

Lexington ISD 2016-17 Report based on 2015-16 Data First Report

Superior Rating

What is FIRST?

- ▶ Financial
 - ▶ Integrity
 - ▶ Rating
 - ▶ System of
 - ▶ Texas

Holds school districts accountable for the quality of their financial management practices and achieved improved performance in the management of their financial resources.

New FIRST Rule for 2015-16

HB 5, Section 49, 83rd Texas Legislature, Regular Session, 2013, amended the TEC, §39.082, requiring that the commissioner of education include in the financial accountability rating system processes for anticipating the future financial solvency of each school district and open-enrollment charter school, including analysis of district and school revenues and expenditures for preceding school years. The TEC, §39.082, also requires the commissioner to adopt rules by which to measure the financial management performance and future financial solvency of a district or an open-enrollment charter school and sets forth specific requirements relating to indicators adopted by the commissioner and the assignment of ratings.

First Rating Changes

1. The number of indicators used for the ratings
 - 2013-14 Rating Year
 - 20 Indicators
 - Scored 69 out of 70
 - 2014-2015 Rating Year
 - ▶ 7 indicators for ISDs and Charters
 - ▶ Indicator 1-4 were Pass Fail
 - ▶ Indicator 5-7 worth 10 points each
 - 2015-2016 and 2016-2017 Rating Years
 - ▶ 15 indicators for ISDs and Charters
 - ▶ Letter Grades

Types of Financial Accountability Ratings Applicable 2015-16

The types of financial accountability ratings that school districts or charter schools may receive for the rating year 2015-2016 and all subsequent rating years are as follows

- ❑ **A for Superior Achievement is the highest possible score**
 - This score recognizes the districts and charters with the highest financial integrity.
- ❑ **B for Above Standard Achievement is an existing category**
 - This score indicates that the district or charter has performed significantly above the minimum passing score.
- ❑ **C for Standard Achievement is the minimum passing score**
 - This score indicates that the district or charter meets the minimum passing standard for financial integrity.
- ❑ **F for Substandard Achievement indicates the school district or charter school did not pass FIRST for the applicable rating year**
 - This may result from failing one or more critical indicators ,exceptionally low total points awarded, or substandard data quality.
 - Substandard Data Quality is the result of the AFR and data feed (or Charter School Data Template) not being turned in on time and or the data was of such quality that a FIRST analysis could not be completed.
 - This score indicates that the district or charter does not have financial integrity.
 - This will focus TEA attention on districts and charters that need improvement

2015-16 Ratings Based on School Year 14-15 Data

- ▶ Lexington ISD received and A =
Superior
 - ▶ District Score - 100

INDICATOR # 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 on the school district's fiscal year end date of June 30 or August 31, respectively?

- ▶ Yes. Audit was received January 13, 2017

INDICATOR # 2.A

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.)

- ▶ Passed.
- ▶ We did not receive an unmodified opinion.

INDICATOR 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? (The AICPA defines material weakness.)

► Yes

INDICATOR # 3

Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

- ▶ Passed - No Default Disclosures in the Audit

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

INDICATOR # 5

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 10 percent or more, then the school district passes this indicator.)

- ▶ LISD was greater than Zero.

INDICATOR # 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)?

- ▶ Yes
- ▶ 10 Points

INDICATOR # 7

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

- ▶ Yes
- ▶ 10 Points

INDICATOR # 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.)

- ▶ Yes
- ▶ 10 Points

INDICATOR # 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 greater than or equal to 60 days?

- ▶ Yes
- ▶ 10 Points

INDICATOR # 10

Was the debt service coverage ratio sufficient to meet the required debt service?

- ▶ Yes
- ▶ 10 Points

INDICATOR # 11

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

- ▶ Yes
- ▶ Lexington District Administrative Cost Ratio was .1086
- ▶ Received 10 points if
 - ▶ ADA size 500 to 900 ≤ 0.1311
- ▶ 10 Points

INDICATOR # 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.)

- ▶ Yes
- ▶ 10 Points

INDICATOR # 13

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?

- ▶ Yes
- ▶ 10 Points

INDICATOR # 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? (The AICPA defines material noncompliance.)

▶ Yes

▶ 10 Points

INDICATOR # 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?

- ▶ Yes
- ▶ 10 Points

Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

- ▶ For the Twelve-Month Period Ended August 31, 2016
- ▶ None Reported

▶ **Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services For the Twelve-Month Period Ended August 31, 2017**

▶ Name(s) of Entity(ies)

▶ Amount Received \$ None

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

Business Transactions Between School District and Board Members for Fiscal Year 2017

▶ None Reported

Expenditures Sept 1 – August 31, 2016

	Mileage	Meals	Lodging	Conferences	Airfare
Schnautz, Brad	\$1,983.37	\$739.94			\$549.70
Cooper, Riza	\$72.83		\$228.85		
All Members				\$7,065.05	