

**Dallas  
Independent  
School  
District**



# School FIRST Annual Financial Management Report

## 2015-2016 School FIRST Rating and Required Disclosures



**Public Hearing**  
**October 27, 2016 at 5:30PM**

*Presented by*  
**Edward Sorola**  
Executive Director  
Finance and Accounting Services

# School FIRST Background

- Financial Integrity Rating System of Texas
- Annual rating issued by TEA for each district
- Measures districts' financial performance
- Primary goal is to improve districts' financial management
- Encourages resource allocation to direct instructional purposes
- Ratings are based on 2015 fiscal year data
- Public notice and hearing mandated by CFA (Legal)

# School FIRST Background

- The TEA FIRST rating system is in transition

Current Year

↓

		<u>2014</u>	<u>2015</u>	<u>2016 &amp; after</u>
FIRST Ratings	Superior			Superior
	Above Standard		Pass	Above Standard
	Standard			Meets Standard
	Substandard	Substandard	Substandard	Substandard

# Statewide 2016 FIRST Rating Statistics

<b>2016 FIRST Rating</b>	<b>District Count</b>	<b>% Total</b>	<b>Enrollment</b>	<b>% Total Enrollment</b>
A= Superior	1002	97.95%	4,857,380	97.44%
B = Above Standard	17	1.66%	67,188	1.35%
F= Substandard Achievement	4	0.39%	60,651	1.22%
<b>Total</b>	<b>1023</b>	<b>100.00%</b>	<b>4,985,219</b>	<b>100.00%</b>

# Dallas ISD's 2016 FIRST Rating

- Dallas ISD Rating: **A = Superior** (highest possible rating)
- Score of 96 of possible 100 points
- 5<sup>th</sup> consecutive year to achieve top rating
- Rating system has 15 indicators (last year had 7)
- Performance by rating indicator:
  - 5 Critical – Pass/Fail – District passed all
  - 7 Solvency - Earned 66 of 70 possible points
  - 3 Financial Competence – Earned all 30 possible points

# 2016 Critical Indicators & Result

	<u>2016</u>	<u>2015</u>
■ Was the annual financial report submitted to TEA within 180 days of fiscal year end?	<i>Yes</i>	<i>Yes</i>
■ Was there an unmodified opinion in the annual financial report on the financial statements?	<i>Yes</i>	<i>Yes</i>
■ Was the district compliant with the payment terms of all debt agreements at fiscal year end?	<i>Yes</i>	<i>Yes</i>
■ Was the total unrestricted net asset balance in the governmental activities column in the Statement of Net Assets greater than zero?	<i>Yes</i>	<i>Yes</i>

# 2016 Critical Indicators & Result

	<u>2016</u>	<u>2015</u>
■ Did the district make timely payments to TRS, TWC, IRS, and other government agencies?	Yes	N/A*

\* New indicator in 2016



# 2016 Solvency Indicators

	<u>2016</u>	<u>2015</u>
■ Was the district's administrative cost ratio equal to or less than the threshold ratio?	<i>10pts</i>	<i>10pts</i>
■ Was there sufficient cash and current investments in the general fund to cover operating expenditures?	<i>10pts</i>	<i>N/A*</i>
■ Was the ratio of current assets to current liabilities sufficient to cover short-term debt?	<i>8pts</i>	<i>N/A*</i>
■ Was the ratio of long-term liabilities to total assets sufficient to support long-term solvency?	<i>8pts</i>	<i>N/A*</i>

\* New indicator in 2016

# 2016 Solvency Indicators

	<u>2016</u>	<u>2015</u>
<ul style="list-style-type: none"> <li>Did general fund revenues equal or exceed expenditures, excluding facilities acquisition and construction)?</li> </ul>	10pts	N/A*
<ul style="list-style-type: none"> <li>Was the debt service coverage ratio sufficient to meet the required debt service?</li> </ul>	10pts	N/A*
<ul style="list-style-type: none"> <li>Did the school district not have a 15 percent decline in the total enrollment to total staff ratio over 3 years?</li> </ul>	10pts	N/A*

\* New indicator in 2016

## 2016 Financial Competence Indicators

	<u>2016</u>	<u>2015</u>
<ul style="list-style-type: none"> <li>Did PEIMS data and annual financial report data differ by less than 3% of all expenditures by function?</li> </ul>	<i>10pts</i>	<i>10pts</i>
<ul style="list-style-type: none"> <li>Was the annual financial report free of instances of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?</li> </ul>	<i>10pts</i>	<i>10pts</i>
<ul style="list-style-type: none"> <li>Did the district <i>not</i> receive an adjusted repayment schedule for an over allocation of FSP funds as a result of a financial hardship?</li> </ul>	<i>10pts</i>	<i>N/A*</i>

\* New indicator in 2016

# Public Information Portal

- Additional information on Dallas ISD Public Information Portal at <http://www.dallasisd.org/pip>
  - Annual Financial Management Reports
  - Comprehensive Annual Financial Reports
  - Adopted Budgets and related schedules



# School FIRST Annual Financial Management Report



## Required Disclosures

# Required Disclosures

- Must make current Superintendent's contract available to public. Available on District's website at:  
<http://www.dallasisd.org/Page/38808>
- Nothing was disclosed by the Superintendent in regards to outside compensation received for consulting / other personal services during fiscal 2015.
- During fiscal 2015, there were no gifts reported as received from any district vendors by the Superintendent, Board Members, and their first degree relatives.

# Required Disclosures

- Board members reported there were no business transactions (aside from expense reimbursements) between themselves and the District during fiscal 2015.
- During fiscal 2015, reimbursements received by Board Members and the Superintendent, and allowances & benefits received by the Superintendent were (next slide):

# Required Disclosures

Description	District 1 Board Member	District 2 Board Member	District 3 Board Member	District 4 Board Member	District 5 Board Member
Meals	\$ 12	\$ -	\$ -	\$ -	\$ 1,200
Lodging	\$ 1,049	\$ -	\$ -	\$ -	\$ 2,555
Transportation	\$ 2,290	\$ -	\$ -	\$ -	\$ 4,101
Motor Fuel	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,265	\$ -	\$ 325	\$ 325	\$ 937
<b>Total</b>	<b>\$ 4,616</b>	<b>\$ -</b>	<b>\$ 325</b>	<b>\$ 325</b>	<b>\$ 8,792</b>

Description	District 6 Board Member	District 7 Board Member	District 8 Board Member	District 9 Board Member	Superintendent of Schools
Meals	\$ 225	\$ -	\$ -	\$ 225	\$ 249
Lodging	\$ 435	\$ -	\$ 1,290	\$ 1,841	\$ 2,715
Transportation	\$ -	\$ -	\$ 1,398	\$ 1,774	\$ 10,949
Motor Fuel	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 750	\$ -	\$ 1,200	\$ 3,294	\$ 2,386
Employee Allowances/Benefits	\$ -	\$ -	\$ -	\$ -	\$ 57,123
<b>Total</b>	<b>\$ 1,410</b>	<b>\$ -</b>	<b>\$ 3,888</b>	<b>\$ 7,134</b>	<b>\$ 73,421</b>



# **School FIRST Annual Financial Management Report**

**2015-2016 School FIRST Rating  
and Required Disclosures**

**Public Hearing  
October 27, 2016 at 5:30PM**

RATING YEAR

2015-2016

Select An Option

Help

Home



Financial Integrity Rating System of Texas

## 2015-2016 RATINGS BASED ON SCHOOL YEAR 2014-2015 DATA - DISTRICT STATUS DETAIL

<b>Name:</b> DALLAS ISD(057905)	<b>Publication Level 1:</b> 8/8/2016 6:20:16 PM
<b>Status:</b> Passed	<b>Publication Level 2:</b> 8/8/2016 6:20:16 PM
<b>Rating:</b> A = Superior	<b>Last Updated:</b> 8/8/2016 6:20:16 PM
<b>District Score:</b> 96	<b>Passing Score:</b> 31

#	Indicator Description	Updated	Score
1	<u>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?</u>	3/17/2016 9:07:19 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>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.)</u>	3/17/2016 9:07:19 AM	Yes
2.B	<u>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.)</u>	3/17/2016 9:07:19 AM	Yes
3	<u>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.)</u>	3/17/2016 9:07:19 AM	Yes
4	<u>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?</u>	3/17/2016 9:07:20 AM	Yes
5	<u>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? (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>	3/17/2016 9:07:20 AM	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>	8/4/2016 1:33:30 PM	10
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>	6/30/2016 1:21:44 PM	8
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>	8/4/2016 1:33:31 PM	8
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>	8/4/2016 1:33:31 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/4/2016 1:33:32 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/17/2016 9:07:24 AM	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>	3/17/2016 9:07:26 AM	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>	3/17/2016 9:07:27 AM	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>	3/25/2016 1:58:40 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>	3/24/2016 4:25:57 PM	10
			96 Weighted Sum
			1 Multiplier Sum
			96 Score

**DETERMINATION OF RATING**

<b>A.</b>	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.
<b>B.</b>	Determine the rating by the applicable number of points. (Indicators 6-15)
	<b>A = Superior</b> 70-100
	<b>B = Above Standard</b> 50-69

<b>C = Meets Standard</b>	31-49
<b>F = Substandard Achievement</b>	<31

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

THE **TEXAS EDUCATION AGENCY**

1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 4.2.8.0

RATING YEAR



Financial Integrity Rating System of Texas

## 2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA - DISTRICT STATUS DETAIL

Name: <b>DALLAS ISD(057905)</b>		Publication Level 1: 8/7/2015 11:59:38 AM	
Status: <b>Passed</b>		Publication Level 2: 8/7/2015 11:59:38 AM	
Rating: Pass		Last Updated: 8/7/2015 11:59:38 AM	
District Score: 30		Passing Score: 16	
#	Indicator Description	Updated	Score
1	<u>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?</u>	4/6/2015 2:37:26 PM	Yes
2	<u>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.)</u>	4/6/2015 2:37:26 PM	Yes
3	<u>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.)</u>	4/6/2015 2:37:26 PM	Yes
4	<u>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? (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>	4/6/2015 2:37:27 PM	Yes
			1 Multiplier Sum
5	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	7/31/2015 1:03:22 PM	10

6	<a href="#">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?</a>	4/6/2015 2:37:36 PM	10
7	<a href="#">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.)</a>	4/6/2015 2:37:37 PM	10
			30 Weighted Sum
			1 Multiplier Sum
			30 Score

### DETERMINATION OF RATING

A.	Did The District Answer 'No' To Indicators 1, 2, 3, Or 4? If So, The District's Rating Is <b>Substandard Achievement</b> .	
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)	
	Pass	16-30
	Substandard Achievement	<16

Home Page: [Financial Accountability](#) | Send comments or suggestions to [FinancialAccountability@tea.state.tx.us](mailto:FinancialAccountability@tea.state.tx.us)

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