

# Board Information Item

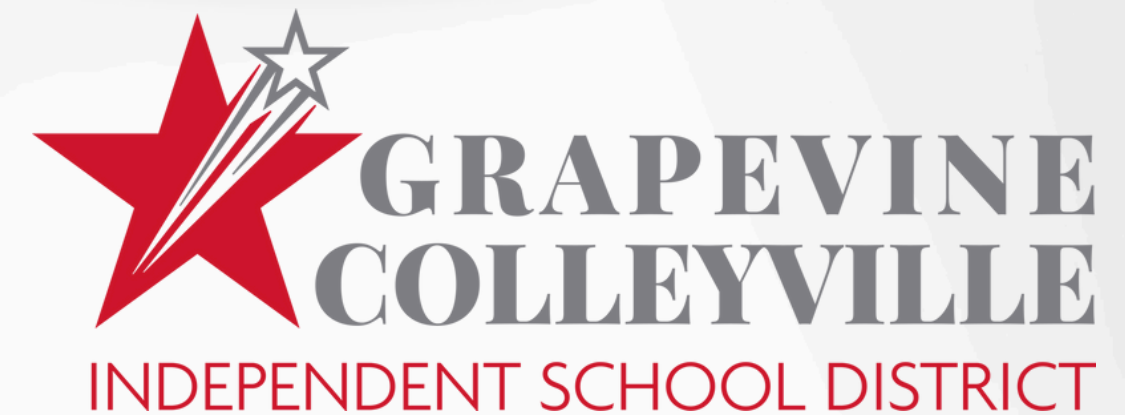
	Information Packet	Board Agenda Information	Board Agenda Action	Board Agenda Consent
	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
		10/28/2024		
<b>Subject:</b>	Public Hearing to Present the District's Financial Integrity Rating System of Texas (FIRST) Report for 2023-2024 Based on Fiscal Year 2022-2023 Data			
<b>Contact Person:</b>	Derick Sibley, Chief Financial Officer			
<b>Policy/Code:</b>	CFA(LLEGAL) Texas Education Code, Section 39.083			
<b>Priority and Performance Objective:</b>	Priority 4: Strong Financial Stewardship and Internal System Efficiency Objective 4.1: Transparent Financial Stewardship			
<b>Summary:</b>	<p>Each year, Texas school districts are assigned a financial accountability rating under the Financial Integrity Rating System of Texas (FIRST) from the Texas Education Agency (TEA). The primary goal of School FIRST is to achieve quality performance in the management of school districts' financial resources.</p> <p>For the most recent state evaluation, the District received the rating of "Superior" for 2023-2024 based on the 2022-2023 fiscal year data. The District has received the highest rating possible from the TEA for each of the 22 years the program has existed. State law requires the District to hold a public meeting to distribute a financial management report and to explain the District's rating.</p>			
<b>Attachments:</b>	Annual Financial Accountability Management Report School FIRST Rating Report Presentation			
<b>Recommendation:</b>	Action is not required. This item is for informational purposes only.			



# **FIRST Rating**

## **Public Hearing**

**October 28, 2024**



# Purpose

Texas School Districts are required to prepare and distribute an annual financial management report that includes financial performance ratings provided by the Texas Education Agency (TEA), the District's financial management performance under specific indicators, and additional information required by the commissioner under Texas Administrative Code Chapter 19.

# Facts about FIRST



Developed in 1999 by the Texas Education Agency in response to Senate Bill 875 of the 76th Legislature.

Goal is to achieve quality performance in the management of District's financial resources.



Amended in 2013 by HB5 passed by 83rd Texas Legislature

- Changed the system to include processes for anticipating future financial solvency.
- Directed Commissioner to evaluate the system every three years.

# Reporting Requirements

- Prepare an Annual Financial Management Report (FIRST Report) that includes:
  - District's financial management performance rating provided by Texas Education Agency (TEA)
  - Current year and prior year results on each indicator
  - Disclosures of certain transactions involving the Board and Superintendent
- Hold Public Hearing to give individuals an opportunity to comment on the report.

# Indicators

2023–2024 Ratings  
contain 21 indicators

Critical Indicators (1–4)

Solvency Indicators (5–14)

Financial Competence Indicators  
(15–21)

19 of the 21 indicators are scored.

- indicators 10 & 15 were not evaluated

# Determination of School District Rating



**Superior Achievement**  
90–100 Points



**Above Standard**  
80–89 Points



**Meets Standard**  
70–79 Points



**Substandard Achievement**  
0–69 Points

The school district receives an F if it scores below the minimum passing score, if it fails any critical indicator 1–4, or if the Annual Financial Report (AFR) or the data were not both complete or not submitted on time.



# Critical Indicators (1-4)

Indicator #	Criteria Description	Score
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 deadline?	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes**
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes
4	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes

**\*\*Unmodified Opinion means that the auditor thinks the District's financial reports are correct and present a fair view of the District's financial position.**

# Solvency Indicators (5-9)

Indicator #	Criteria Description	Score
5	Was the total unrestricted Net Position balance in the governmental activities column in the Statement of Net POsitions greater than zero?	Passed
6	Was the average change in (assigned & unassigned) fund balance over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balance exceed 75 dyas of operational expenditures?	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 operating expenditures?	10 out of 10
8	Was the measure of current liabilities ratio for the school district sufficient to cover short-term debt? <i>(liabilities include funds due to other government entities including recapture &amp; state supplemental TIF funds)</i>	4 out of 10
9	Did the school district's general fund revenues equal or exceed expenditures? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	10 out of 10

# Solvency Indicators (10-14)

Indicator #	Criteria Description	Score
10	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?	Passed*
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?	10 out of 10
12	What is the correlation between future debt requirements and the district's assessed property value?	10 out of 10
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	8 out of 10
14	Did the school district not have a 15 percent decline in students to staff ratio over 3 years? If the student enrollment did not increase, the school district will automatically pass this indicator.	10 out of 10

\*Not Scored

# Financial Competency Indicators

Indicator #	Criteria Description	Score
15	Was the school district's ADA within the allotted range of the district's biennial pupil projections submitted to TEA? If the district did not submit the pupil projections to TEA, did it certify TEA's projections?	5 out of 5
16	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the district AFR result in a total variance of less than 3 percent of all expenditures by function?	Passed
17	Did the external auditors report that the AFR was free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, and federal funds?	Passed
18	Did the external auditors indicate the AFR was free of any instances of material noncompliance for grants, contracts, and laws related to local, state, and federal funds?	10 out of 10

\*Not Scored

# Financial Competency Indicators

Indicator #	Criteria Description	Score
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?	5 out of 5
20	Did the school district's administrative and school board members discuss any change and/or impact to local, state, and federal funding at a board meeting within 120 days before the district's adopted budget?	Passed
21	Did the district receive an adjusted repayment schedule of more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?	Passed

# 2023-2024 District Score

92

A = Superior Achievement



Indicator	2024 Score	2023 Score
1	Yes	Yes
2	Yes	Yes
3	Yes	Yes
4	Yes	Yes
5	Yes	--
6	Yes	Yes
7	10	10
8	4	6
9	10	10
10	10*	10*
11	10	8
12	10	10
13	8	8
14	10	10*
15	5*	5*
16	Yes	Yes
17	Yes	Yes
18	10	10
19	5	5
20	Yes	Yes
21	No	n/a
Total	92	92

\*Not Scored

# Thank You

Questions?

[www.GCISD.net](http://www.GCISD.net) 