



JOAQUIN ISD 2018-19 School FIRST Rating FINANCIAL MANAGEMENT REPORT



School FIRST (Financial Integrity Rating System of Texas), is a financial accountability system for Texas school districts specified in 19 Texas Administrative Code Section 109.1001 which was originally created by the 77th Texas Legislature in 2001. The system ensures Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. It is designed to encourage public schools to manage their financial resources to provide maximum allocations for direct instructional purposes. The rating assigned is considered by the Texas Education Agency when assigning a school district's accreditation status.

The system is based on indicators and a point system. For the 2015-16 report and beyond, the system changed to *a letter grade of “A= Superior Achievement”, “B = Above Standard Achievement”, “C = Standard Achievement”, and “F = Substandard Achievement” with 15 total Indicators.*

The FIRST system uses financial data submitted in the “Annual Audited Financial Report (AFR)” and staff and student data submitted through the “Public Education Information System (PEIMS)”. This **2018-19 FIRST** rating is derived from actual financial and student/staff data from the 2017-18 fiscal year (data from two school years prior).

The **2018-19 FIRST** rating is a maximum possible score of 100 points from 15 total indicators with a “Yes” or “No” assigned to indicators one through five. If a district scores a “No” on any of the indicators #1, #2.A. or #3-5 it automatically receives an “F”. Ten or less points are assigned to indicators #6– #8 and #10 and #11. For indicators #9 and #12 - #15, 10 points are assigned as all “10” or none “-0-“. So in one school year a district may lose 10 points by not meeting the criteria in just one of those indicators

JOAQUIN ISD scored a 90 for 2018-19 FIRST with an “A= Superior” rating. This is the bottom of the scale of points to earn an “A” (instead of a “B” like we received last year with 88 points). For next year’s 2019-20 FIRST report the 2018-19 financial data is currently being audited and student/staff data has already been finalized. We are estimating a score of 94 next year with an “A” Superior again but could fall back to a “B” in future years. Joaquin may continue to earn less than maximum points in future ratings with Indicators #8 and #10 . These 2 indicators deal with our debt compared to our total assets and fund reserves.

Only twice since School FIRST began sixteen years ago has the district not received the highest possible rating--- the 2013-14 School FIRST where we received “Above-Standard Achievement” and this 2017-18 year with a “B-Above Standard”.

The actual **2018-19 FIRST** report issued by TEA follows. Explanations and comments about Joaquin ISD’s data are added to the TEA data for clarification. Prior year’s 2017-18 report based on 2016-17 data is also included for comparison purposes.

Pages eight and nine of this report include some required items of disclosure related to Superintendents and Board members.

Financial Integrity Rating System of Texas

2018-2019 RATINGS BASED ON SCHOOL YEAR 2017-2018 DATA – DISTRICT STATUS DETAIL

Name: JOAQUIN ISD(210902)	Publication Level 1: 8/7/2019 3:33:27 PM
Status: Passed	Publication Level 2: 8/8/2019 2:06:12 PM
Rating: A = Superior	Last Updated: 8/8/2019 2:06:12 PM
District Score: 90	Passing Score: 60

#	Indicator Description	18-19 Score	2017-18 Data	17-18 Score	2016-17 Data
1	<u>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?</u>	Yes	Submitted 11/26/2018	Yes	Submitted 11/21/2017
2	Review the AFR for an unmodified opinion and material weakness. The school district must pass 2.A. to pass this indicator. The school district fails indicator number 2 if it responds “No” to indicator 2.A. or to both indicators 2.A. and 2.B.				
2.A	<u>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.)</u>	Yes	“Clean Audit” Unmodified Opinion	Yes	“Clean Audit” Unmodified Opinion
2.B.	<u>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.)</u>	Yes	No Material Weakness in Internal Controls	Yes	No Material Weakness in Internal Controls

3	<p><u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u></p>	Yes	<p>No Default Paid All Bond Payments when due</p>	Yes	<p>No Default Paid All Bond Payments when due</p>												
4	<p><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></p>	Yes	<p>All payments made timely</p>	Yes	<p>All payments made timely</p>												
5	<p><u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets 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.)</u></p>	N/A	<p>This Indicator Is not being Scored by TEA.</p>	Yes	<p>\$2,983.252 Unrestricted Net Assets 5yr change in Students = 7.51% decrease</p>												
6	<p><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></p>	10	<p>\$2,023,428 Cash and Investments / \$7,375,963 Total Expenditures X 365days= 112.8586 days</p>	10	<p>\$2,742,142 Cash and Investments / \$6,483,224 Total Expenditures X 365days= 154.38 days</p>												
<table border="1"> <tr> <td style="text-align: center;">10</td> <td style="text-align: center;">8</td> <td style="text-align: center;">6</td> <td style="text-align: center;">4</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">>=90</td> <td style="text-align: center;"><90 >=75</td> <td style="text-align: center;"><74 >=60</td> <td style="text-align: center;"><60 >=45</td> <td style="text-align: center;"><45 >=30</td> <td style="text-align: center;"><30</td> </tr> </table>						10	8	6	4	2	0	>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30
10	8	6	4	2	0												
>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30												
<p><i>Estimated at 146.16 days next year & 10 points</i></p>																	

7 Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)

10	8	6	4	2	0
≥ 3.00	< 3.00 ≥ 2.50	< 2.50 ≥ 2.00	< 2.00 ≥ 1.50	< 1.50 ≥ 1.00	< 1.00

Estimated at 3.24 & 10 points next year

10	\$2,862,051	10	\$3,377,985
	Current Assets/		Current Assets/
	\$830,681		\$1,095,693
	Current Liabilities		Current Liabilities
	= 3.4454		= 3.0839

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.) (See ranges below.) (per TEA this Change" in students is only an Increase to pass)

10	8	6	4	2	0
≤ 0.60	> 0.60 ≤ 0.70	> 0.70 ≤ 0.80	> 0.80 ≤ 0.90	> 0.90 ≤ 1.00	> 1.00

Estimated .7517 and 6 points next year

6	\$11,360,293	6	\$12,605,755
	Long Term liabilities/		Long Term liabilities/
	\$15,364,500		\$16,055,470
	Total Assets		Total Assets
	= 0.7804		= 0.7851
	5yr change in Students		5yr change in Students
	= 4.79% decrease		= 7.51% decrease

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?

Estimated 10 points next year because Gen Fund Revenue exceeded Gen Fund Expenditures & Other Uses by \$365K and number of days cash on hand equals 146.16

10	\$7,442,562	10	\$6,561,877
	Gen Fund Rev		Gen Fund
	\$7,375,963		\$6,483,224
	Gen Fund Exp = Yes		Gen Fund Exp = Yes
	Number of Days Cash on Hand =		Number of Days Cash on Hand =
	112.8586		154.3803
	Greater than 60 days		Greater than 60 days

10

Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)

10	8	6	4	2	0
≥ 1.20	< 1.20 ≥ 1.15	< 1.15 ≥ 1.10	< 1.10 ≥ 1.05	< 1.05 ≥ 1.00	< 1.00

Statement included in last year's report -- "Estimated at 1.1479 next year for 8 points" but TEA did not round up the 1.1479 to 1.15 so the district only received 6 points instead of 8

Estimated 1.69713 debt coverage ratio and 10 points next year

6

\$ (258,781)
Deficiency
Revenues
over
Expenditures
in General &
Debt Funds.
\$965,563
Debt
payments.
\$101,746
Debt Service
Fund
Balance.
Coverage
Ratio
= 1.1479

4

\$ (66,567)
Deficiency
Revenues
over
Expenditures
in General &
Debt Funds.
\$965,562
Debt
payments.
\$122,256
Debt Service
Fund
Balance.
Coverage
Ratio
= 1.0631

11

Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)

ADA Size	10	8	6	4	2	0
500 to 999	≤ 0.1311	> 0.1311 ≤ 0.1561	> 0.1561 ≤ 0.1811	> 0.1811 ≤ 0.2061	> 0.2061 ≤ 0.2311	> 0.2311

Estimated at .1480 next year & 8 pts

8

Ratio =
.1414
Threshold
 $\leq .1311$ for
8 points
 $\leq .1561$
For 8 pts

8

Ratio =
.152
Threshold
 $\leq .1311$ for
10 points
 $\leq .1561$
For 8 pts

12	<p><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></p>	10	<p>2017-18 Total Enrollment = 718 Staff FTE = 110.6517 Ratio = 6.4888</p>	10	<p>2016-17 Total Enrollment = 691 Staff FTE = 109.0162 Ratio = 6.338</p> <p>2014-15 Total Enrollment = 721 Staff FTE = 118.9165 Ratio = 6.063</p> <p>3 year increase in ratio of 4.54%</p>
<p><i>Estimated at 10 points for next year because even with a 3 year DECREASE IN RATIO of 2.98% it is less than the 15 percent which causes you to lose all points for this indicator</i></p>					
13	<p><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></p>	10	<p>.0000048% <3%</p>	10	<p>0000026% <3%</p>
14	<p><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></p>	10	<p>No material instances of non- compliance</p>	10	<p>No material instances of non- compliance</p>

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?

94 Weighted Sum
1 Multiplier Sum

10	No adjusted repayment schedule	10	No adjusted repayment schedule
90	88 Score 100	88	88 Score 100

DETERMINATION OF RATING FOR 2018-19

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

JOAQUIN ISD 2018-19 FIRST REPORT
REQUIRED DISCLOSURES

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(o). Effective 8/1/2018.

1. Superintendent's Current Employment Contract

A copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing is to be provided. In lieu of publication in the Schools FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

The Joaquin ISD Superintendent's contract can be accessed from the school district website at www.joaquinisd.net by clicking on "Public Accountability" then "Superintendent's Contract"

2. Reimbursements Received by the Superintendent and Board Members for the Twelve-Month period ended August 31, 2018

Description of Reimbursements	Phil Worsham	Thomas Harvey	Ronnie Belrose	Chrisco Bragg	Jeff Cater	Brandon Neal	Tam Hearnberger	Bill Mason
Meals	\$ 0.00							
Lodging	\$ 902.46							
Transportation	\$ 0.00							
Motor Fuel	\$ 0.00							
Other-Registrations, Dues, Liab Ins	\$ 945.00	\$ 25.00				\$ 160.00	\$ 185.00	
Total	\$ 1847.46	\$ 25.00	\$ -0-	\$ -0-	\$ -0-	\$ 160.00	\$ 185.00	\$ -0-

Note - All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Items to be reported per category include:

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other - 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.

3. 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, 2018

No outside compensation and/or fees for professional consulting and/or personal services were received by the Superintendent.

Note – Compensation does not include business revenues from a family business (farming, ranching, etc.) that has no relations to school district business.

4. Gifts Received by the Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that have an economic value of \$250 or more in the aggregate in the fiscal year) for the Twelve-Month period ended August 31, 2018

No gifts were received by the Executive Officers and Board Members.

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

5. Business Transactions Between School District and Board Members for the Twelve-Month period ended August 31, 2018

		Chrisco Bragg (Plumbing Contractor)	<i>No other board members had business transactions with the school district.</i>
Total Amounts		\$ 7,530.00	