

SCHOOL FIRST – FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS

PUBLIC PRESENTATION – NOVEMBER 15, 2021



WHAT IS SCHOOL FIRST

- School FIRST is the Financial Integrity Rating System of Texas.
- School districts are required to hold a public meeting to publicize the district's financial report and rating
- Senate Bill 218 of the 77th Legislature (2001) implemented FIRST. This law requires the financial health of every school district in Texas to be evaluated.
- The primary goal of School FIRST is to achieve quality performance in the management of school district's financial resources, a goal made more significant due to the complexity of accounting associated with Texas School Finance Systems.
- Ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices.
- 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.

DISTRICT RATING SCALE – DETERMINATION OF RATING

- A. Did the district fail (scored a “NO”) 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 (Indicators 6-15)

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

(prior year ratings were 60-79 (C) = Meets Standard and <60 (F) = Substandard Achievement)

BLANCO ISD RATING: 100 (Superior)

RESPONSES TO INDICATORS

- The following 20 criteria (Indicator 5 was not scored) were used by TEA to rate the school districts. The followings are the responses to questions used to assess the District's financial management condition.
- The data used to determine this rating is from the 2019-2020 fiscal year with the primary sources of data coming from the Annual Financial Audit and PEIMS.

INDICATOR DESCRIPTION AND RESPONSE

- 1) 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 upon the district's Fiscal Year end date (June 30 or August 31)? **YES, Received November 20, 2020**
- 2) A. Was there an unmodified opinion of the Annual Financial Report 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.) **YES - our auditors issue an opinion stating that the financial statements are fairly presented and free of material misstatements**

INDICATOR DESCRIPTION AND RESPONSE

- 3) 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.) **YES, there are no disclosures in the AFR or other sources of information concerning default on debt agreements**

INDICATOR DESCRIPTION AND RESPONSE

- 4) Did the school district make timely payment 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 district was issued a warrant hold, the maximum points and the highest rating that a school district may receive is 95 points. **YES**)
- 5) This indicator is not being scored.

INDICATOR DESCRIPTION AND RESPONSE

- 6) Was the average change in (assigned and unassigned) 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 (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.) **YES - .2168 is < .25 plus current year's fund balance exceeds 75 days**
- 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 (excluding facilities acquisition and construction)? **10 out of 10 – The District's cash and current investments were sufficient to cover operating expenditures for 226.1598 or over 7 months (≥ 90)**
- 8) Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? **10 out of 10 – scored 4.9811 (≥ 3.00)**

INDICATOR DESCRIPTION AND RESPONSE

- 9) 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 great than or equal to 60 days? **10 out of 10 – cash on hand exceeds 60 days (226.1598) Paid off Maintenance Notes so did not pass first part**
- 10) Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues from the last 3 fiscal years? **10 out of 10 – scored .0499 ($\geq .10$) The district was sufficient in budgeting revenues to actual revenue received**
- 11) 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, than the school district automatically passes this indicator. **10 out of 10 – scored .269 (≤ 1) Ratio was sufficient (student growth was only 4.34% comparing 990 in 2016 to 1,033 in 2020)**

INDICATOR DESCRIPTION AND RESPONSE

- 12) Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? **10 out of 10 - .7451 (≤ 4)**
- 13) Was the school district's Administrative Cost Ratio equal to or less than the threshold ratio? **10 out of 10 - .1009 ($< .1311$) Range for a district our size for 500 to 999 ADA is 13.11% to 23.11% compares total function expenditures for 21 and 41 to 11,12,13 and 31**
- 14) Did the school district not have a 15% decline in the student to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass the indicator.) **5 out of 5 – scored $-.0233$ ($> -.15$)**

INDICATOR DESCRIPTION AND RESPONSE

- 15) Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? **5 out of 5, - scored .0078% ($\leq .25\%$) Projected ADA was 960 and actual was 967.46**
- 16) Did the comparison of PEIMS data to like information in the Annual Financial Report (AFR) result in a total variance of less than 3 percent of expenditures by function? **YES - scored .0% ($< .25\%$)**
- 17) Did the external independent auditor report that the AFR was free of any instance(s) of material weakness over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness) **YES - no material weakness**

INDICATOR DESCRIPTION AND RESPONSE

- 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? (The AICPA defines material non-compliance) **10 out of 10 – no material non-compliance**
- 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 – YES**
- 20) Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? **YES**

DISCLOSURES

- Starting with the 2007 calendar year, the financial management report that will be issued at the School FIRST hearing must contain certain required disclosures, in accordance with Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules concerning Financial Accountability Rating System.

DISCLOSURES (CONTINUED)

- **The Commissioner requires the following disclosures:**

- 1) A copy of the Superintendent's current employment contract. The school district may publish the contract on the district's internet site in lieu of publication in the annual financial management report. This must disclose all compensation and benefits paid to the superintendent.
- 2) A summary schedule for the fiscal year 2020 (12-month period) of total reimbursements received by the superintendent and each board member.
- 3) Outside compensation and/or Fees received by the Superintendent for Professional Consulting and/or Other Personal Services.
- 4) Gifts received by Executive Officers and Board Members (and First Degree Relatives, if any)
- 5) Business transactions between School District and Board Members
- 6) Any other information the board of trustees of the school district determines to be useful

SUPERINTENDENT'S EMPLOYMENT CONTRACT

- The current contract for the Superintendent is posted on the Blanco ISD website

REIMBURSEMENTS RECEIVED BY THE SUPERINTENDENT AND BOARD MEMBERS FOR FY 2020

For the Twelve-Month Period
Ended June 30, 2020

Description of Reimbursements	Superintendent Clay Rosenbaum	Kirk Felps	Tim Nance	Larry Kuebel	Scott Edwards	Joe Hernandez	Liza Struck	Chad Meyer
Meals	\$100.00	\$70.51	\$70.51	\$70.51	\$70.51	\$0.00	\$70.51	\$70.51
Lodging	\$1,211.16	\$381.27	\$381.27	\$381.27	\$381.27	\$0.00	\$381.27	\$381.27
Transportation	\$920.67	\$73.13	\$73.13	\$73.13	\$73.13	\$0.00	\$73.13	\$73.13
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$3,205.75	\$375.00	\$375.00	\$375.00	\$375.00	\$0.00	\$375.00	\$375.00
Total	\$5,437.58	\$899.91	\$899.91	\$899.91	\$899.91	\$0.00	\$899.91	\$899.91

OUTSIDE COMPENSATION AND/OR FEES RECEIVED BY THE SUPERINTENDENT FOR PROFESSIONAL CONSULTING AND/OR OTHER PERSONAL SERVICES IN FISCAL YEAR 2020

- None

GIFTS RECEIVED BY THE EXECUTIVE OFFICER AND BOARD MEMBERS (AND FIRST DEGREE RELATIVES, IF ANY) IN FISCAL YEAR 2020

- Definition
 - ✓ \$250 or more in aggregate in FY 2020
 - ✓ Do not include travel related expenses paid by outside entity if for seminars, conferences, carrying out district business
- None Reported

BUSINESS TRANSACTIONS BETWEEN SCHOOL DISTRICT AND BOARD MEMBERS FOR FY 2020

	Kirk Felps	Tim Nance	Larry Kuebel	Scott Edwards	Joe Hernandez	Liza Struck	Chad Meyer
Amounts	\$5,429.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Thank You!