

RICHARDSON INDEPENDENT SCHOOL DISTRICT

School FIRST

2017 Report for the Fiscal Year Ended June 30, 2016

Public Hearing – November 6, 2017



WHERE ALL STUDENTS CONNECT, LEARN, GROW AND SUCCEED

The Rating System

School First is a financial accountability rating system that holds school districts accountable for the quality of their financial management practices.

School First is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes.

School First Indicators 2016-2017 Ratings (FY 2016 Data)

Must pass critical indicators to receive a passing rating (Superior, Above Standard, or Meets Standard rating)

- A = Superior (90 – 100)
- B = Above Standard (80 – 89)
- C = Meets Standards (60 – 79)
- F = Substandard Achievement (<60)

Indicator	Points
1-5 <i>(Critical Indicators)</i>	Pass/Fail
6	10
7	10
8	10
9	10
10	10
11	10
12	10
13	10
14	10
15	10
Total	100

Was the complete annual financial report (AFR) and the data submitted on or before November 28 or January 27 depending on the district's fiscal year end date of June 30 or August 31 respectively?

A simple indicator. Was your annual financial report filed on time? (RISD's deadline is November 28th)

RISD's Answer: Yes. We passed this indicator.

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.)

An unmodified opinion means there were no indications of financial mismanagement, material errors or poor controls. A district's goal, therefore, is to receive an unmodified or "clean" opinion on its annual financial report.

RISD's Answer: Yes. RISD received an unmodified opinion. We passed this indicator.

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

Another simple indicator: Did you make all of your required debt service payments on time?

RISD's Answer: Yes. We passed this indicator.

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?

Another simple indicator: Did you make all of your required payroll liability payments on time?

RISD's Answer: Yes. We passed this indicator.

Was the total unrestricted net asset balances (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (automatic yes if the district's 5 year % change in students was 10% or more)

This indicator simply asks if the unrestricted assets are greater than unrestricted liabilities. The indicator also recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets in certain situations.

RISD's Answer: Yes. Unrestricted Net Assets, net of accretion, were \$103,409,623. We passed this indicator.

Other Indicators

Was the number of days of cash on hand and current investments in the general fund for the district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?

Number of Days	Possible Points
≥ 90	10
75 – 89	8
60 – 74	6
45 – 59	4
30 – 44	2
< 30	0

RISD's answer: RISD's number of days of cash on hand was 158, so we received 10 points.

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

Current Ratio	Possible Points
≥ 3.00	10
2.50 – 2.99	8
2.00 – 2.49	6
1.50 – 1.99	4
1.00 – 1.49	2
< 1.00	0

RISD's answer: RISD's current assets to current liabilities ratio was 3.2, so we received 10 points.

Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

LT Liabilities/ Total Assets	Possible Points
≤ 0.60	10
0.61 – 0.70	8
0.71 – 0.80	6
0.81 – 0.91	4
0.91 – 1.00	2
> 1.00	0

RISD's answer: RISD's ratio of long-term liabilities to total assets was 0.3894, so we received 10 points.

Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the district's number of days of cash on hand greater or equal to 60 days?

Excess Revenues over Expenditures	Possible Points
$\geq 0\%$	10
$< 0\%$	0

RISD's answer: RISD's general fund revenues exceeded its expenditures by 6.32%, so we received 10 points.

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

Debt Service Coverage Ratio	Possible Points
≥ 1.20	10
1.15 – 1.19	8
1.10 – 1.14	6
1.05 – 1.09	4
1.00 – 1.04	2
< 1.00	0

RISD's answer: RISD's debt service ratio was 1.82, so we received 10 points.

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

TEA and state law set a cap on the percentage of budget that Texas school districts can spend on administration. This indicator asks, "Were your administrative expenses at or below the cap for districts of your size?"

Districts with ADA $\geq 10,000$

Administrative Cost Ratio	Possible Points
$\leq 8.55\%$	10
8.56% - 11.05%	8
11.06% - 13.55%	6
13.56% - 16.05%	4
16.06% - 18.55%	2
$>18.55\%$	0

RISD's answer: RISD's administrative cost ratio was 5.79%, so we received 10 points.

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 school district enrollment did not decrease, the school district will automatically pass this indicator.)

RISD's answer: RISD's enrollment did not decrease, so we received 10 points.

Did the comparison of Public Education Information Management System (PEIMS) data like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in your annual financial report to make certain that the data reported in each case “matches us”.

Acceptable Level of Variance	Possible Points
<3%	10
>=3%	0

RISD's answer: RISD's aggregate variance for 2016 was 0%, so we received 10 points.

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.)

Any internal weaknesses in controls create a risk of the district not being able to properly account for the use of public funds and should be immediately addressed. Material weaknesses are defined as weaknesses that could result in a material misstatement of financial information.

RISD's answer: Yes. Our audit report was free of material weaknesses, so we received 10 points.

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?

RISD's answer: RISD's did not receive an adjusted repayment schedule, so we received 10 points.

Other Requirements:

The following required disclosures are available for review:

Superintendent's Employment Contract effective on the date of this hearing

(www.risd.org/group/departments/budget_finance/BudgetFinance_Docs/Superintendent_Contract.pdf).

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2016-2017

<u>Description of Reimbursements</u>	Superintendent	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member
	<u>Jeannie Stone</u>	<u>Justin Bono</u>	<u>Jean Bono</u>	<u>Kim Caston</u>	<u>Karen Clardy</u>	<u>Lanet Greenshaw</u>	<u>Kristin Kuhne</u>	<u>Eron Linn</u>	<u>Kris Oliver</u>	<u>Katie Patterson</u>
Meals	\$ 583.39	\$ 253.13	\$ 422.79	\$ 1,080.78	\$ -	\$ 85.63	\$ 404.08	\$ 1.50	\$ 551.50	\$ 169.08
Lodging	1,400.01	661.17	874.60	994.22	661.17	-	440.78	440.78	-	1,233.76
Transportation	3,132.88	521.95	644.83	1,569.54	301.97	-	301.97	424.96	1,043.63	419.90
Mileage	-	-	-	452.12	-	-	-	-	-	222.56
Other*	<u>8,229.00</u>	<u>2,630.00</u>	<u>4,025.00</u>	<u>4,978.00</u>	<u>-</u>	<u>-</u>	<u>3,840.00</u>	<u>2,715.00</u>	<u>2,520.00</u>	<u>2,895.00</u>
Total	\$ <u>13,345.28</u>	\$ <u>4,066.25</u>	\$ <u>5,967.22</u>	\$ <u>9,074.66</u>	\$ <u>963.14</u>	\$ <u>85.63</u>	\$ <u>4,986.83</u>	\$ <u>3,582.24</u>	\$ <u>4,115.13</u>	\$ <u>4,940.30</u>

Total of All Reimbursements: **\$ 51,126.68**

Other (but is not limited to) includes subscriptions, memberships, conferences, and luncheons.

Other Requirements:

Additional reporting requirements not applicable to RISD for 2017:

Disclosure of all outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services for fiscal year 2017. (None)

Disclosure of any gifts received by Executive Officer(s) and Board members (and first degree relatives, if any) in fiscal year 2017. (None)

Disclosure of all business transactions between the school district and Board Members for fiscal year 2017. (None)

RISD's 2017 FIRST Results:

We received 100 points to receive a rating/status of

Superior/Passed

State-Wide Rating Counts

2017 Ratings	Count	% of Total
A = Superior	853	83.46%
B = Above Standard	121	11.84%
C = Meets Standard	43	4.21%
F = Substandard	5	0.49%

State-Wide Status Counts

2017 Ratings	Count	% of Total
Passed	1,017	99.51%
Failed	5	0.49%

Thank You!!
