School Financial Integrity Rating System of Texas Annual Financial Management Report

Conroe Independent School District’s FIRST Rating

Darrin Rice, Chief Financial Officer
Primary Goal/Development

- The state’s school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), 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.

- Several new indicators are more easily recognized and interpreted by both the public and the finance industry.
The School FIRST rating is based upon an analysis of staff and student data reported for the 2014-2015 school year, and budgetary and actual financial data for the fiscal year ended August 31, 2015.

The School FIRST rating system rated the District based on the scores received from 15 separate performance indicators. Each performance indicator was designed to assess the quality of the financial management of the district’s resources. Indicators 1-5 are pass/fail and indicators 6-15 are worth up to 10 points each.
How Ratings are Assessed

- The School First accountability rating system assigns four possible financial accountability ratings to Texas school districts.
  1. A = Superior 70-100 points
  2. B = Above Standard 50-69 points
  3. C = Meets Standard 31-49
  4. F = Substandard Achievement <31
Conroe Independent School District’s FIRST Rating

- Conroe Independent School District received a rating of A = Superior. Scoring 94 out of 100 points.

The “Superior” rating is the state’s highest, demonstrating the quality of Conroe ISD’s financial management and reporting system.
1. Was the complete Annual Financial Report (AFR) and data submitted to the TEA within 30 days of the January 28th deadline for the district’s Fiscal Year end date August 31?

A simple indicator. Was your Annual Financial Report filed by the deadline?

Conroe’s answer – Yes
2. A. Was there an Unmodified Opinion in the AFR on the financial statements as a whole?

Conroe’s answer – Yes

2. B. 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?

Conroe’s answer – Yes
3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

This indicator seeks to make certain that your district has paid your bills/obligations on bonds issued to pay for school construction, etc.

Conroe’s answer – Yes
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?

Conroe’s answer - Yes
Indicator/Explanations and Conroe ISD’s Answers. (cont.)

5. Was the Total Unrestricted Net Asset Balance in the Governmental Activities Column in the Statement of Net Assets greater than zero?

Conroe’s answer - Yes $42,717,550
6. 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)?

Conroe’s answer – Yes, 78.9 days cash on hand. Conroe received 8 out of 10 possible points. To receive 10 points must have at least 90 days.
Indicator/Explanations and Conroe ISD’s Answers (cont.)

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

Conroe’s answer – Yes, Current Ratio of 2.14
Conroe received 6 out of 10 possible points. To receive 10 points Current Ratio must be 3.0.
8. 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 10 percent or more, then the school district passes this indicator).

Conroe’s answer – Yes, Membership increased 10.4%

Conroe received 10 out of 10 possible points.
9. Did the school district’s general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)?

Conroe’s answer – Yes
Conroe received 10 out of 10 possible points
10. Was the debt service coverage ratio sufficient to meet the required debt service?

Conroe’s answer – Yes, ratio of 1.7378
Conroe received 10 out of 10 possible points (≥1.20).
11. Was the School District’s Administrative Cost Ratio equal to or less than the Threshold Ratio?

*TEA and state law sets a cap on the percentage of their budget that Texas school districts can spend on administration. Did you stay within the cap for districts of your size?*

Conroe’s answer – Yes, the acceptable administrative cost ratio is \( \leq 0.0855 \)

Conroe’s ratio 0.0383.

Conroe received 10 out of 10 possible points.
12. 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.)

Conroe’s answer – Yes, enrollment increased by 2,429 students over the three years (2012-2013) – (2014-2015).

Conroe received 10 out of 10 possible points.
13. Did The Comparison of PEIMS DATA to Like Information in AFR Result In An Aggregate Variance of Less than 3 Percent of all Expenditures by function?

Conroe’s Answer - Yes, 0%

Conroe received 10 out of 10 possible points
14. 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?

Conroe’s answer – Yes

Conroe received 10 out of 10 possible points
15. 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?

Conroe’s answer – Yes

Conroe received 10 out of 10 possible points
Conroe Independent School District’s FIRST Rating

The FIRST report along with the additional required disclosures that include the superintendent’s contract and the School First Annual Financial Management Report can be located on the District’s transparency website at the link listed below.

http://conroeisd.net/department/financial-services/texas-transparency/
Thank You.