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# FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS

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## Schools **FIRST**

### 2004-05 Indicator Test

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# What is “Schools FIRST?”

- Created by Texas Legislature in 2001 to improve management of school districts’ financial resources
- Schools FIRST = Financial Rating System of Texas

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## How does it work?

It is a system of 21 Uniform Indicators used to measure a district's financial management performance

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# District Requirements

- Publish Notice of Public Meeting two times in newspaper of general circulation
- Hold a public meeting to discuss District's FIRST Rating
- Provide opportunity for public comment
- Prepare and distribute financial management report to parents and taxpayers

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## **Report Must Include:**

**District's financial management performance rating provided by TEA based on its comparison with indicators established by the Commissioner of Education .**

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# District Rating is based on the Number of Indicators Missed

- Superior Achievement: 0 – 2
- Above Standard Achievement: 3 – 4
- Standard Achievement: 5 – 6
- Substandard Achievement:
  - 7 or more or missing any of the critical indicators

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# COPPELL ISD FIRST RATING

- SUPERIOR ACHIEVEMENT
- ZERO INDICATORS MISSED



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# Indicator #1

- Was the total fund balance less reserved fund balance greater than zero in the general fund?
- Result – Yes    **Actual = \$17,403,736**
  - 2003-04 actual was \$12,194,759
- Reflects that assets are greater than liabilities
- “No” answer mandates a substandard achievement rating
- CISD carries enough fund balance to meet expenses from September through December when property taxes are received



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## Indicator #2

- Were there no disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?
- Answer: yes “No” answer yields substandard achievement rating.
- Reflects district’s ability to pay annual bond principal and interest
  - Adequate debt service tax rate
  - Proper collection of property taxes

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## Indicator #3

- Was the annual financial report filed within one month after the January 28<sup>th</sup> deadline for districts with an August 31 fiscal year end date.
- Answer: Yes “No” answer results in substandard achievement rating
- **CISD report received by TEA on 12/27/05**
- Indicates that end-of-year financial audit and report preparation was completed in a timely manner.

## Indicator #4



- Was there an unqualified opinion in the annual financial report?
- Answer: Yes
- An unqualified opinion is a “clean” opinion with no major adverse comments or findings.

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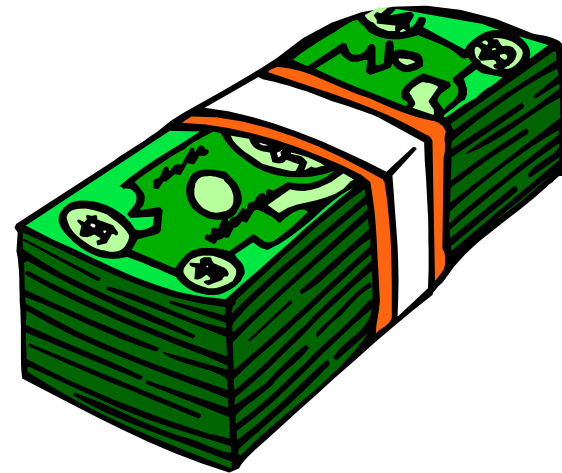
## Indicator #5

- Did the annual financial report not disclose any instances of material weaknesses in internal controls?
- Answer: Yes
- Indicates that are sufficient controls in place to provide reasonable assurance that financial responsibilities are properly handled

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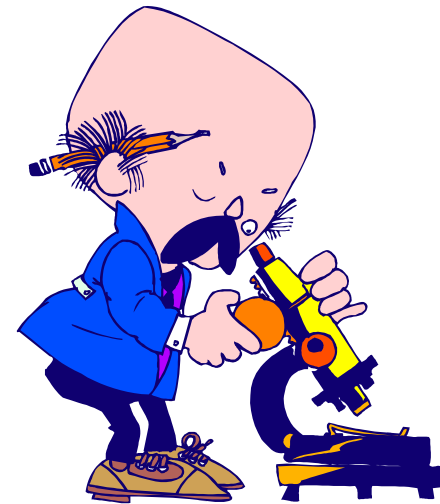
## Indicator #6

- Was the percent of total tax collections (including delinquent) greater than 96%
- Answer: Yes
- **Actual was 102.93%**
  - 2003-04 actual was 101.96%
  - 2002-03 actual was 98.14%



# Indicator #7

- Did the Comparisons of PEIMS data to like information in annual financial report result in an aggregate variance of less than 4 percent of expenditures per fund type (data quality measure)?
- Answer: Yes
- Actual 0.000055% - \$65 / \$118,275,277
- 2003-04 0.00066% - \$76/\$113,532,546



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## Indicator #8

- Were debt related expenditures (net of IFA and/or EDA allotment) < \$770.00 per student? (If the district's five-year percent change in students = or > 2%, or if property taxes collected per penny of tax effort > \$100,000, then answer this indicator yes).
- Answer: Yes. Debt expenditures = \$1,387; students increased 8.97%; taxes collected = \$587,380 per penny of effort. District met criteria #2 & 3.
- (Intent of question is to detect if districts were spending too much on facilities)

## Indicator #9

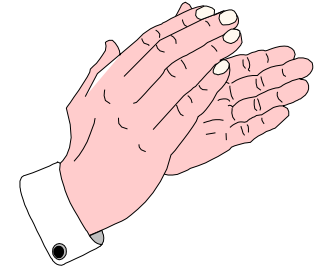
- Was there no disclosure in the annual audit report of material noncompliance?
- Answer: Yes





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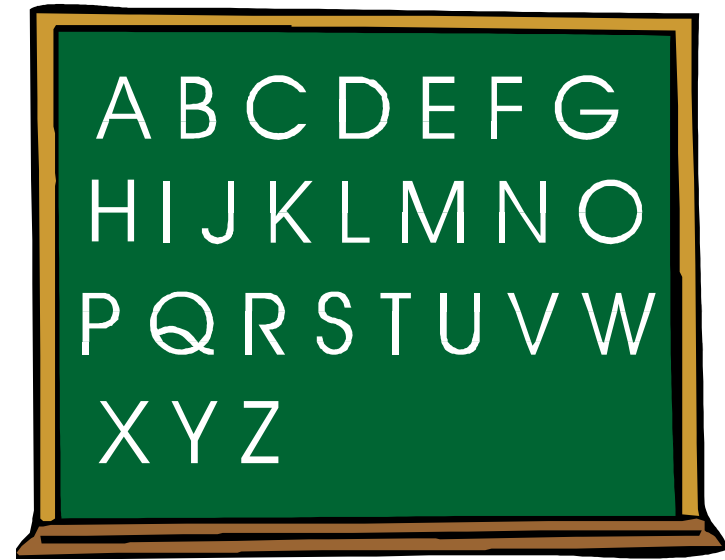
## Indicator #10



- Did the district have full accreditation status in relation to financial management practices? (e.g. no master or monitor assigned)
- Answer: Yes

## Indicator # 11

- Was the percent of operating expenditures expended for instruction more than 54%?
- Answer: Yes.
- **CISD actual = 60.85%**
  - 59.95% in 03-04
  - 60.82% in 02-03
  - 59.77% in 01-02



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# Formula for Percent of Operating Expenditures for Instruction

Expenditures in General, Special Revenue & Capital Projects Funds in Function 11 and Object Codes 6112-6499

divided by

Expenditures in General Fund, Special Revenue Fund & Capital Project Fund, Functions 11-61 and Object Codes 6112-6499

To get to 65% - Increase instruction by \$2,786,810

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## Indicator #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?
- Answer: Yes
- $\$98,111,530 + \$12,194,759 - \$98,216,074 = \$12,090,215.$

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## Indicator #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? (To avoid creating or adding to the fund balance deficit situation)
- Answer: Yes

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## Indicator #14

- Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the general fund = or > 1:1? (If deferred revenues < net delinquent taxes receivable, then answer this indicator yes)
- Answer: Yes

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# Indicator #15

- Was the administrative cost ratio less than the standard in state law?
- Answer: Yes
  - Acceptable administrative cost ratio = 12.5%
    - (Acceptable ratio for CISD and peer districts)
  - **CISD administrative cost ratio = 8.54%**
    - 7.93% in 03-04
    - 7.83% in 02-03
    - 8.56% in 01-02

# Indicator #16

- Was the ratio of students to teachers within the ranges shown below according to district size?
- Answer: Yes
- Acceptable range 13.5 – 22  
(ISD's with more than 10,000 students)
- Students = 10,072; FTE teachers = 669.11
- **CISD actual = 15.05**
  - 03-04 = 14.85
  - 02-03 = 14.40
  - 01-02 = 14.87





# Indicator #17

- Was the ratio of students to total staff within the ranges shown below according to district size?
- Answer: Yes
- Acceptable range = 6.6 – 14
- **CISD actual = 8.87**
  - 03-04 = 8.81
  - 02-03 = 8.54
  - 01-02 = 8.73



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## Indicator #18

- Was the total fund balance in the general fund more than 50% and less than 150% of optimum according to the *Fund Balance and Cash Flow Calculation Worksheet* in the Annual Financial Report?
- Answer: Yes
- **CISD actual = \$17,403,736 or 119.57%**
  - Financial report did not designate soft drink or special project balances of \$1,377,569 which are included in the above CISD actual number.

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## Indicator #19

- Was the decrease in undesignated unreserved fund balance <20% over two fiscal years? (If 1.5 times optimum fund balance < total fund balance in general fund or if total revenues > operating expenditures in the general fund, then answer this indicator yes)
- Answer: Yes

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# Indicator #20

- Was the aggregate total of cash and investments in the general fund more than \$0?
- Answer: Yes
  
- **CISD cash and investments:  
\$21,178,025**
  - 2003-04 total was \$15,483,373
  - 2002-03 total was \$12,986,450



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# Indicator #21

- Were investment earnings in all funds more than \$15 per student?
- Answer: Yes
- **CISD actual = \$122.78 per student**
  - 03-04 = \$44.04
  - 02-03 = \$45.00
  - 01-02 = \$87.81

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# Coppell ISD Rating 2004-05

- CISD has received a **Superior Achievement Rating** based on answering “YES” to each of the 21 Indicators.



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# QUESTIONS

