

**PRESIDIO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL ACCOUNTABILITY
MANAGEMENT REPORT
(FOR THE YEAR ENDING 08-31-2017)**

School FIRST (Financial Integrity Rating System of Texas) is a financial accountability system developed and implemented by the Texas Education Agency as authorized by Senate Bill 218 of the 77th Legislature (2001). The achievement of quality performance in the management of school districts' financial resources is the primary goal of School FIRST. The 2018 School FIRST ratings were based upon an analysis of staff and student data reported for the 2016-2017 school year, and budgetary and actual financial data for the 2017 fiscal year (the fiscal period ended August 31, 2017).

School districts are required to announce and hold a public meeting to report their financial accountability rating to parents and taxpayers. A financial management report which explains the district's performance under the 15 indicators and the district's rating must be distributed at the meeting. Districts are also required to report on reimbursements to the superintendent and board members for the 2016-2017 school year and either post on the district's website or include in the management report the current superintendent's contract. Districts must also report on outside compensation and/or fees received by the superintendent for professional consulting and/or other personal services for the 2016-2017 school year.

The FIRST rating worksheet consists of 15 indicators. Responses to indicators 1, 2.A, 3,4, and 5 must be yes to avoid a rating of Substandard Achievement. Indicators 6 through 15 are assigned scores. Districts must score at least 31 points on indicators 6 through 15 to achieve the PASS rating. The range for a passing score is 31-49.

The Presidio Independent School District's FIRST rating for the 2016-2017 school year is Superior Achievement. The responses to indicators 1 through 5 are "Yes" and the score for indicators 6 through 15 is 96 points. A score of 100 points is the highest score possible.

OVERVIEW

Indicators #1 and #2 – Annual Financial (Audit) Report

The complete Annual Financial Report and data must be submitted to the Texas Education Agency within 30 days of the January 28th deadline. The district must receive an unmodified opinion on the financial statements as a whole and the AFR (Annual Financial Report) must be free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds.

Indicator #3 – Debt Service Payments

The school district must be in compliance with the payment terms of all debt agreements at fiscal year end. The Annual Financial Report and/or other sources of information must not disclose default on bonded debt payments. Presidio ISD has not defaulted on a debt service payment in many years.

Indicator #4-Timely Payments

The school district must make timely payments to the Teacher Retirement System, the Texas Workforce Commission, the Internal Revenue Service, and other government agencies. Presidio ISD made timely payments to all government agencies in the 2016-2017 school year.

Indicator #5-Unrestricted Net Asset Balance

The total unrestricted net asset balance (net of accretion of interest on Capital Appreciation Bonds) in the governmental activities column in the Statement of Net Assets must be greater than zero (if the district's 5 year % change in students was 7% or more). Presidio ISD had a five-year percent change in students that was more than 7% and the district's total unrestricted net asset balance (net of accretion of interest on Capital Appreciation Bonds plus Net Pension Liability) in the Statement of Net Assets was \$10,401,742.

Indicator #6-Cash and Investments

The number of days of cash on hand and current investments in the general fund must be sufficient to cover operating expenditures (excluding facilities acquisition and construction). Presidio ISD had sufficient cash on hand to cover general fund operating expenditures in the 2016-2017 school year.

Indicator #7-Short – Term Debt

The measure of current assets to current liabilities ratio for the school district must be sufficient to cover short – term debt. Presidio ISD's 2016-2017 current assets were

16,035,361 and current liabilities were 1,216,588. The ratio of current assets to current liabilities was 13.1806. The ratio must be greater than 3.00 to pass this indicator.

Indicator #8-Long – Term Liabilities

The ratio of long – term liabilities to total assets for the school district must be sufficient to support long – term solvency. If the school district’s change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator. Presidio ISD’s 2016-2017 long term liabilities were 4,775,796 and total assets were 34,516,322. The ratio was .1384. The ratio must be greater than 1.0.

Indicator #9-Cash on Hand

The school district’s general fund revenues must equal or exceed expenditures (excluding facilities acquisition and construction). If not, the school district’s number of days of cash on hand must be greater or equal to 60 days. Presidio ISD’s general fund revenues exceeded expenditures (excluding facilities acquisition and construction) and the number of days of cash on hand was 308.0885.

Indicator #10-Debt Service

The school district’s debt service coverage ratio must be sufficient to meet the required debt service. Presidio ISD’s 2016-2017 debt service coverage ratio was 3.1067. To achieve a score of 10 points on this indicator the ratio must be greater than 1.20.

Indicator #11-Administrative Cost Ratio

TEA and state law set a standard on the percentage of the budget that Texas school districts can spend on administration. Districts with ADA between 1,000 and 4,999 can score 10 points on this indicator if their administrative cost ratio is 0.1151 or less. The Presidio ISD 2016-2017 administrative cost ratio of 0.1625 was within the 0.1401 and 0.1651 range. Presidio ISD scored 6 points for this indicator.

Indicator #12-Student Enrollment

The school district must not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff). Presidio ISD did not have a 15 percent decline in the students to staff ratio over 3 years.

Indicator #13-PEIMS Data

The PEIMS Mid-Year financial data submitted electronically to TEA must closely match the audit report data. The total variance must be less than 3 percent. The Presidio ISD level of variance was 0. The district scored 10 points for this indicator.

Indicator #14-Material Non-Compliance

The Annual Financial Report must be free of any instances of material non-compliance for grants, contracts, and laws related to local, state, or federal funds. The external independent auditor reported no instances of material noncompliance in Presidio ISD's 2016-2017 Annual Financial Report. The district scored 10 points for this indicator.

Indicator #15-Over Allocation of FSP Funds

The school district must not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship. Presidio ISD did not receive an adjusted repayment schedule.

	<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?</u>	4/20/2018 9:29:45 AM	
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 9:29:45 AM	Yes
			1 Multiplier Sum
6	<u>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)? (See ranges below.)</u>	4/20/2018 9:29:46 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 9:29:46 AM	10
8	<u>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 change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 9:29:46 AM	10
9	<u>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?</u>	4/20/2018 9:29:46 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 9:29:47 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 9:29:47 AM	6
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	6/19/2018 11:26:16 AM	10
13	<u>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?</u>	4/20/2018 9:29:48 AM	10
14	<u>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.)</u>	4/20/2018 9:29:48 AM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	4/20/2018 9:29:48 AM	10

		96 Weighted Sum
		1 Multiplier Sum
		96 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? 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	60-79
	F = Substandard Achievement	<60
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p>		

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FIRST 5.4.1.0