

Brackett ISD

Financial Integrity Rating System of Texas

Financial Management Report

FIRST Public Hearing

Rating Year 2023-2024

Presented: December 09, 2024



What is F I R S T?



- An accountability system required by Ch. 39 of the Texas Education code that ensures that Texas public schools are held accountable for the quality of their financial management practices by the evaluation of several financial indicators.
- The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes by means of a rating system.





How is the rating determined?

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





What was Brackett ISD's rating?

2023-2024 Ratings

Based on School Year 2022-2023 Data

A = Superior

District Score = 100





How many Indicators are evaluated by the Texas Education Agency?

TEA evaluates 21 indicators, for this rating year indicators 10 & 15 are not evaluated.

Indicators are grouped:

Critical – Fail any of these and you fail the Rating

Solvency – Can ISD meet its long-term debts and other financial obligations; what is the financial health of the District


Financial Competency - knowledge, skills, leadership demonstrated with sound financial decisions and actions



Let's Start with the Management Report...



PRESENTED 12/09/2024

RATING YEAR		2023-2024	DISTRICT NUMBER		district #	Select An Option	Help
							Home
 Financial Integrity Rating System of Texas 2023-2024 RATINGS BASED ON SCHOOL YEAR 2022-2023 DATA - DISTRICT STATUS DETAIL							
Name: BRACKETT ISD(136901)				Publication Level 1: 8/8/2024 6:33:40 PM			
Status: Passed				Publication Level 2: 8/8/2024 6:33:40 PM			
Rating: A - Superior Achievement				Last Updated: 8/20/2024 1:51:31 PM			
District Score: 100				Passing Score: 70			
#	Indicator Description	Updated	Score				
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	4/19/2024 6:26:17 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>	4/19/2024 6:26:17 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 obligation note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (a person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.</u>	4/19/2024 6:26:17 PM	Yes				
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce 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>	4/19/2024 6:26:17 PM	Yes	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 for capital appreciation bonds, net pension liability, and other cost-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</u>	4/19/2024 6:26:17 PM	Ceiling Passed	1			

https://teaprod.tea.state.tx.us/FirstForms/District.aspx?year=2022&district=136901

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Critical Indicators



Failure to meet the requirements of a critical indicator will cause a school district to **fail** FIRST for the applicable rating year.

- Indicator 1: Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27? **YES**
- Indicator 2: Was there an unmodified opinion in the AFR on the financial statements as a whole? The external independent auditor determines that the financial statements are presented fairly, in all material respects. **YES**
- Indicator 3: Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? **YES**
- Indicator 4: Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? **YES**

Critical Indicators



- Indicator 5: Was the total net position in the governmental activities column in the Statement of Net Position greater than zero?

PASSED

TEA Calculated: \$15,557,030 > 0



Solvency Indicators 6-14

Can BISD can meet its long-term debts and other financial obligations? What is the financial health of the District ?



Indicator 6: Average change in Fund Balance

Was the average change in 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?

PASSED

- **TEA Calculated:** Average Change in Fund Balance Increase of $0.2165 \geq -0.25$
Or
- Unassigned Fund Balance of $4,824,786 > 1,678,951.85$ (=75 days of required operational expenditures)

Indicator 7: # of Days of Cash on Hand

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)?

10 POINTS

TEA Calculated: 306.0254 days

Max of 10 points if more than 90 days of operations available

Indicator 8: Current Assets to Current Liabilities Ratio

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

10 POINTS

TEA Calculated: 7.5194

Max of 10 points if ratio is greater than 3

Indicator 9: General Fund Revenues Equal or Exceed Expenditures

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?

10 POINTS

TEA Calculated: .0398 > 0 Or 306.0254 >= 60

Max of 10 points if ratio is greater than 0 or cash on hand days is greater than 60

Indicator 10: This indicator is not being evaluated

Indicator 11: Long-Term Liabilities to Total Assets Ratio

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

10 POINTS

TEA Calculated: .0516

Max of 10 points if ratio is less than or equal to 0.60

Indicator 12: Debt Per \$100 of Assessed Property Value

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

10 POINTS

TEA Calculated: 0

Max of 10 points if ratio is less than or equal to 4

Indicator 13: Administrative Cost Ratio

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

10 POINTS

TEA Calculated: Administrative Cost Ratio = **.132978**, ADA 484.92

Max of 10 points for a district with less than 500 ADA with a ratio of $\leq .2404$

Indicator 14: Student to Staff Ratio over 3 year Period

Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)?

10 POINTS

TEA Calculated: .0007 > -0.15 or 33 > 0

Financial Competency Indicators

15-21



knowledge, skills, leadership demonstrated with sound financial decisions
and actions



Indicator 15: This indicator is not being evaluated

Indicator 16: PEIMS to AFR (Data Feed) Data Quality-

Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's Annual Financial Audit (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.)

PASSED

TEA Calculated: 0.00%

Considered Passed if the calculated ratio is less than 3%

Indicator 17: Material Weakness in Internal Controls Over Financial Reporting-

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.)

PASSED

TEA: Auditor reported No Material weaknesses or Going Concern

Indicator 18: Material Noncompliance Disclosed on AFR -

- 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.)

10 POINTS

TEA: None reported

Max of 10 points received

Indicator 19: Transparency - Required Financial information posted on website and newspaper

- 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?

5 POINTS

TEA: YES

Max of 5 points received

Indicator 20: Property Values and Funding-Discussion with the Board of Trustees

- 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?

PASSED

TEA: YES

Indicator 21: Repayment of over-allocation of Foundation School Funds

- 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?

PASSED

TEA: NO



Disclosures

Reporting requirements for the financial management report for the School FIRST public hearing are found in **Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(q)**. This rule prescribes requirements for the six disclosures described below that are included in the School FIRST financial management report.

1. Superintendent's Employment Contract

The school district must provide a copy of the superintendent's current employment contract that is effective on the date of the School FIRST hearing. In lieu of publication in the School FIRST financial management report, the school district may publish the superintendent's employment contract on the school district's website. If published on the district's website, the contract is to remain accessible for twelve months.

**The Superintendent's Employment Contract is published on Brackett ISD's internet site at <https://www.brackettisd.net>
It is found under the Parent/Community tab in the District Required Postings**



2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2023

BRACKETT ISD		FIRST REPORT											FYE 2023		
		Board	Board	Board	Board	Board	Board	Board	Board	Board	Board	Board	Board		
07/01/2022 - 06/30/2023		Superintendent	Member	Member	Member	Member	Member	Member	Member	Member	Member	Member	Member		
12 MO. PERIOD ENDING 06.30.2023				JESSE TERRAZAS, JR.	TONY MOLINAR	GUADALUPE RODRIGUEZ	RENE VILLARREAL	TULLY WELCH	DAVID PALACIO	CHRISTY PALMER	WHITNEY MASSINGIL	GUILLERMO GUZMAN	RICKY SANDOVAL	TOTALS	
DESCRIPTION OF REIMBURSEMENTS	ELIZA DIAZ	MARK PEREZ	JESSE TERRAZAS, JR.	TONY MOLINAR	GUADALUPE RODRIGUEZ	RENE VILLARREAL	TULLY WELCH	DAVID PALACIO	CHRISTY PALMER	WHITNEY MASSINGIL	GUILLERMO GUZMAN	RICKY SANDOVAL	TOTALS		
MEALS	\$ 350.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350.79	
LODGING	\$ 1,821.69	\$ -	\$ 723.18	\$ -	\$ 723.18	\$ 730.11	\$ 639.18	\$ -	\$ -	\$ -	\$ 730.11	\$ 730.11	\$ 6,097.56		
TRANSPORTATION	\$ 494.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494.24		
MOTOR FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
OTHER (TRAINING/FEES)	\$ 3,701.00	\$ 175.00	\$ 985.00	\$ -	\$ 985.00	\$ 897.50	\$ 1,422.50	\$ 400.00	\$ 292.50	\$ 587.50	\$ 547.50	\$ 547.50	\$ 10,541.00		
TOTAL	\$ 6,367.72	\$ 175.00	\$ 1,708.18	\$ -	\$ 1,708.18	\$ 1,627.61	\$ 2,061.68	\$ 400.00	\$ 292.50	\$ 587.50	\$ 1,277.61	\$ 1,277.61	\$ 17,483.59		

Note: The spirit of the rule is to capture all “reimbursements” for the fiscal year, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements are to be reported per category:

- **Meals** – Meals consumed out of town and in-district at area restaurants (excludes catered meals for board meetings).
- **Lodging** - Hotel charges.
- **Transportation** - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.
- **Motor fuel** – Gasoline.
- **Other** - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements to (or on-behalf of) the superintendent and board members not defined above.

Texas Association of School Business Officials



3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2023

For the Twelve-Month Period Ended June 30, 2023	
Name of Entity	Amount
	\$
Total	\$ 0.00

Note: Compensation does not include revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

4. Gifts Received by the Executive Officer(s) and Board Members (and First-Degree Relatives, if any) in Fiscal Year 2023 (with a total economic value of \$250 or more)

For the Twelve-Month Period Ended June 30, 2023							
	Superintendent	Board Members					
Summary Amounts	\$ 0.00	\$ 0.00					

Note: An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.



5. Business Transactions Between School District and Board Members for Fiscal Year 2023

For the Twelve-Month Period Ended June 30, 2023							
	Board Members						
Summary Amounts	\$ 0.00						

Note: The summary amounts reported under this disclosure do not duplicate the items reported in the summary schedule of reimbursements received by board members.

6. Any other information the board of trustees of the school district determines to be useful.

Brackett ISD

FIRST RATINGS STATS

<u>YEAR REPORTED</u>	<u>SCHOOL YEAR</u>	<u>RATING RECEIVED</u>	<u># OF INDICATORS</u>
2004	2002-2003	SUPERIOR ACHIEVEMENT	21
2005	2003-2004	SUPERIOR ACHIEVEMENT	21
2006	2004-2005	ABOVE STD ACHIEVEMENT	21
2007	2005-2006	ABOVE STD ACHIEVEMENT	21
2008	2006-2007	SUPERIOR ACHIEVEMENT	24
2009	2007-2008	SUPERIOR ACHIEVEMENT	24
2010	2008-2009	SUPERIOR ACHIEVEMENT	22
2011	2009-2010	SUPERIOR ACHIEVEMENT	22
2012	2010-2011	SUPERIOR ACHIEVEMENT	20
2013	2011-2012	SUPERIOR ACHIEVEMENT	20
2014	2012-2013	SUPERIOR ACHIEVEMENT	20
2015	2013-2014	PASS	7
2016	2014-2015	A = SUPERIOR	15
2017	2015-2016	B = ABOVE STANDARD	15
2018	2016-2017	A = SUPERIOR	15
2019	2017-2018	A = SUPERIOR	15
2020	2018-2019	A = SUPERIOR	15
2021	2019-2020	A=SUPERIOR	20
2022	2020-2021	A=SUPERIOR	20
2023	2021-2022	A=SUPERIOR	16
2024	2022-2023	A=SUPERIOR	21

For Questions Regarding FIRST

Contact:

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