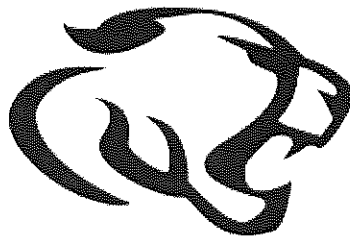


CROSBY ISD



2015 FIRST Report to the
Community

October 17, 2016

Schools First

- Financial Integrity Rating System of Texas
 - Developed by Texas Education Agency in response to Senate Bill 875 of the 76th Legislature
 - Authorized for implemented by Senate Bill 218 in 2001 (77th Legislative Session)
 - Goal is to achieve quality performance in the management of districts' financial resources
 - Presentation tied to submission of audit data to PEIMS in January of each year
 - 14th Year of Statewide Implementation

Schools First

The School FIRST accountability rating system assigns one of two financial accountability ratings to Texas school districts, with the highest being “P” for “Passed” and the other rating being “F” for “Substandard Achievement.”

Schools First

The School FIRST rating was updated in August of 2015 to include major changes in the Commissioner's Rule for School FIRST that were authorized by HB 5, Section 59, 83rd Texas Legislature, Regular Session, 2013. House Bill 5 amended Section 39.082 Texas Education Code to require the commissioner of education to include processes in the financial accountability rating system for anticipating the future financial solvency of each school district and open-enrollment charter school.

Schools First

The changes to the School FIRST system implemented by the Texas Education Agency in August 2015 are being phased-in over three years. During the phase-in period, the new School FIRST system has separate worksheets for rating years 2014-2015, 2015-2016, and 2016-2017 and subsequent years. The worksheet for rating year 2014-2015 contained only 7 indicators and the worksheets for rating years 2015-2016 contain 15 indicators.

Test Question 1

- Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?

Was your Annual Financial Report filed by the deadline of January 28? This is a simple yes or no indicator.

Yes

Test Question 2

- Was there an unmodified opinion in the AFR on the financial statements as a whole?

A “Modified” version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district’s goal, therefore, is to receive an “unmodified opinion” on its Annual Financial Report. This is a simple yes or no indicator.

Yes – Unmodified opinion

Test Question 3

- 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 through payments to the lender, trust, or sinking fund re current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money and their creditors, which include a plan for paying back the debt.)

Test Question 3 (con't)

This indicator seeks to make certain that the district has paid our bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc.

Passed no defaults

Test Question 4

- 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?

Passed

Test Question 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? (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.)?

Test Question 5 con't

This indicator simply asks, “Did the district’s total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report?)

Passed

Test Question 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 (excluding facilities acquisition and construction)?

Crosby can operate for 27 days with cash and investments on hand. You could receive from 0-10 points based on the number of days.

Crosby received 0 points

Test Question 7

- Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

This indicator measures the percentage of our assets to liabilities for short-term debt. Our assets are \$73,493,048 and our liabilities are \$17,381,117. Our percentage is 4.2%. You could receive from 0-10 points based on the percent.

Crosby received 10 points

Test Question 8

- Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

This indicator measures the percentage of long-term liabilities to assets for long term debt. Our percentage was 7.7%. You could receive from 0-10 points based on the percentage.

Crosby received 6 points out of 10

Test Question 9

- Did the school district's general fund revenues equal or exceed expenditures? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

This indicator is looking to see if we added to fund balance. If not do we have at least 60 days of cash on hand. We added to fund balance for 2015. You could receive 0 points or 10 points.

Crosby received 10 points

Test Question 10

- Was the debt service coverage ratio sufficient to meet the required debt service?

This indicator measures the ability to pay the debt in debt service (I&S). Our ratio is 1.8%. You could receive from 0-10 points based on the percentage.

Crosby received 10 points

Test Question 11

- Was the school district's administrative cost ratio equal to or less than the threshold ratio?

This indicator measures the percentage of our budget that Texas school districts spent on administration. Did we exceed the cap in School FIRST for districts our size? Our percentage is .83%. You could receive 0-10 points depending on our percent and ADA.

Crosby received 10 points

Test Question 12

- Did the school district not have a 15 percent decline in the students to staff ratio 3 years (total enrollment to total staff)?

This indicator is checking to see if we had a decline in students but not a decline in staffing FTE's. You could receive 10 points or 0 points.

Crosby received 10 points

Test Question 13

- Did the comparison of Public Education Information Management (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 (Data Quality Measure)?

This indicator measures the quality of data reported to PEIMS and in our Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in the numbers reported in any fund type is 3 percent or more, we fail this test. You could receive 10 points or 0 points. Our difference was .0003.

Crosby received 10 points

Test Question 14

- 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 clean audit of our Annual Financial Report would state our district has no material weaknesses in internal controls. Any internal weaknesses create a risk for the District not being able to properly account for its use of public funds, and should be immediately addressed.

You could receive 10 points or 0 points.

Crosby received 10 points

Test Question 15

- 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?

This indicator is checking to see if we estimated our allocation correctly. If we over estimated and it cause a hardship payment plan with TEA.

You could receive 10 points or 0 points.

Crosby received 10 points

Crosby ISD Results

- Total possible points 100
- CISD 86

Superior Pass Rating

Additional Reporting Requirements



Disclosures

Reporting requirements for the financial management report for Schools FIRST public hearing are found in **Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System**. This rule describes requirements for the five (5) disclosures explained below that are to be presented as appendices in the Schools FIRST financial management report.

1. Superintendent's Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2016. In lieu of publication in the Schools FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. **If published on the Internet**, the contract is to remain accessible for twelve months.

FIRST AMENDMENT TO
SUPERINTENDENT'S CONTRACT OF EMPLOYMENT

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

WHEREAS, the Board of Trustees (“Board”) of Crosby Independent School District (“District”), met on January 20, 2016; and

WHEREAS, at the meeting on January 20, 2016, the Board, on behalf of the District and pursuant to his Contract of Employment (“Contract”), offered Dr. Keith Moore (“Dr. Moore” or “Superintendent”) an amendment to his Contract; and

WHEREAS, Dr. Moore has accepted the amendment to the Contract;

NOW, THEREFORE, pursuant to the authority of Section 11.201 of the Texas Education Code, the general laws of the State of Texas, the Board and Dr. Moore agree as follows:

Section 1.1 of the Superintendent’s Contract effective July 1, 2014, is amended to read as follows:

1. The Board, by and on behalf of the District, continues to employ the Superintendent, and the Superintendent accepts continued employment as Superintendent of Schools for the District for a term commencing on July 1, 2016 and ending on June 30, 2021. For each year under the Contract, the contract year shall be from July 1st through June 30th.

Section 3.1 of the Superintendent’s Contract effective July 1, 2014, is also amended to read as follows:

3.1 **Salary.** Effective July 1, 2016, the District shall pay the Superintendent an annual salary in the amount of Two Hundred and Three Thousand Five Hundred Dollars and No/100 Dollars (\$203,500.00). This annual salary shall be paid to the Superintendent in equal installments consistent with Board policy. The Superintendent will be evaluated on an annual basis as set forth in Section IV of this Contract.

This Amendment is effective on January 20, 2016 upon final execution of the signatures listed below.

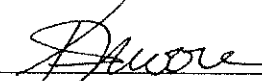
EXECUTED this 15th day of February , 2016.

BOARD OF TRUSTEES
CROSBY INDEPENDENT SCHOOL DISTRICT



By: _____

Dr. James Hofmann
President, Board of Trustees

By:  _____

Dr. Keith Moore
Superintendent of Schools

Disclosures

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2015

For the Twelve-month Period Ended August 31, 2015									
Description of Reimbursements	Superintendent	Board Member - Hofmann	Board Member - Porter	Board Member - Windfont	Board Member - Eagleton	Board Member - Lindsey	Board Member - Swinney	Board Member - Whitworth	
Meals	\$ 1,494.10	\$ -0-	\$ -0-	\$1,583.00	\$ 672.00	\$	\$ -0-	\$	
Lodging	2,836.77	-0-	-0-	1,732.36	2,342.50	567.00	-0-	567.00	
Transportation	1,761.76	-0-	-0-	1,157.62	972.30	309.68	-0-	309.68	
Motor Fuel	0	-0-	-0-	-0-	-0-		-0-		
Other	531.36	-0-	-0-	3,624.65	3,072.53	126.03	-0-	76.03	
Total	\$ 6,623.99	\$ -0-	\$ -0-	8,097.63	\$7,059.33	\$1,002.71	\$ -0-	\$952.71	

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2015, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

Lodging - Hotel charges.

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

Motor fuel – Gasoline.

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

Disclosures

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2015

For the Twelve-Month Period Ended June 30 or August 31, 2015	
Name(s) of Entity(ies)	\$
Total	\$ - 0-

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.

Disclosures

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2015

For the Twelve-Month Period Ended August 31, 2015								
	Superintendent	Board Member - Hofmann	Board Member - Porter	Board Member - Windfont	Board Member - Eagleton	Board Member - Lindsey	Board Member - Swinney	Board Member - Whitworth
Summary Amounts	\$ - 0-	\$ -0-	\$ - 0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. (Any gifts received by their immediate family as described in Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity will be reported under the applicable school official.)

Disclosures

5. Business Transactions Between School District and Board Members for Fiscal Year 2015

For the Twelve-Month Period Ended August 31, 2015	Board Member - Hofmann	Board Member - Porter	Board Member - Windfont	Board Member - Eagleton	Board Member - Lindsey	Board Member - Swinney	Board Member - Whitworth
Summary Amounts	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Note - The summary amounts reported under this disclosure are not to duplicate the items reported in the summary schedule of reimbursements received by board members.



Disclosures

Item 6 Other Information.

6. Any other information the board of trustees of the school district or open-enrollment charter school determines to be useful.

RATING YEAR



Help

Home



Financial Integrity Rating System of Texas

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

Name: CROSBY ISD(101906)		Publication Level 1: 8/8/2016 6:20:16 PM	
Status: Passed		Publication Level 2: 8/8/2016 6:20:16 PM	
Rating: A = Superior		Last Updated: 8/8/2016 6:20:16 PM	
District Score: 86		Passing Score: 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>	3/16/2016 3:44:27 PM	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>	3/16/2016 3:44:27 PM	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>	3/16/2016 3:44:27 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>	3/16/2016 3:44:27 PM	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>	3/16/2016 3:44:28 PM	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>	3/16/2016 3:44:28 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>	8/4/2016 1:41:30 PM	0
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 1:27:11 PM	10
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 1:41:30 PM	6
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 1:41:31 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/4/2016 1:41:31 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/16/2016 3:44:30 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>	3/16/2016 3:44:31 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>	3/16/2016 3:44:31 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>	3/25/2016 2:03:05 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 4:30:24 PM	10
			86 Weighted Sum
			1 Multiplier Sum

86 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		70-100
B = Above Standard		50-69
C = Meets Standard		31-49
F = Substandard Achievement		<31

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THE TEXAS EDUCATION AGENCY

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

FIRST 4.2.8.0