

School FIRST Annual Financial Management Report



**2014-2015 School FIRST Rating
and Required Disclosures**

**Public Hearing
December 17, 2015 at 5:30PM**

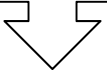
School FIRST Background

- 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
- Ratings are based on 2014 fiscal year data
- Public notice and hearing mandated by CFA (Legal)
- Report published on Dallas ISD Public Information Portal

School FIRST Background

- The TEA FIRST rating system is in transition

Current Year



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

Statewide 2015 FIRST Rating Statistics

2015 FIRST Rating	District Count	% Total	Enrollment	% Total Enrollment
Pass	1011	98.7%	4,904,755	99.4%
Substandard Achievement	13	1.3%	28,102	0.6%
Total	1024	100.0%	4,932,857	100.0%

Source: Texas Association of School Business Officials

Dallas ISD's 2015 FIRST Rating

- Dallas ISD Rating: **Pass** (highest possible rating)
- Earned perfect score of 30 points
- 4th consecutive year to achieve top rating
- Rating system has 7 indicators (last year had 20)
- Performance by rating indicator:
 - 4 Critical Indicators - DISD passed all
 - 3 Solvency/Financial Competence Indicators - DISD earned all 30 of possible 30 points

2015 Critical Indicators & Result

	<u>2015</u>	<u>2014</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>

2015 Solvency/Financial Competence Indicators

	<u>2015</u>	<u>2014</u>
<ul style="list-style-type: none"> Was the district's administrative cost ratio equal to or less than the threshold ratio (.0855 for ISDs over 10K students)? <i>Yes, DISD's was .0735</i> 	<i>Yes</i>	<i>Yes</i>
<ul style="list-style-type: none"> Did PEIMS data and annual financial report data (submitted by the district) differ by less than 3% of all expenditures by function? 	<i>Yes</i>	<i>Yes</i>
<ul style="list-style-type: none"> Was the annual financial report free of material weaknesses in internal controls over financial reporting and compliance for all funds? 	<i>Yes</i>	<i>No</i>

2015 vs. 2014 FIRST Improvement

- 2015 FIRST - FY14 Audit Findings
 - No material weaknesses
 - This enabled the District to earn a perfect FIRST score

- 2014 FIRST - FY13 Audit Findings
 - Material weakness in internal controls
 - Material noncompliance to grant requirements

Financial Audit Findings

- The FY14 audit had the fewest findings (3) since the FY01 audit

Fiscal Year	2001	2002	2003	2004	2005	2006	2007
Internal Control over Financial reporting							
Material Weakness	0	0	0	0	0	0	7
Significant Deficiency	0	0	0	0	0	0	5
Compliance / Other	6	6	2	0	0	0	4
Internal Control over Major Programs							
Material Weakness	0	0	0	2	2	3	6
Significant Deficiency	0	0	0	0	0	0	6
Reportable Condition / Non-compliant	0	0	2	4	4	5	6
Total Findings	6	6	4	6	6	8	34

Financial Audit Findings

- Findings dramatically decreased between the FY08 and FY14 audits

Fiscal Year	2008	2009	2010	2011	2012	2013	2014
Internal Control over Financial reporting							
Material Weakness	8	3	0	0	1	0	0
Significant Deficiency	13	12	0	0	1	0	0
Compliance / Other	0	0	0	0	0	0	0
Internal Control over Major Programs							
Material Weakness	9	4	2	2	1	1	0
Significant Deficiency	15	7	12	5	3	6	3
Reportable Condition / Non-compliant	1	3	2	1	0	0	0
Total Findings	46	29	16	8	6	7	3

Financial Audit Findings

- The FY15 audit had only 1 finding, an improvement upon FY14
- The FY15 audit represents a new high bar for financial management at Dallas ISD

Fiscal Year	2014	2015
Internal Control over Financial reporting		
Material Weakness	0	0
Significant Deficiency	0	0
Compliance / Other	0	0
Internal Control over Major Programs		
Material Weakness	0	0
Significant Deficiency	3	1
Reportable Condition / Non-compliant	0	0
Total Findings	3	1

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



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Required Disclosures

Required Disclosures

- Must make Superintendent's contract available to public. Superintendent's current employment contract available on District's website at: <http://www.dallasisd.org/Page/38808>
- Must disclose whether Superintendent received outside compensation for consulting / other personal services. Superintendent Miles disclosed that he received \$0 during 2013-2014.
- During fiscal 2014, there were no gifts reported as received by the Superintendent, Board Members, and their First Degree Relatives from any district vendors.

Required Disclosures

- Board members reported there were no business transactions (aside from expense reimbursements) between themselves and the District during fiscal 2014.
- During fiscal 2014, 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
Meal reimbursements	\$ -	\$ -	\$ -	\$ -	\$ 1,509
Lodging reimbursements	\$ -	\$ -	\$ -	\$ -	\$ 2,978
Transportation reimbursements	\$ -	\$ -	\$ -	\$ -	\$ 3,140
Motor fuel reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -
Other reimbursements	\$ 10,015	\$ 295	\$ -	\$ -	\$ 2,898
Total	\$ 10,015	\$ 295	\$ -	\$ -	\$ 10,524

Description	District 6 Board Member	District 7 Board Member	District 8 Board Member	District 9 Board Member	Superintendent of Schools
Meal reimbursements	\$ 575	\$ 125	\$ -	\$ 1,131	\$ 128
Lodging reimbursements	\$ 1,531	\$ 250	\$ -	\$ 2,691	\$ 1,622
Transportation reimbursements	\$ 859	\$ -	\$ -	\$ 3,600	\$ 8,050
Motor fuel reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -
Other reimbursements	\$ 2,408	\$ 256	\$ 190	\$ 3,564	\$ 4,088
Employee allowances/benefits	\$ -	\$ -	\$ -	\$ -	\$ 47,646
Total	\$ 5,372	\$ 630	\$ 190	\$ 10,985	\$ 61,534

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A decorative graphic consisting of a white arrow pointing to the right, enclosed within a circular frame that has a glowing, 3D effect.

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and Required Disclosures**

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RATING YEAR



Financial Integrity Rating System of Texas

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

Name: DALLAS ISD(057905)		Publication Level 1: 8/7/2015 11:59:38 AM	
Status: Passed		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	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?	4/6/2015 2:37:36 PM	10
7	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.)	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 Substandard Achievement .	
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)	
	Pass	16-30
	Substandard Achievement	<16

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