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INDEPENDENT SCHOOL DISTRICT
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FORT WORTH ISD ANNUAL FINANCIAL ACCOUNTABILITY MANAGEMENT REPORT

FISCAL YEAR ENDED
JUNE 30, 2016

FORT WORTH INDEPENDENT SCHOOL DISTRICT
FORT WORTH, TEXAS



Fort Worth
INDEPENDENT SCHOOL DISTRICT

2017

Annual Financial
Accountability
Management Report
(School FIRST)

Fiscal Year Ended June 30, 2016

Public Hearing

Tuesday, December 12, 2017

2903 Shotts Street, Fort Worth, Texas 76107



2017 Annual Financial Accountability Management Report

This is the fifteenth year of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of a school district’s financial resources, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system.

Annually, each school district must prepare a Financial Accountability Management Report containing disclosures required by Title 19 Texas Administrative Code Chapter 109 within two months of release of final FIRST rating. These disclosures include a copy of the Superintendent’s current contract, compensation received by the Superintendent from other districts or outside entities, a schedule of the reimbursements received by the Superintendent and each Board Member, as well as reportable gifts and business transactions received by the Superintendent, Board of Trustees and Executive Officers. The report must be presented at a Public Hearing. Final FIRST ratings were issued on November 3, 2017, and the School FIRST report will be presented at a public hearing on December 12, 2017, commencing at 5:30 p.m.

In addition to a Superior School FIRST rating, Fort Worth ISD has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, (GFOA) and the Certificate of Excellence in Financial Reporting Award from the Association of School Business Officials International (ASBO) for the 2015-2016 Comprehensive Annual Financial Report, (CAFR). For more information, please contact the Fort Worth ISD Controller’s Office at (817) 814-2141.

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Overview

Created by the 77th Legislature in 2001, the School Financial Integrity Rating System of Texas (FIRST) is designed to encourage public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes. The rating criteria for the School FIRST was revised for all districts beginning with the 2015 report. Instead of a passing or substandard score, the state has adopted a superior through substandard rating for each district. The FIRST ratings are based on 15 financial indicators, such as administrative cost expenditures; the accuracy of a district's financial information; and any financial vulnerabilities or material weaknesses in internal controls as determined an external auditor.

The 2017 ratings are based on the annual financial reports provided to TEA by FWISD for the 2015-2016 fiscal year. The financial accountability system requires TEA to review the audited financial reports from all districts and charters. FWISD has been awarded a Superior rating with score of 92 for the year ending June 30, 2016. . As referenced in the Three Year Comparison, many indicators were added in the 2015 report. Districts that receive a substandard score rating under FIRST must file a corrective action plan with the Texas Education Agency.

This report briefly describes data used to calculate the rating indicators and includes the required disclosures.



Purpose of the Rating System

The Financial Accountability Rating System ensures that school districts will be:

- Held accountable for the quality of their financial management practices; and
- Achieve improved performance in the management of their financial resources.

It discloses the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools.

This rating system was designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes.

FORT WORTH ISD BOARD OF EDUCATION



Tobi Jackson

President, District 2
May 2017 - Present

Ann Sutherland

First Vice President, District 6
May 2017 - Present
Second Vice President
May 2016 – May 2017

Jacinto Ramos Jr.

President, District 1
May 2016 – May 2017

Christene C. Moss

Second Vice President,
District 3
May 2017 - Present

T.A. Sims

District 4

Judy Needham

District 5

Anael Luebanos

Board Secretary, District 8
May 2017 - Present

Norman Robbins

Board Secretary, District 7
May 2016 – May 2017

Ashley Paz

First Vice President, District 9
May 2016 – May 2017

Dr. Kent P. Scribner

Superintendent



OUR MOTTO, MISSION, VISION, & VALUES

- With over 86,000 students in 83 elementary schools, 29 middle schools and 6th grade centers, 18 high schools and 16 other campuses, Fort Worth ISD enjoys a diverse student population and strong community partnerships. Under the leadership of the superintendent and the Board of Education, the District is undergoing a series of initiatives that will redesign, transform, and revitalize Fort Worth ISD Schools.

Our Motto is... ***"Singleness of Purpose"***

Our Mission is... ***"Preparing all students for success in college, career and community leadership"***

Our Vision is... ***"Fort Worth ISD: Igniting in every child a passion for learning"***

Our Values are...

- **Student Achievement**
- **Stakeholder Collaboration**
- **Leadership Development**
- **Respect for Diversity**
- **Equity in Access**
- **Perseverance and Commitment**
- **Continuous Improvement**

5	<u>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 10 percent or more, then the school district passes this indicator.)</u>	3/28/2017 12:24:58 PM	Yes
			1 Multiplier Sum
6	<u>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.)</u>	3/28/2017 12:24:59 PM	8
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	3/28/2017 12:24:59 PM	4
8	<u>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 10 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	3/28/2017 12:24:59 PM	10
9	<u>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?</u>	3/28/2017 12:25:00 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	5/18/2017 12:37:21 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/28/2017 12:25:00 PM	10
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>	6/21/2017 8:31:25 PM	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>	3/28/2017 12:25:01 PM	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>	3/28/2017 12:25:02 PM	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>	3/28/2017 12:25:02 PM	10
			92 Weighted Sum

		1 Multiplier Sum
		92 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
<p>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.</p>		

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.texas.gov

THE **TEXAS EDUCATION AGENCY**
 1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 4.5.9.0

2017 FIRST Rating

Critical Indicators:

- | | |
|--|-----|
| 1. Was the Annual Financial Report filed on time with TEA? | Yes |
| 2A. Did the external auditors provide an unmodified audit opinion? | Yes |
| 2B. Were there no material weaknesses in internal controls? | Yes |
| 3. Were there no default on bonded indebtedness? | Yes |
| 4. Were the payments to TRS, TWC & IRS made timely? | Yes |
| 5. Was the unrestricted Net Position > \$0? | Yes |
| ➤ \$53.2M | |

Solvency Indicators:

	Value	Points
6. Number of Days of Cash on Hand	78.1 Days	8
➤ 10=>90, 8=<90≥75, 6=<74≥60, 4=<60≥45, 2<45≥30		
7. Ratio of Current Assets to Current Liabilities	1.95	4
➤ 10=3.00, 8=<3.00≥2.50, 6=<2.50≥2.00, 4=<2.00≥1.50		
8. Ratio of Long-Term Liabilities to Total Assets	.37	10
➤ 10=<0.60, 8=>0.60≤0.70, 6=>0.70≤0.80, 4=>0.80≤0.90		
9. General Fund Revenues > General Fund Expenditures	.02	10
➤ 10=>0%, 0=<0%		
10. Debt Service Coverage Ratio	1.75	10
➤ 10=>1.20, 8=<1.20≥1.15, 6=<1.15≥1.10, 4=<1.10≥1.05		
11. Administrative Cost Ratio	.06	10
➤ 10=<0.085, 8=>0.085≤0.1105, 6=>0.1105≤0.1355		
12. Ratio of Students to Staff Not Decline by more than 15%	-0.05	10
➤ 10=Yes, 0=No		

Financial Competence Indicators:

13. Data Quality of PEIMS Submission Not Vary More than 3%	.03	10
➤ 10=<3%, 0=≥3%		
14. No Material Noncompliance Reported by Independent Auditor	Yes	10
➤ 10=Yes, 0=No		
15. No Overpayment of State Funds due to Financial Hardship	Yes	10
➤ 10=Yes, 0=No		

Total Points Awarded

92

Superior=90-100, Above Standard=80-89, Meets Standard=60-79

Fort Worth ISD
Financial Integrity Rating System of Texas
2017 REPORT (THREE YEAR COMPARISON)



The district's financial management performance under each indicator for the current and previous years' financial accountability ratings is shown below:

Previous Indicators	Current Indicators	Indicator Description	2014 Result	2015 Result	2016 Result
1	1	Was the complete Annual Financial Report (AFR) and data submitted to TEA within 30 days of the November 27 or January 28 deadline depending upon the District's fiscal year end date of June 30 or August 31, respectively?	Yes	Yes	Yes
2	2.A	Was There An Unmodified Opinion in Annual Financial Report as a whole?	Yes	Yes	Yes
-	2.B	Was the AFR was free of any instance (s) of material weakness in internal controls over financial reporting and compliance for local, state, or federal funds?	N/A	Yes	Yes
3	3	Was the District in compliance with the payment terms of all debt agreements at fiscal year end?	Yes	Yes	Yes
-	4	Did District make timely payments to the Teachers Retirement System, Texas Workforce Commission, Internal Revenue Service, and other government agencies?	N/A	Yes	Yes
4	5	Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets greater than zero?	Yes	Yes	Yes
-	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?	N/A	10	8
-	7	Was the measure of current assets to current liabilities ratio sufficient to cover short-term debt?	N/A	8	4

Previous Indicators	Current Indicators	Indicator Description	2014 Result	2015 Result	2016 Result
-	8	Was the ration of long-term liabilities to total assets sufficient to support long-term solvency?	N/A	10	10
-	9	Did the District's general fund revenues equal or exceed expenditures?	N/A	10	10
-	10	Was the debt service coverage ratio sufficient to meet the required debt service?	N/A	10	10
5	11	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	10	10	10
-	12	Did the District not have a 15 percent decline in students to staff ratio over 3 years (total enrollment to total staff)?	N/A	10	10
6	13	Did the comparisons of PEIMS data to like information in Annual Financial Report result in an aggregate variance of less than 3 Percent of expenditures per fund type (Data Quality Measure)?	10	10	10
7	14	Did the external independent auditor report the Annual Financial Reports was free of any material weakness in internal controls over financial reports and compliance for local, state, or federal funds?	10	10	10
-	15	Did the 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?	N/A	10	10

**Texas Administrative Code
Chapter 109.AA.1001(o)
Disclosure (3)(B)(i)**

**Copy of the Superintendent's Current Employment Contract and all Amendments
For the Year Ended June 30, 2016**

The Superintendent employment contracts, together with all amendments, may be viewed on the District's website.

Please visit

Dr. Kent Scribner's Contract:

<http://www.fwisd.org/Page/4002>

Dr. Patricia Linares's Contract

<https://www.fwisd.org/Page/4003>

**Texas Administrative Code
Chapter 109.AA.1001(o)
Disclosure (3)(B)(ii)**

**Expenditures Paid On Behalf of Superintendent and Board Members
For the Twelve-Month Period
Year Ended June 30, 2016**

The summary schedule reports all expenditures paid by the District, either reimbursed to or paid on behalf of, the Superintendent and each board member. This includes transactions on the District's credit card(s), debit card(s), stored value card(s), and any other similar instrument to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items. The summary of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the District or allowances paid as part of the Superintendent's contract. In some instances, expenditures - such as registrations, hotel deposits, or air fare - require prepayment and are paid and posted before the event occurs.

Superintendent/Board Member	Position	Meals	Lodging	Transportation	Motor Fuel	Other	Total
*Dr. Scribner	Superintendent	\$1,861	\$4,658	\$4,236	\$0	\$1,208	\$11,963
Jacinto Ramos Jr.	Board Member 1	\$4,716	\$8,181	\$8,565	\$788	\$4,531	\$26,781
Tobi Jackson	Board Member 2	\$1,388	\$2,986	\$8,930	\$0	\$980	\$14,284
Christene C. Moss	Board Member 3	\$3,294	\$4,714	\$6,991	\$0	\$4,410	\$19,410
T.A. Sims	Board Member 4	\$911	\$2,073	\$4,043	\$0	\$2,876	\$9,903
Judy Needham	Board Member 5	\$492	\$1,376	\$1,332	\$0	\$855	\$4,054
Ann Sutherland	Board Member 6	\$239	\$721	\$1,245	\$0	\$325	\$2,529
Norman Robbins	Board Member 7	\$1,213	\$1,814	\$3,216	\$0	\$1,962	\$8,206
Anael Luebanos	Board Member 8	\$0	\$0	\$0	\$0	\$0	\$0
Ashley Paz	Board Member 9	\$2,633	\$4,541	\$4,996	\$0	\$1,530	\$13,700
^Dr. Linares	Interim Superintendent	\$590	\$979	\$803	\$0	\$0	\$2,372
#Matthew Avila	Board Member 8	\$210	\$424	\$289	\$0	\$700	\$1,623
	Total	\$17,546	\$32,466	\$44,647	\$788	\$19,377	\$114,824

*Superintendent effective 10/15/15

^Interim Superintendent effective 6/16/14-10/14/15

#Term expired May 2017

NOTE: All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash and purchase orders 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 meeting)

Lodging – Hotel charges

Transportation – Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.

Moto Fuel – Gasoline

Other – Registration fees, telephone/cell phone, internet service, fax machine, and all other reimbursements (or on-behalf of) to the Superintendent and board members not defined above.

Some board members receive reimbursements for travel related expenses from other entities. All reimbursements have been applied to applicable categories above and are not shown as a District expense.

**Texas Administrative Code
Chapter 109.AA.1001(o)
Disclosure (3)(B)(iii)**

**Reportable Superintendent's Compensation
For the Year Ended June 30, 2016**

Summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services. The schedule shall separately report the amount received from each entity.

No Amounts Reported

**Texas Administrative Code
Chapter 109.AA.1001(o)
Disclosure (3)(B)(iv)**

**Reportable Gifts
For the Year Ended June 30, 2016**

A summary schedule for the fiscal year of the dollar amount of gifts that had an economic value of \$250 or more received by the executive officers and board members. This reporting requirement applies only to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) from an outside entity that received payments from the school district in the prior fiscal year and gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement by an outside entity for travel-related expenses when the purpose of the travel is to investigate matters directly related to an executive officer's or board member's duties or to investigate matters related to attendance of education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than \$250 per executive officer or board member.

No Amounts Reported

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



**Texas Administrative Code
Chapter 109.AA.1001(o)
Disclosure (3)(B(v))**

**Business Transactions Between School District and Board Members
For the Year Ended June 30, 2016**

A summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the school district. This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

No Amounts Reported





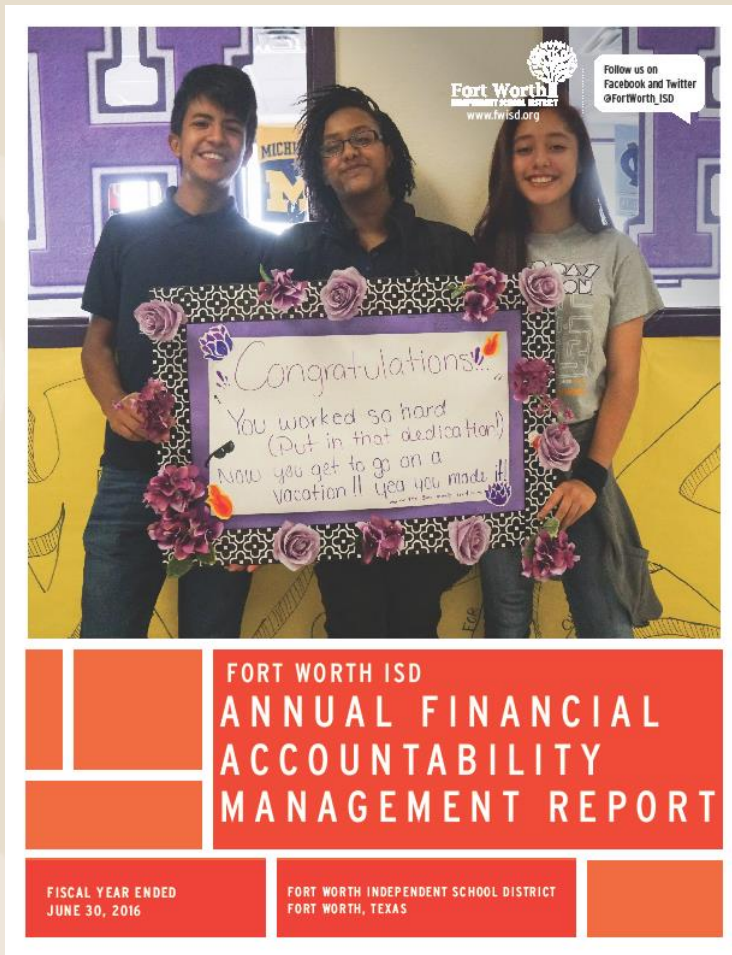


FORT WORTH INDEPENDENT SCHOOL DISTRICT



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2017 School FIRST Public Hearing

State Financial Accountability Rating Fiscal Year Ended June 30, 2016

Elsie Schiro, Chief Financial Officer
Lori Boswell, Senior Officer Budget & Finance
December 12, 2017

Purpose of School FIRST



Fort Worth
INDEPENDENT SCHOOL DISTRICT

- Accountability for and disclosure of the quality of the District's financial management practices;
- To achieve improved performance in the management of the District's financial resources in order to provide the maximum allocation possible for direct instructional purposes.





How Ratings are Assessed

- Based on 15 Indicators;
- Based on a Numerical Score;
 - Range 0-100
- Ratings:
 - A = Superior (90-100)
 - B = Above Standard (80-89)
 - C = Meets Standard (60-79)
 - Substandard Achievement (<60)





Major Areas Assessed

- Critical Indicators (5 Indicators) – Pass/Fail
 - FWISD Passed all 5 Indicators
- Solvency Indicators (7 Indicators) – 70 Total Points
 - FWISD 62/70
- Financial Competence (3 Indicators) – 30 Total Points
 - FWISD 30/30



School FIRST Requirements

- FWISD Must Announce & Hold a Public Meeting Within Two Months of the Release of Final FIRST Rating
 - ❑ Final Ratings Issued 11/03/17
 - ❑ Notice of Public Meeting Published 11/22/17 & 11/29/17
 - ❑ FIRST Public Hearing 12/12/17, 5:30 p.m.

- FWISD Must Prepare and Distribute an Annual Financial Management Report
 - ❑ Comparison of Current Year and Prior Year Ratings
 - ❑ Disclosures Required by Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting & Auditing Subchapter AA
 - ❑ Disclosures Required by Commissioner's Rules, Section 109.1001(o). Effective 8/6/15
 - ❑ 2017 Report Available on FWISD Website under the Accounting Page



Financial Integrity Rating System of Texas



Fort Worth
INDEPENDENT SCHOOL DISTRICT

Fort Worth ISD 2017 Rating

A = Superior

92/100



Financial Integrity Rating System of Texas



Fort Worth
INDEPENDENT SCHOOL DISTRICT

PUBLIC COMMENT