



Denton ISD

2025 Annual Financial Management Report
For the Year Ending June 30, 2024

Vicki Garcia, Executive Director Financial Operations



Responsible Fiscal Stewardship



F

Financial

I

Integrity

R

Rating

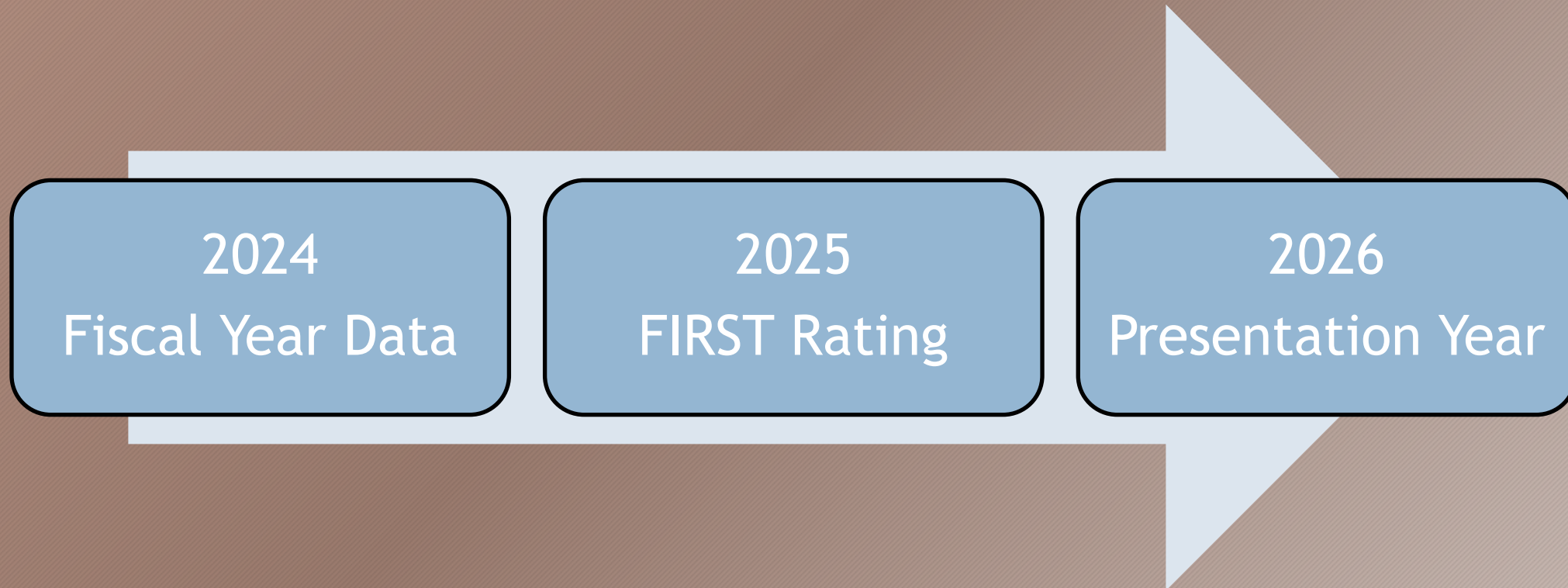
S

System

T

Texas

Rating Year and Data



Schools FIRST Background

- Enacted by Legislature in 2001 - Senate Bill 218 passed during the 77th Texas Legislative Session
- Purpose:
 - Hold districts accountable for quality of their financial management practices
 - Provide maximum allocation for direct instructional purposes
 - Evaluates quality of financial management decisions
- Requirements
 - Prepare FIRST Financial Management Report
 - Include disclosures in report
 - Advertise Public Meeting
 - Hold public hearing to discuss rating

Denton ISD 2025 FIRST Rating

DISD 2025 FIRST Rating

A - Superior Achievement

23rd Year of Highest Possible Rating

Four - Tier Rating System

A = Superior Achievement 90-100 Points

B = Above Standard Achievement 80-89 Points

C = Meets Standard Achievement 70-79 Points

F = Substandard Achievement <70 Points

Why is a FIRST Rating important

- A high FIRST rating creates confidence from our stakeholders.
- In determining the accreditation status of a school district, the commissioner evaluates and considers performance under the financial accountability rating system. “FIRST”
- A potential down grade in the district’s bond ratings. This could affect the interest rate for future bond sales.

21 FIRST Rating Indicators

Critical

4 Indicators

1 thru 4

A “No” answer to any critical indicator will result in an automatic failure on FIRST

Solvency

10 Indicators

5 thru 14

Indicators designed to detect early signs of solvency related issues

Financial Competence

7 Indicators

15 thru 21

Indicators designed to show quality of district management decisions and financial management practices

Critical and Ceiling Indicators

Critical Indicators		Ceiling Indicators	Maximum Points	Passed
Indicator 1 - Timely filing of the Annual Financial Report	Yes	Indicator 4 - Timely Payments	95	✓
Indicator 2 - Unmodified auditor opinion in the AFR	Yes	Indicator 5 - Unrestricted Net Position Greater than Zero	89	✓
Indicator 3 - Compliance with the payment terms of all debt agreements	Yes	Indicator 6 - Average Change in Fund Balance	89	✓
Indicator 4 - Timely payment of all payroll-related obligations	Yes	Indicator 16 - PEIMS to AFR Variance	89	✓
		Indicator 17 Material Weakness	79	✓
		Indicator 20 - Property Values Board Discussion	89	✓
		Indicator 21 - FSP Repayment Plan	70	✓

Indicators to Monitor Closely

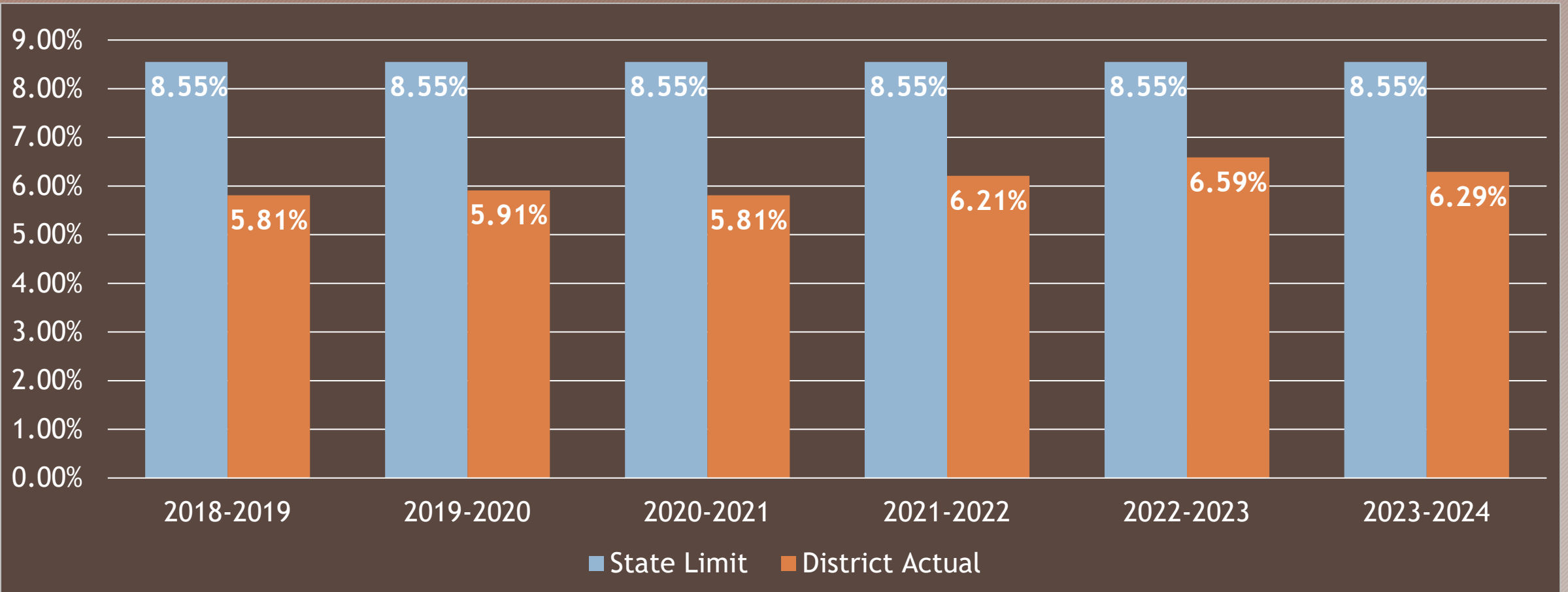
Indicator #6: Change in fund balance - Was the average change in fund balance over 3 years less than a 25% decrease or did the current year's fund balance exceed 75 days cash on hand.

Indicator #7: Number of Days Cash on Hand - Was the number of days cash on hand and current investments in the general fund sufficient to cover operating expenditures.

Indicator #9: Revenue vs Expenditures - Did the district's general fund revenues exceed expenditures. If not, was the number of days cash on hand greater than 60 days.

Indicator 13

Administrative Cost Ratio Chart



Statewide Statistics

2024-2025 Rating	Points	Preliminary Results
A - Superior Achievement	90-100	862
B - Above Standard	80-89	87
C - Meets Standard	70-79	49
F - Substandard Achievement	0-69	20

Statewide Statistics

Problem Indicators	Increase in Districts	Scored
Yes to at least one Critical Indicator	10	Automatic F Rating
7. Number of days cash & Investments sufficient to cover 90 days of operating expenditures?	75	Range
9. Did the general fund revenues equal or exceed expenditures? If not, was as least 60 days cash on hand?	47	Auto Loss of 10 Points
13. Was the district administrative cost ratio equal to or less than the threshold ratio? Ratio is based on district size.	43	Range
14. Did the district NOT have a 15% decline in students to staff ratio over 3 years?	37	Auto Loss of 10 Points



Questions