

RICHARDSON INDEPENDENT SCHOOL DISTRICT
EVERY CHILD. EVERY TEACHER. EVERY LEADER. EVERY DAY.

School **FIRST**

2023 Report for the Fiscal Year Ended June 30, 2022
Public Hearing – October 12, 2023



RICHARDSON ISD'S NORTH STAR GOAL
Every student, teacher, and leader will meet or exceed their academic growth goals.



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

2022-2023 Ratings Scale (FY 2022 Data)

All critical indicators must be passed to receive a rating of Superior.

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

Indicators	Points
(1-6,16,17 and 20 are critical Indicators; Indicator 5 not scored)	Pass/Fail
7	10
8	10
9	10
10	10
11	10
12	10
13	10
14	10
15	5
18	10
19	5
Total	100

Was the complete annual financial report and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on district's fiscal year end date of June 30 or August 31, respectively?

Was the annual financial report filed on time? (RISD's deadline is November 27th)

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

(2021-2022 Rating: Passed)

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.

(2021-2022 Rating: Passed)

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

This indicator seeks to ensure that the District has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, etc.

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

(2021-2022 Rating: Passed)

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?

This indicator seeks to ensure that the District fulfilled its obligation to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the District.

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

(2021-2022 Rating: Passed)

Was the average change in (assigned and unassigned) fund balances 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 expenditures?

This indicator measures the % change in fund balance to determine if the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.

RISD's Answer: RISD's assigned and unassigned fund balances exceeded 75 days of operational expenditures by \$91 million. We passed this indicator.

(2021-2022 Rating: Passed)

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 175, so we received 10 points.

(2021-2022 Rating: 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 3.9, so we received 10 points.

(2021-2022 Rating: 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 expenditures, and the district's number of days of cash on hand was 175, so we received 10 points.

(2021-2022 Rating: 10 points)

Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

Excess Revenues over Expenditures	Possible Points
<10%	10
>=10%	0

This indicator was not evaluated for the 2022-2023 rating. We received 10 points.

(2021-2022 Rating: 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 – 0.90	4
0.91 – 1.00	2
> 1.00	0

RISD's Answer: RISD's ratio of long-term liabilities to total assets was 0.62, so we received 8 points.

(2021-2022 Rating: 10 points)

What is the correlation between future debt requirements and the District's assessed property value?

Debt per \$100 of assessed property value	Possible Points
≤ 4	10
$4 < \leq 7$	8
$7 < \leq 10$	6
$10 < \leq 11.5$	4
$11.5 < \leq 13.5$	2
> 13.5	0

RISD's Answer: RISD's debt per \$100 of assessed value was 3.04, so we received 10 points.

(2021-2022 Rating: 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 6.1%, so we received 10 points.

(2021-2022 Rating: 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.)

This indicator was not evaluated for the 2022-2023 rating. We received 10 points.

(2021-2022 Rating: 10 points)

Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections?

Districts with ADA \geq 10,000

Variance	Possible Points
≤ 0.07	5 points
> 0.07	0 points

This indicator was not evaluated for the 2022-2023 rating. We received 5 points.

(2021-2022 Rating: 5 points)

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?

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”.

RISD's Answer: RISD's aggregate variance was 0.00%, so we passed this indicator.

(2021-2022 Rating: Passed)

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?

A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a **material** misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

(2021-2022 Rating: Passed)

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.)

Material noncompliance is a failure to follow compliance requirements, or a violation of prohibitions included in the applicable compliance requirements, that results in noncompliance that is quantitatively or qualitatively material to the affected government program.

RISD's Answer: RISD's audit report was free of material noncompliance, so we received 10 points.

(2021-2022 Rating: 10 points)

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?

RISD's Answer: RISD did post all required financial information, so we received 5 points (maximum points obtainable).

(2021-2022 Rating: 5 points)

Did the school district's administration and school board members discuss any changes and/or impact to local, state and federal funding at a board meeting within 120 days before the district adopted its budget?

RISD's Answer: RISD's administration and Board did discuss changes and/or impact to local, state and federal funding 120 days before the budget was adopted, so we passed this indicator.

(2021-2022 Rating: Passed)

Other Requirements:

The following required disclosures are available for review:

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

<https://web.risd.org/budgetfinance/wp-content/uploads/Tab-Contract-August-2022.pdf>

Other Requirements:

Additional reporting requirements not applicable to RISD for 2023:

Disclosure of all outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services for fiscal year 2023. (None to report)

Disclosure of any gifts received by Executive Officer(s) and Board members (and first-degree relatives, if any) in fiscal year 2023. (None to report)

Disclosure of all business transactions between the school district and Board Members for fiscal year 2023. (None to report)

RISD's 2023 FIRST Results:

We earned 98 points to receive a rating/status of *Superior/Passed*

2022 Ratings	State-Wide Rating Counts	% of Total
A = Superior	919	90.28%
B = Above Standard	50	4.91%
C = Meets Standard	41	4.03%
F = Substandard	8	0.79%
Passed	1,010	99.21%
Failed	8	0.79%

Disclosures

FIRST Disclosures - Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2022-2023

Description of Reimbursements	Superintendent Tabitha Branum	Board Member Regina Harris	Board Member Debbie Renteria	Board Member Chris Poteet	Board Member Megan Timme	Board Member Vanessa Pacheco	Board Member Rachel McGowan	Board Member Eric Eager
Meals	\$ 1,435.33	\$ 607.85	\$ 638.79	\$ 735.06	\$ 226.41	\$ 290.40	\$ 404.44	\$ 572.67
Lodging	2,921.63	1,079.17	1,431.83	1,972.05	-	543.18	675.12	2,156.95
Transportation	4,411.14	1,149.81	1,142.81	1,576.89	-	377.95	637.85	761.59
Other*	13,212.89	2,651.40	2,326.41	2,644.91	1,074.17	3,019.15	1,916.42	1,434.75
Total	<u>\$ 21,980.99</u>	<u>\$ 5,488.23</u>	<u>\$ 5,539.84</u>	<u>\$ 6,928.91</u>	<u>\$ 1,300.58</u>	<u>\$ 4,230.68</u>	<u>\$ 3,633.83</u>	<u>\$ 4,925.96</u>

Total of All Reimbursements: \$54,029.02

*Other includes registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

Thank You!!
