

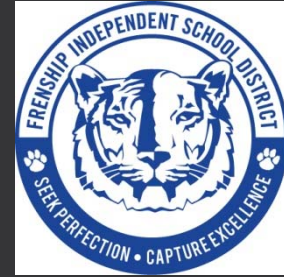
Frenship ISD

Financial Integrity Rating
System of Texas (FIRST)



Public Meeting
October 20, 2014

School FIRST Financial Integrity



- Originated by the 77th Texas Legislature in 2001
- Expands the public education accountability system to include Financial Services.
- Primary goal is to improve the management of school district's financial resources.

School FIRST Financial Integrity



- Assess the quality of financial management in Texas public schools.
- Measure and report the extent to which financial resources are allocated for direct instructional purposes.
- Fairly evaluate the quality of financial management decisions.
- Openly report results to the general public.

School FIRST Financial Integrity



Based on 2012-2013 Audited Financial Data

20 Indicators for Rating - Yes or No Format

Includes a Financial Management Report

Disclosures



School FIRST Financial Integrity

Scores based on 20 indicators (No points awarded on questions 1-6):

Superior Achievement	64 - 70
Above Standard Achievement	58 - 63
Standard Achievement	52 - 57
Substandard Achievement	< 52



School FIRST Financial Integrity

#1. Was the Total Fund Balance less Reserved Fund Balance Greater than Zero in the General Fund?

School districts must have a fund balance to ensure adequate funding for operations. In other words, does Frenship have funds set aside for a rainy day?

Yes 16,763,918 > 0



School FIRST Financial Integrity

#2. Was the Total Unrestricted Net Asset Balance in the Governmental Activities Column in the Statement of Net Assets Greater than Zero?

This indicator simply asks are total assets more than total liabilities.

Yes 17,228,602 > 0



School FIRST Financial Integrity

#3. Were there NO disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?

This indicator seeks to make certain that your district has paid its bills / obligations on bonds issued to pay for school construction, etc.

Yes No disclosure of default

School FIRST Financial Integrity



#4. Was the Annual Financial Report filed within one month after the January 28 deadline?

Was your district's Annual Financial Report filed by the deadline?

Yes 01/08/2014



School FIRST Financial Integrity

#5. Was there an Unqualified Opinion in the Annual Financial Report?

A “qualification” on your financial report means that you need to correct some of your reporting of financial controls. A district’s goal is to receive an “unqualified” opinion.

Yes Received an Unqualified Opinion

School FIRST Financial Integrity



#6 Did the Annual Financial Report NOT disclose any instance(s) of material weakness in internal controls?

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any weakness creates a risk of your district not being able to properly account for its use of public funds, and should be addressed immediately.

Yes

No disclosures



School FIRST Financial Integrity

#7 Was the 3-Yr Average Percent of Total Tax Collections (including delinquent) greater than 98 percent?

This indicator measures your district's success in collecting taxes owed from your community's businesses and homeowners – placing a 98 percent minimum standard. Must collect an average of 98 percent or more, including delinquent taxes, for years 2011 through 2013.

Yes – 5 points 3-yr Avg. 99.76% > 98%

School FIRST Financial Integrity



#8 Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of less than 3 percent of expenditures per fund type?

This indicator measures the quality of data reported to PEIMS (Public Education Information Management System) and your Annual Financial Report.

Yes – 5 points 0.0% < 3%



School FIRST Financial Integrity

#9 Were Debt-Related Expenditures less than \$350 per student (If district's 5-yr percent change in students was a 7 percent or more, then the district receives the 5 points)?

This indicator shows the Legislature's intent for school districts to spend on education, rather than buildings. However, they did make an allowance for fast growth school districts.

Yes – 5 points 13.8% > 7% (5-yr student growth)



School FIRST Financial Integrity

#10 Was there NO disclosure in the Annual Financial Report of Material Noncompliance?

This means no disclosure indicating the school district failed to comply with laws, rules, and regulations for a government entity.

Yes – 5 points

No disclosure

School FIRST Financial Integrity



#11 Did the district have full accreditation status in relation to financial management practices (no TEA conservator or monitor)?

Another way to ask is “Did the Texas Education Agency take over control of your district due to financial issues such as fraud or having a negative fund balance?”

Yes – 5 points No TEA monitor

School FIRST Financial Integrity



#12 Was the aggregate of Budgeted Expenditures and Other Uses less than the aggregate of Total Revenues, Other Resources and Fund Balance in the General Fund?

Did the district live within its means? The district will receive a negative rating on this indicator if total expenditures and other uses exceed total funds available.

Yes – 5 points ($\$15,801,969 < 0$)

School FIRST Financial Integrity



#13 If the district's Aggregate Fund Balance in the General Fund and Capital Projects Fund was less than Zero, were construction projects adequately financed?

Did the district over-spend on school buildings or other capital projects? This indicator measures your district's ability to construct facilities without damaging your Fund Balance.

Yes – 5 points \$26,728,290 > 0



School FIRST Financial Integrity

#14 Was the Ratio of Cash and Investments to Deferred Revenues in the General Fund greater than or equal to 1:1.

In other words, the district should have fund balance monies of its own that are at least equal to those dollars that are due to overpayments from TEA.

Yes – 5 points

Ratio 11.55:1 > 1:1

School FIRST Financial Integrity



#15 Was the Administrative Cost Ratio less than the standard in State Law?

TEA and state law sets a cap on the percentage of a district's budget that can be spent on administration. Were the district's administrative expenses at or below the cap for districts of your size?

Yes – 5 points

10.23% < 12.5%



School FIRST Financial Integrity

#16 Was the Ratio of Students to Teachers within the ranges according to district size?

This indicator measures your student-teacher ratio to ensure that it is within TEA recommended ranges for your size district.

Yes – 5 points

14.98 is within 13.0 to 22.0

School FIRST Financial Integrity



#17 Was the Ratio of Students to Total Staff within the ranges according to district size?

This indicator measures your student-staff ratio to ensure that it is within TEA recommended ranges for your size district.

Yes – 5 points

8.5 is within 6.8 to 14.0

School FIRST Financial Integrity



#18 Was the decrease in Undesignated Unreserved Fund Balance less than 20 percent over two Fiscal Years?

Are you operating within your financial means? This indicator notes rapid decreases in your Fund Balance.

Yes – 5 points	2012-13 Total Fund Balance	14,998,575
	2011-12 Total Fund Balance	14,984,814
	2010-11 Total Fund Balance	13,741,095



School FIRST Financial Integrity

#19 Was the Aggregate Total of Cash and Investments in the General Fund more than \$0?

Does your district have cash in the bank and / or investments?

Yes – 5 points

20,887,374 > 0

School FIRST Financial Integrity



#20 Investment Earnings in all funds (excluding Debt Service Fund and Capital Projects Fund) meet or exceed the Treasury Bill Rate?

Is your district using cash or reserve fund (Fund Balance) monies wisely?

Yes – 5 points Exceeds 3-Month T-Bill Rate

Financial Effectiveness Report

1) Schools FIRST Rating

2012-13 Rating = Superior Achievement. Scored 70 out of 70 possible points

Superior Achievement - 12th Consecutive Year of Highest Available Rating

2) Texas Comptroller Leadership Circle – Financial Transparency

Platinum Award Level 2013-14

Gold Award Level – 2010-2013

5th Consecutive Year of Highest Available Rating

Financial Effectiveness Report

Future Opportunities / Challenges

- Growing District
- Continue to increase Teacher Salaries to compete within Region
- Inadequate / Inequitable State Funding System - Lawsuit/State Legislature
- Possible conversion to new Financial System