variance</b>	10
Measure Leverage	06
Ability to Pay Debt/Interest	10
Measure % Budget Spent of Administration	10
Measure % Student to Staff ratio	10

## COMPETENCE INDICATORS

Indicator	Pass / Fail
<b>Measures of Biennial Pupil Projection Data Reported</b>	05
Measures Quality of Financial Data Reported**	Pass
Measures Internal Controls	Pass
Measures Material Non-Compliance	10
<b>Measures Financial Transparency</b>	05
Property Values and Tax Discussion	Pass

**Total Score: 96**  
**Rating: A (Superior)**

# SUMMARY OF STATEWIDE – RESULTS



<h2>A</h2> <p>SUPERIOR</p> <p><b>90-100 points</b></p> <p>845 Districts</p> <p>82.84% of Districts</p> <p>83.61% of Enrollment</p>	<h2>B</h2> <p>ABOVE STANDARD</p> <p><b>80-89 points</b></p> <p>119 Districts</p> <p>11.67% of Districts</p> <p>9.14% of Enrollment</p>	<h2>C</h2> <p>MEETS STANDARD</p> <p><b>60-79 points</b></p> <p>43 Districts</p> <p>4.22% of Districts</p> <p>5.88% of Enrollment</p>	<h2>F</h2> <p>SUB-STANDARD</p> <p><b>&lt; 60 points</b></p> <p>13 Districts</p> <p>1.27% of Districts</p> <p>1.37% of Enrollment</p>
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# 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?



**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.

**CISD received a “Clean Audit” Designation**



**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 ?



**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.



**CISD SCORE:** Passed Ceiling Indicator

# 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 :** Did total assets exceed total liabilities for the District as a whole?



**CISD SCORE :** This indicator has not been scored since 2017-2018





# SOLVENCY INDICATORS 6 - 14



# CRITICAL 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



**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.



**CISD SCORE:** Passed Ceiling Indicator (Fund balance was not declining)



# CRITICAL 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)?

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.



**CISD SCORE :** 10

# CRITICAL 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



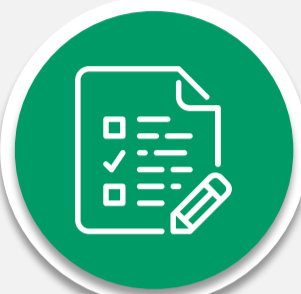
**EXPLANATION :** This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.



**CISD SCORE :** 10



# CRITICAL INDICATOR # 9



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

0	10
No	Yes

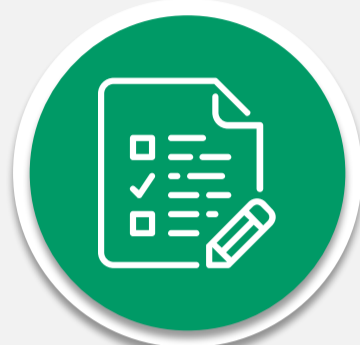


**EXPLANATION :** Did the district spend more than it earned?



**CISD SCORE :** 10      Revenues were greater than expenditures

# CRITICAL 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?

	0	10
CRITERIA :	>10%	<10%



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



**CISD SCORE :** 10



# SOLVENCY 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
$\leq 0.60$	0.60 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.0	$\geq 1.0$



## CISD CALCULATION:

Long-Term Debt / Total Assets

$$341,777,918 / 456,585,247 = 0.75$$



**EXPLANATION:** This ratio shows the percentage of assets that are financed with long-term debt. The lower the ratio, the less dependent we are on debt.



**CISD SCORE : 6**

# SOLVENCY 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



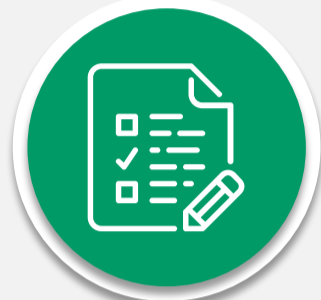
**EXPLANATION :** This indicator looks at our ability to make principal and interest payments with property taxes.



**CISD SCORE :** 10 (Ratio 3.6233)



# SOLVENCY 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
<= 10%	10% - 12.5%	12.5% - 15%	15% - 17.5%	17.5% - 20%	> 20%



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



**CISD SCORE :** 10

Administrative Cost Ratio = 8.56%

# 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:**

0	10
No	Yes



**EXPLANATION :** If the school district's enrollment declined, did the number of staff decline proportionally?



**CISD CALCULATION :**

Enrollment increased (From 2017-18 To 2019-20), from 8,360 to 8,525



**CISD SCORE : 10**



# FINANCIAL COMPETENCE INDICATORS 15 -20





# FINANCIAL COMPETENCE INDICATORS #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	
0	5
>10%	<=10%



**EXPLANATION :** How well did we project average daily attendance at the start of the biennium?



**CISD CALCULATION :** Variance (.45%)



**CISD SCORE : 5**

# FINANCIAL COMPETENCE INDICATORS #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	
Pass	Fail
<3%	>=3%



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



**CISD SCORE :** Passed      Ceiling Indicator - Acceptable Level of Variance <3%

# FINANCIAL COMPETENCE INDICATORS #17



**INDICATOR :** Did the external independent auditor report that the AIS 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



**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.



**CISD SCORE: Passed Ceiling Indicator** - Auditors found no material weaknesses



# FINANCIAL COMPETENCE INDICATORS #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	
0	10
No	Yes



**EXPLANATION :** Did our auditors find that we complied with all applicable laws, contracts and requirements from granting agencies?



**CISD SCORE :** 10

# FINANCIAL COMPETENCE INDICATORS #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	
0	5
No	Yes



**EXPLANATION :** Did we comply with legal requirements to post financial transparency information?



**CISD SCORE :** 5 (District was compliance with all required financial postings)

# FINANCIAL COMPETENCE INDICATORS #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 - Yes/No



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



**CISD SCORE :** Passed



# ADDITIONAL DISCLOSURES



**The following required disclosures are included in Board Book:**

- *Click Here:* Superintendent's current employment contract
- *Click Here:* Summary schedule of reimbursements received by the superintendent and each board member for the 2020 fiscal year

**The following required disclosures were not applicable to CISD for the 2020 fiscal year:**

- Disclosure of all outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services for the 2020 fiscal year
- Disclosure of any gifts received by executive officer(s) and board members (and first degree relatives, if any) in the 2020 fiscal year
- Disclosure of all business transactions between the school district and board members for the 2020 fiscal year

# FUTURE RECOMMENDATION



**The district will continuously improve on:**

1. Maintaining compliance with the fund balance policy. We have 120 days of cash on hand to pay payroll liabilities, board policy only requires 45 days
2. Achieving a financial accountability rating of **Superior** on School FIRST's state accountability system
3. Achieving the highest score in the rating system for both financial integrity and financial performance
4. Ensuring fiscal resources are managed to provide maximum allocation for direct instructional purposes
5. Reducing the percentage of assets that are financed with long-term debt which will allow the district to become less dependent on long-term debt.





# THE END

2020-2021

FIRST PUBLIC HEARING

[Click Here: Financial Transparency/Disclosures](#)

