

Friendswood Independent School District

2026 Annual Financial Management Report School Financial Integrity Rating System of Texas “FIRST”

For the Year Ending August 31, 2025



Thad Roher, Superintendent

Amber Petree, Chief Financial Officer

**Friendswood Independent School District
2026 Annual Financial Management Report
School FIRST
For the Year Ending August 31, 2025**

Table of Contents

Introduction	1
2025-2026 FIRST Rating	3
Overview of the Worksheet	9
Critical Indicators #1 - #4	9
All Other Indicators #5 - #21	10
Required Disclosures	16

Friendswood Independent School District 2026 Annual Financial Management Report – School FIRST
--

Introduction

During the 77th regular session of the Texas legislature (2001), Senate Bill 218 was passed and Governor Perry signed it into law shortly thereafter. This law requires each school district to prepare an annual financial management report within two months of the date of issuance of the final School FIRST ratings. The District received official notification of the 2025-2026 Final School FIRST rating on September 9, 2026. This rating is based upon analysis of school year data for the fiscal year ending August 31, 2025.

The purpose of the financial accountability rating system is to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. The system is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes. The system also discloses the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools. An evaluation of the long-term effectiveness of the system should disclose a measurable improvement in the quality of Texas public schools' decision-making processes.

The primary reporting tool is the Financial Accountability Ratings Worksheet. This worksheet was originally developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC) and the Texas Association of School Business Officials (TASBO). It is administered by the TEA and calculated on information submitted to the Agency via the district's PEIMS submission each year.

Under School FIRST, every school district in Texas is required to prepare and distribute an annual financial management report that includes the following:

- The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's financial accountability rating system;
- The district's financial management performance under each indicator for the current and previous years' financial accountability ratings;
- Additional information required by the commissioner under 19 TAC 109.1001(q), including the following:

1. A copy of the Superintendent's current employment contract, including compensation and benefits. The district may publish the superintendent's contact on the district's website instead of publication in the annual financial management report.
2. A summary schedule for the fiscal year (12-month period) of expenditures paid on behalf of the superintendent and each board member and total reimbursements received by the superintendent and each board member, including transactions on the school district's credit or debit card(s), store-value card(s) and any other instruments to cover expenses incurred by the superintendent and each board member;
3. A summary schedule for the fiscal year of the dollar amount compensation and/or fees received by the superintendent from another school district or other outside entity in exchange for professional consulting or other personal services;
4. A summary schedule for the fiscal year of the total dollar amount of gifts with an economic value of \$250 or more received by the executive officers and board members;
5. A summary schedule for the fiscal year of the dollar amount by board member for the total amount of business transactions with the school district;
6. Additional information that the district's board of trustees deems useful.

Currently, the worksheet consists of 21 Indicators: 4 critical indicators, 7 ceiling indicators, 9 10-point indicators, and 2 5-point indicator. Indicator #4 is both a critical and ceiling indicator. A "No" response in Indicators #1, #2, #3, or #4 will automatically result in a rating of Substandard Achievement, so these first four Indicators are of utmost importance.

In summary, Friendswood ISD received the rating of "A = Superior Achievement", scoring a 90 out of a possible 100 on the financial accountability worksheet. FISD received an A = Superior Achievement with 90 points last year. The worksheet itself follows, along with an explanation of each indicator, the indicator goal, and FISD's performance this year as compared to last year. Finally, as in accordance with Title 19, the required disclosures are included at the back of the report.

2025-2026 RATINGS BASED ON SCHOOL YEAR 2024-2025 DATA - DISTRICT STATUS DETAIL

Name: FRIENDSWOOD
ISD(084911)

Publication Level 1: 8/6/2026 3:21:50 PM

Status: Passed

Publication Level 2: 8/7/2026 3:50:39 PM

Rating: A = Superior Achievement

Last Updated: 8/7/2026 3:50:39 PM

District Score: 90

Passing Score: 70

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026?</u>	6/4/2026 6:18:42 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>	6/4/2026 6:18:42 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>	6/4/2026 6:18:42 PM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce</u>	6/4/2026 6:18:42	Yes

	<u>Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	PM	Ceiling Passed
			1 Multiplier Sum
5	<u>Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest and premiums for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/4/2026 6:18:42 PM	Ceiling Passed
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/4/2026 6:18:42 PM	Ceiling Passed
7	<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</u>	6/4/2026 6:18:42 PM	10

facilities acquisition and construction)? See ranges below in the Determination of Points section.

- | | | | |
|----|--|---------------------------|----|
| 8 | <u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u> | 6/4/2026
6:18:42
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? See ranges below in the Determination of Points section.</u> | 6/4/2026
6:18:42
PM | 10 |
| 10 | <u>Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?</u> | 6/4/2026
6:18:42
PM | 10 |
| 11 | <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 increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u> | 6/4/2026
6:18:42
PM | 4 |
| 12 | <u>What is the correlation between future debt requirements and the district's assessed property value?</u> | 6/4/2026
6:18:42
PM | 10 |
| 13 | This indicator is not being evaluated. | | 10 |
| 14 | <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> | 6/4/2026
6:18:42
PM | 10 |
| 15 | <u>Was the school district's actual average daily attendance (ADA) within the allotted range of the district's biennial ADA projection submitted to TEA by the school district? If the school district did not submit ADA projections to TEA, it must certify TEA's projections to pass this indicator. See ranges below in the Determination of Points section.</u> | 6/4/2026
6:18:42
PM | 5 |

16	<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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/4/2026 6:18:42 PM	Ceiling Passed
17	<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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	6/4/2026 6:18:42 PM	Ceiling Passed
18	<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>	6/4/2026 6:18:42 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	6/4/2026 6:18:42 PM	5
20	<u>Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?</u>	6/4/2026 6:18:42 PM	Ceiling Passed
21	<u>Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?</u>	6/4/2026 6:18:42 PM	Ceiling Passed

90 Weighted Sum

1 Multiplier Sum
(100 Ceiling)
90 Score

DETERMINATION OF RATING

- A.** Did the school district fail any of the critical indicators 1, 2, 3, or 4? 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.

A = Superior Achievement	90-100
B = Above Standard Achievement	80-89
C = Meets Standard Achievement	70-79
F = Substandard Achievement	<70

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.

The school district receives an **F** if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 5, 6, 16, 17, 20, or 21? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

**Determination of rating
based on meeting
ceiling criteria.**

Maximum Points

Indicator 4 (Timely Payments) - School district was issued a warrant hold.

95

Indicator 5 (Total Net Position) - Negative total net position and do not have 7% or more or 1,000 or more increase in growth in students in membership over 5 years.

79

Indicator 6 (Average Change in Fund Balance) - Response to indicator is *No*.

89

Indicator 16 (PEIMS to AFR) - Response to indicator is *No*.

89

Indicator 17 (Material Weaknesses) - Response to indicator is *No*.

79

Indicator 20 (Property Values and Tax Discussion) - Response to indicator is *No*.

89

Indicator 21 (FSP Repayment Plan) - Response to indicator is *Yes*.

70

Overview of the Worksheet

Critical Indicators

Indicators 1 through 4 are considered critical indicators. Any “No” response in one of these categories is a signal indicator of fiscal distress. These four indicators revolve around the audit report, timely debt and payroll-related payments and the auditor’s findings.

Indicator #1

Indicator: Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026?

Indicator Goal: To ensure the district’s financial report is filed by the deadline.

FISD Answer: Yes. Like last year, the District met this requirement. The annual financial report was received by the Texas Education Agency before the required deadline of February 27, 2026.

Indicator #2

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

Indicator Goal: To determine whether the annual financial report is free from material weaknesses.

FISD Answer: Yes. Like last year, the District received an unqualified opinion in its annual financial report.

Indicator #3

Indicator: Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

Indicator Goal: This indicator seeks to confirm that the District has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

FISD Answer: Yes. Like last year, FISD made all required bond payments on time.

Indicator #4

Indicator: Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?

Indicator Goal: This indicator seeks to confirm the District fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the District.

FISD Answer: Yes. Like last year, FISD made all payroll-related payment obligations on time.

All Other Indicators

Indicator #5

Indicator: Was the total net position in the governmental activities column in the Statement of Net Position (net of the accretion of interest and premiums for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?

Indicator Goal: This indicator determines if the total net position in the governmental activities column of the Statement of Net Position as reported in the Annual Financial Report is greater than zero. A positive net position demonstrates financial solvency.

FISD Answer: Yes. Like last year, FISD passed this ceiling indicator.

Indicator #6

Indicator: Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?

Indicator Goal: This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.

FISD Answer: Yes. FISD fund balance has remained fairly constant over 3 years and held 78.44 days of operational expenditures for 2024-25.

Indicator #7

Indicator: 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)?

Indicator Goal: This indicator measures how long in days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Districts must have more than 90 days to receive all 10 points, and points decrease by 2 as the number of days' decreases.

FISD Answer: Yes. FISD earned 10 points on this indicator which is the same compared to the prior year. 95.4252 days this year and 98.6514 days last year.

Indicator #8

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

Indicator Goal: This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. To earn the maximum of 10 points, current assets must be more than 3 times current liabilities, and points decrease by 2 as the ratio decreases.

FISD Answer: 2.4972; therefore, FISD earned 6 points on this indicator. Current Assets 50,607,801 / Current Liabilities 20,265,784 = 2.4972. Last year, Current Assets 55,856,928 / Current Liabilities 21,914,685 = 2.5488. FISD earned 8 points on this indicator last year.

Indicator #9

Indicator: 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?

Indicator Goal: To determine if the District spent more than it earned. The school district will automatically pass this indicator if it had at least 60 days' cash on hand.

FISD Answer: 10 of 10 points. FISD passed the cash on hand this year and both parts of this indicator both last year; expenditures exceeded revenues, and the District had 95.4252 days' cash on hand this year and 98.6514 days' cash on hand last year.

Indicator #10

Indicator: Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

Indicator Goal: This indicator measures how accurately the district forecast projected revenue by comparing budgeted revenue submitted through PEIMS October of the fiscal year to actual revenues submitted after close of the fiscal year.

Answer: FISD received all 10 points. FISD's 3-year average variance of budgeted revenues to actual revenues was 4.583%. This indicator was not evaluated for the prior 4 years per the TEA.

Indicator #11

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

Indicator Goal: This question seeks to determine the amount of long-term debt relative to total assets. Fast growth districts pass this indicator if their enrollment has increased more than 10% in 5 years. To receive all 10 points, the long-term debt (net of pension liability) cannot be >60% of total assets, and points decrease as the percentage increases.

FISD Answer: 85.05% therefore, the District received 4 points on this indicator. $LT \text{ Liabilities } 191,682,213 / \text{Total Assets } 225,368,389 = 0.8505$. FISD received 4 points with 84.90% on this indicator last year.

Indicator #12

Indicator: What is the correlation between future debt requirements and the district's assessed property values?

Indicator Goal: To determine the District's ability to make its debt principal and interest payments due during the year. A ratio of ≤ 4 earns all 10 points, and the points decrease by 2 as the ratio increases.

Answer: FISD received 10 points both this year compared to 8 points last year. FISD's debt service coverage ratio was 3.7878 this year and 4.2490 last year.

Indicator #13

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

Indicator Goal: To determine whether the district's administrative costs are in an acceptable range for its size. For FISD, a ratio of <10% earns all 10 points, and the points decrease by 2 as the percentage increases.

FISD Answer: This indicator is paused for the 2025-2026 rating period.

Indicator #14

Indicator: 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 yes or no this indicator.

Indicator Goal: To determine that if student enrollment is declining by more than 15%, staff are also decreasing proportionately, over a 3-year period.

FISD Answer: FISD received 10 points both this year and last year. FISD's students to staff ratio did not decline over the 3-year period with total enrollment declining by 19 over the same time period.

Indicator #15

Indicator: Was the school district's average daily attendance (ADA) within the allotted range of the district's biennial projection submitted to TEA by the school district? If the district did not submit ADA projections to TEA, it must certify TEA's projections to pass this indicator.

Indicator Goal: This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual.

FISD Answer: 5 out of 5 points. The District's variance was 1.72% this year and 1.66% last year.

Indicator #16

Indicator: 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?

Indicator Goal: To determine whether the quality of data reported to TEA through PEIMS and in the annual financial report submission are consistent. If the variance is greater than 3%, districts fail this indicator.

FISD Answer: Like last year, FISD passed this ceiling indicator. The District's variance was 0.00011%.

Indicator #17

Indicator: 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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.)

Indicator Goal: To determine whether the district has established and maintains effective internal control over its financial reporting.

FISD Answer: Yes. Like last year, the annual financial report did not disclose any instances of material weaknesses in internal controls or a going concern.

Indicator #18

Indicator: 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?

Indicator Goal: An audit finding of material non-compliance could indicate a risk of internal weaknesses and signal that public funds are not being properly handled.

FISD Answer: Like last year, FISD did not have any audit findings of material non-compliance and received all 10 points on this Yes or No indicator.

Indicator #19

Indicator: Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?

Indicator Goal: This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.

FISD Answer: FISD is in compliance with all required website postings and earned the maximum 5 points on this indicator.

Indicator #20

Indicator: Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?

Indicator Goal: This indicator measures whether the administration and school board had the opportunity to consider the impact of changes in local, state, and federal funding.

FISD Answer: FISD school board members discussed property values within 120 days of the budget adopted and passed this ceiling indicator.

Indicator #21

Indicator: Did the school district receive an adjusted repayment schedule for more than one fiscal year over-allocation of Foundation School Program (FSP) funds because of a financial hardship?

Indicator Goal: This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.

FISD Answer: FISD did not receive an adjusted repayment schedule and passed this ceiling indicator.

REQUIRED DISCLOSURES

Summary Schedule of Reimbursements as of August 31, 2025

Name	Meals	Lodging	Transportation	Fuel	Other	Total
Thad Roher	\$350.91	\$988.23	\$465.5	\$48.72	\$0.00	\$1,853.21
Beau Egert						\$0.00
Rebecca Hillenburg						\$0.00
Ralph Hobratschk						\$0.00
Tony Hopkins	\$187.88					\$187.88
David Montz						\$0.00
Laura Seifert						\$0.00
Niki Rhodes						\$0.00
Total	\$538.79	\$988.23	\$465.5	\$48.72	\$0.00	\$2,041.09

Other includes registration fees and hotel internet services.

Business Transactions Between School Districts and Board Members for FY 2025

There were no business transactions between the District and any board member for FY 2025.

Superintendent Outside Compensation

Superintendent Thad Roher, did not receive any outside compensation or fees for Professional Consulting or other personal services for the twelve-month period ended August 31, 2025.

Superintendent's Contract

The Superintendent's current contract is posted on the District's website at www.myfisd.com.

Executive Officer and Board of Trustees Gifts

The Superintendent and Board Members did not receive any gifts that had an economic value of \$250 or more in aggregate for the twelve-month period ended August 31, 2025 from an outside entity that received payments from FISD in the prior fiscal year or from competing vendors that were not awarded contracts in the prior fiscal year.