



SCHOOLS FIRST RATING

**FINANCIAL INTEGRITY RATING
SYSTEM OF TEXAS**

**2022-23 RATING BASED ON
2021-22 SCHOOL YEAR DATA**

What is Schools FIRST and What is its Purpose?



Schools FIRST is a financial **accountability** rating system that holds school districts accountable for the quality of their financial management practices.

Schools FIRST is designed to encourage Texas public school to manage their financial resources better in order to provide the **maximum allocation** possible for **direct instructional purposes**.

Schools FIRST is a tool that creates **transparency** and discloses the **quality** of local management and decision-making processes that the school district uses concerning the financial resources the school district receives.



REPORTING REQUIREMENTS

- ◎ **A school district must prepare and distribute an annual financial management report**
- ◎ **A public hearing is required to provide an opportunity for comment on the report**

INDICATORS AND RATINGS



◎ Texas Education Agency

Indicators

- Critical (5)
- Solvency (10)
- Financial Competence (5)

◎ 4 Ratings

- A = Superior Achievement
- B = Above Standard Achievement
- C = Meets Standard Achievement
- F = Substandard Achievement

DISTRICT RATINGS



2021-22 Rating Year Data 2020-21		2022-23 Rating Year Data 2021-22	
# of indicators	20	# of indicators	20
Ratings:	Points:	Ratings:	Points:
A – Superior	90 - 100	A – Superior	90 - 100
B – Above Standard	80 – 89	B – Above Standard	80 – 89
C – Meets Standard	70 – 79	C – Meets Standard	70 – 79
F - Substandard	0 – 69	F – Substandard	0 – 69

CRITICAL INDICATORS



#	Indicator Description	2020-21 Data	2021-22 Data
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?	Yes	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes	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 governmental agencies ?	Yes (Ceiling passed)	Yes (Ceiling passed)
5*	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero ?	Not Scored	Not Scored

*Indicator 5 was not scored this year due to the impact of accounting changes implemented by the Governmental Accounting Standards Board.

SOLVENCY INDICATORS



#	Indicator Description	2020-21 Data	2021-22 Data
6	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?	Ceiling Passed	Ceiling Passed
7	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	10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt ?	10	6
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?	10	10
10**	Did the district average less than a 10% variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	10	10
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency ?	10	10

**Indicator 10 was not scored this year due to the impact of accounting changes implemented by the Governmental Accounting Standards Board.

SOLVENCY INDICATORS CONT.



#	Indicator Description	2020-21 Data	2021-22 Data
12	Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?	10	10
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10	10
14***	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.) (This indicator is not being evaluated)	10	10
15***	Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? (This indicator is not being evaluated)	5	5

***Indicator 14 & 15 was not scored this year due to the impact of accounting changes implemented by the Governmental Accounting Standards Board.

COMPETENCE INDICATORS



#	Indicator Description	2020-21 Data	2021-22 Data
16	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?	Ceiling Passed	Ceiling Passed
17	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?	Ceiling Passed	Ceiling Passed
18	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?	10	10
19	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?	5	5
20	Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget?	Ceiling Passed	Ceiling Passed

TOTAL RATING



#	Indicator Description	2020-21 Data	2021-22 Data
	TOTAL RATING:	100 Superior	96 Superior

REQUIRED DISCLOSURES



- *Superintendent's current **employment contract***
- *Summary schedule of **total reimbursements** received by the superintendent and each board member*
- *Summary schedule of **compensation and/or fees received** by the superintendent in exchange for professional consulting and/or other personal services **(NONE)***
- *Summary schedule of the **dollar amount of gifts** that had an economic value of \$250 or more **(NONE)***
- *Summary schedule of the dollar amount by board member for the aggregate amount of **business transactions with the school district***

SCHOOLS FIRST CHANGES

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- Fiscal Years 2017-18, 2018-19 (15 indicators) and 2019-20 were transition years for changes in criteria and indicators
- 2020-2021 & 2021-2022 now includes 20 indicators (up from 15)
 - 5 Critical indicators remain



