

Italy Independent School District

2024-2025 School FIRST Rating

Based on Fiscal Year 2023-2024 Data

Public Hearing

January 26, 2026 -5:30 PM

WHAT IS FIRST?

- Financial Integrity Rating System of Texas
- Created by Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999 to measure the performance of school districts financial resources
- The goal is to achieve quality performance in the management of school districts financial resources
- The rating is based on 21 indicators.

RATING SYSTEM OBJECTIVES

The objectives of the rating system are as follows:

- ✓ Increase financial accountability with Texas' public education system
- ✓ Efficiently assess the quality of financial management in Texas public schools
- ✓ Improve the management of school districts financial resources
- ✓ Measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for district instructional purposes
- ✓ Implement a rating system that fairly and equitably evaluates the quality of financial management decisions

CRITERIA FOR RATINGS

The TEA will use the following sources of data in calculating the financial accountability indicators for school districts:

- AFR (Annual Financial Review- Audit)
- Data Feed
- PEIMS
- Warrant Holds
- FSP (Foundation School Program)
- Other sources, including, but not limited to the IRS, TWC and TRS

CURRENT SCORING SYSTEM

The district must pass critical indicators (Indicators 1-4) to receive a passing rating

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

CRITICAL INDICATORS

1. Was the complete annual financial report (AFR) and data submitted to TEA within 30 days of the January 28 deadline for fiscal year ending August 31?
Yes-Passed The 2023-2024 Audit was received by TEA in a timely matter.
2. Was there an unmodified opinion in the AFR on the financial statements as a whole?
Yes-Passed
3. Was the school district in compliance with the payment terms of all debt agreements at the fiscal year end?
Yes-Passed There were no disclosures concerning default on debt agreements.

CRITICAL INDICATORS (CONTINUED)

4. Did the school district make timely payments to the Teachers Retirement System of Texas (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? Yes-Passed- The district made timely payments to the TRS, TWC, IRS, and other government agencies.
5. Was the total net position in the governmental activities column in the Statement of Net Position greater than zero? Yes-Passed

SOLVENCY INDICATORS

6. Was the average change in (assigned and unassigned)fund balances over 3 years less than a 25 percent decrease or did it exceed 75 days of operational expenditures? **Yes-Passed**
7. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover the operating expenditures(excluding facilities acquisition and construction)? **6 points**

Cash and Equivalents/Total Expenditures	\$1,899,499/\$9,359,995=.2029
Multiply by 365 Days	.2029 x 365 days =74 Days
TOTAL	74.0704 Days of cash on hand

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

<u>Yes-10 points</u>	
Current Assets	\$4,348,270
Divide by Current Liabilities	\$1,155,275
TOTAL	3.7638

Range >3.00=10 Pts <3.00-2.50=8 Pts <2.50-2.00=6 Pts <2.00-1.50=4 Pts <1.50-1.00=2 Pts <1.00=0 Pts

SOLVENCY INDICATORS (CONTINUED)

9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisitions and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? Yes - 10 points

Total Revenue	\$ 9,021,816
Total Expenditures	\$ 9,359,995
Cash on Hand	60 Days

10. This indicator is not being evaluated. 10 Points

11. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? Yes-10 Points

Long-Term Liabilities	\$12,371,204
Divided by Total Assets	\$24,386,291
TOTAL	.5073

Range <=.60 = 10 Pts >.60<=.70 = 8 Pts >.70<=.80 = 6 Pts >.80<=.90 = 4 Pts >.90<=1.00 = 2 Pts

SOLVENCY INDICATORS (CONTINUES)

12. What is the correlation between future debt requirements and the district's assessed property value? 8 points

Total Local and Intermediate Sources=	792,939
Divided by Total Revenue=	822,541
Multiply Long Term Liabilities=	12,371,204
Divided by Assessed Property Value=	234,949,274
	= 5.076

<=4 =10pts >4<=7 =8pts >7<=10 =6pts >10<=11.5 =4pts >11.5<=13.5 =2pts

SOLVENCY INDICATORS (CONTINUED)

13. Was the district's administrative cost ratio equal to or less than the threshold ratio?
(Functions 21 & 41/Functions 11, 12, 13, and 31) = Yes-10 Points

Threshold ratio for ADA 500 to 999 is <.1311

Italy ISD Administrative Cost Ratio is .1068

14. Did the school district not have a 15% decline in the student to staff ratio over the 3 years (total enrollment to total staff) If the student enrollment did not decrease, the school district will automatically pass. Yes-10 Points

SOLVENCY INDICATORS (CONTINUED)

12

15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? (Max Points=5)
5 points

Actual ADA = 560.492
Projected ADA= 577.12

16. 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? Yes-Passed

17. 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? Yes-Passed

SOLVENCY INDICATORS (CONTINUED)

18. 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. Yes-10 points

19. 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? (max points=5) Yes-5 points

20. Did the school district's administration and 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? Yes -Passed

21. Did the school district receive an adjusted repayment schedule for more than 1 fiscal year for an over-allocation of Foundation School Program (FSP) funds because of financial hardship? Yes-Passed

RESULTS

14

ITALY ISD FIRST RESULTS FOR 2024-2025

Total Possible Points	100
ITALY ISD Points	94



Rating	A=Superior Achievement
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Indicators #7 & #12 did not receive 10 points:

#7-Cash on hand was 74 days rather than 90 days

#12-Correlation between future debt requirements & districts assessed property values was 5.076 rather than less than 4

ADDITIONAL REPORTING REQUIREMENTS

15

Outside Compensation Received by the Superintendent

- ✓ The Superintendent did not receive payment for consulting or other personal service in FY 2023-2024.

Superintendent/Board Gifts

- ✓ The Superintendent and board members did not receive any gifts with an economic value of \$250 or more in the aggregate in the fiscal year.

ADDITIONAL REPORTING REQUIREMENTS

16

Superintendent/Board Travel

Reimbursement received by the Superintendent and Board Members for fiscal year ending August 31, 2024:

	Superintendent	Place 1	Place 2	Place 3	Place 4	Place 5	Place 6	Place 7
DESCRIPTION	RACHEL KISTNER	ALLEN RICHARDS	CORTNEY JANEK	DENNIS PERKINS	TESSA SOUTH	PARKER REEVES	ASHTON RUSS	SHAWN HOLDEN/NICHOLE GALVAN
Meals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lodging	0.00	0.00	0.00	519.44	0.00	0.00	0.00	0.00
Transportation	0.00	0.00	0.00	27.93	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	547.37	0.00	0.00	0.00	0.00

ADDITIONAL REPORTING REQUIREMENTS

17

Business Transactions Between School District and Board Members

There were no business transactions between the school district and any board member during the 2023-2024 fiscal year.

SUPERINTENDENT'S EMPLOYMENT CONTRACT

18

The school district has chosen to have the superintendent's employment contract available at the public hearing for review. This is in lieu of posting the superintendent's contract on the district's website for 12 months.

QUESTIONS??

19

