



JOAQUIN ISD 2015-16 School FIRST Rating FINANCIAL MANAGEMENT REPORT



School FIRST (Financial Integrity Rating System of Texas), is a financial accountability system for Texas school districts created by the 77th Texas Legislature in 2001. The system 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 rating system is based on indicators and a point system for assigning a district's rating. Last year was a transition year for phasing into a new system for the 2015-16 report. The *2014-15 FIRST report only had ratings of "P-for Pass" or "F- for Substandard Achievement" with only 7 indicators.* For years prior to 2014, the system assigned one of four ratings with the highest being "Superior Achievement", followed by "Above-Standard Achievement", "Standard Achievement" and "Substandard Achievement" and 20 total indicators.

The new system for 2015-16 School FIRST assigns a letter grade of "A= Superior Achievement", "B = Above Standard Achievement", "C = Standard Achievement", and "F = Substandard Achievement" with an increase in indicators to 15 total.

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 **2015-16 FIRST** rating is derived from actual financial data and student data for the 2014-15 fiscal year (two-year old data).

The **2015-16 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.. Ten or less points are assigned to indicators six through nine and ten and eleven. For indicators nine and twelve through fifteen, 10 points are assigned as all or none (-0-). If a district scores a "No" on any of the indicators #1, #2.A. or #3-5 it automatically receives an "F".

JOAQUIN ISD scored an 84 for 2015-16 FIRST with an "A= Superior" rating!! .

For eleven consecutive years, since FIRST inception, Joaquin ISD received the highest possible rating of "Superior Achievement" and for the 2013-14 School FIRST rating the district received "Above-Standard Achievement". For the 14-15 year the district received the highest possible rating of "P-for Pass" and now, once again, the district has been assigned the maximum rating of "A=Superior" which is what we expected last year and reported last year when reviewing the previous year's report..

The actual **2015-16 FIRST** report issued by TEA that is posted on their website follows. Explanations and comments about Joaquin ISD's data have been added to the TEA data for clarification. The prior year's 2014-15 Rating report based on 2013-14 data is also included for comparison purposes. The indicators new for the 2015-16 report are noted as "N/A" for last year's data.

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

**2015-2016 RATINGS BASED ON SCHOOL YEAR 2014-2015 DATA - DISTRICT STATUS
DETAIL**

Name: JOAQUIN ISD(210902)	Publication Level 1: 8/8/2016 6:20:16 PM
Status: Passed	Publication Level 2: 8/8/2016 6:20:16 PM
Rating: A = Superior	Last Updated: 8/8/2016 6:20:16 PM
District Score: 84	Passing Score: 31

#	Indicator Description	Score	2014-15 Data	Score	2013-14 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 12/02/2015	Yes	Submitted 12/05/2014
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	N/A	N/A

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 Pmts when due</p>	Yes	<p>No Default Paid All Bond Pmts 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>	N/A	N/A												
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>	Yes	<p>\$1,676,802 Unrestricted Net Assets 5yr change in Students = 4.2% decrease</p>	Yes	<p>\$2,363,920 Unrestricted Net Assets 5 yr change in Students = 2.6% 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> <table border="1" data-bbox="241 1023 1333 1169"> <tr> <td data-bbox="283 1047 325 1071">10</td> <td data-bbox="472 1047 493 1071">8</td> <td data-bbox="682 1047 703 1071">6</td> <td data-bbox="892 1047 913 1071">4</td> <td data-bbox="1102 1047 1123 1071">2</td> <td data-bbox="1270 1047 1291 1071">0</td> </tr> <tr> <td data-bbox="262 1128 346 1153">>=90</td> <td data-bbox="409 1128 556 1153"><90 >=75</td> <td data-bbox="619 1128 766 1153"><74 >=60</td> <td data-bbox="829 1128 976 1153"><60 >=45</td> <td data-bbox="1039 1128 1186 1153"><45 >=30</td> <td data-bbox="1249 1128 1312 1153"><30</td> </tr> </table>	10	8	6	4	2	0	>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30	10	<p>\$2,762,492 Cash and Investments / \$6,743,323 Total Expenditures X 365days= 149.53 days</p>	N/A	N/A
10	8	6	4	2	0												
>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30												

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

10 \$3,297,598 N/A N/A
 Current Assets/
\$1,056,002
 Current Liabilities
 = 3.1227

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.)

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

6 \$12,809,174 N/A N/A
 Long Term liabilities/
\$17,369,977
 Total Assets
 = 0.7374
 5yr change
 in Students
 = 4.2%
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?

10 \$6,464,240 N/A N/A
 Gen Fund Rev
\$6,743,323
 Gen Fund Exp = No
 Number of Days Cash
 on Hand = 149.53
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

Because the TRE failed in 2014, the I&S tax rate was rolled back to \$.4155 instead of the \$0.5445 needed to fund the total annual debt payment. We transferred \$150,000 from the General Fund to the Debt Service fund in 2014-15 to cover this shortage. The General Fund Expenditures also exceeded the General Fund Revenues by \$(279,083) in addition to the I&S revenues being short of the I&S expenditures by \$(158,477).

For 2015-16 our estimated calculated debt coverage ratio is 1.0497 so we will get an estimated 2 points on next year's FIRST report..

For the 2016-17, however, due to the tax rate swap, the total expenditures for the Gen & Debt Service Funds combined exceed the total revenues for the year by a budgeted \$(200,000) which will be reported in the 2017-18 FIRST report. The estimated points for this indicator under this same system will also be -0- in this year with a debt service coverage ratio of only .9195.

-0-

\$(437,560)
Total
Expenditures
in excess of
Total
Revenues in
General &
Debt Funds.
\$1,044,736
Debt
payments.
\$62,022
Debt Service
Fund
Balance.
Coverage
Ratio
=.6405

N/A

N/A

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

8

Ratio =
.1472
Threshold
<=.1311 for
10 points
<=.1561
For 8 pts

8

Ratio =
.1474
Threshold
<=.1311
for 10
points
<=.1561
for 8 pts

12	<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>	10	2014-15 Total Enrollment = 721 Staff FTE = 118.9165 Ratio = 6.06 2012-13 Total Enrollment = 747 Staff FTE = 117.3375 Ratio = 6.36 = 4.76% decline in ratio less than 15 %	N/A	N/A
13	<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>	10	.0003262% <3%	10	=.000184% <3%
14	<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>	10	No material instances of non- compliance	10	No material instances of non- compliance
15	<u>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?</u>	10	No adjusted repayment schedule	N/A	N/A

84 Weighted Sum

1 Multiplier Sum

84

84

Score\100

28

Score/30

DETERMINATION OF RATING FOR 2015-16

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

70-100

B = Above Standard

50-69

C = Meets Standard

31-49

F = Substandard Achievement

<31

DETERMINATION OF RATING FOR 2014-15

A. Did The District Answer 'No' To Indicators 1, 2, 3, Or 4? If So, The District's Rating Is **Substandard Achievement**.

B. Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)

Pass

16-30

Substandard Achievement

<16

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THE **TEXAS EDUCATION AGENCY**

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JOAQUIN ISD 2015-16 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 8/6/2015.

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, 2015

Description of Reimbursements	Phil Worsham	Jay Dee Cockrell	Thomas Harvey	Ronnie Belrose	Chrisco Bragg	Jimmy Hamilton	Tam Hearnberger	Charles Leflett
Meals	\$ 0.00	\$						
Lodging	\$ 504.52							
Transportation	\$ 29.00							
Motor Fuel	\$ 0.00							
Other-Dues, Ins. & Registrations.	\$ 426.96	160.00	-0-	160.00	-0-	-0-	\$ 185.00	-0-
Total	\$ 960.48	\$ 160.00	\$ -0-	\$ 160.00	\$ -0-	\$ -0-	\$ 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, 2015

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 istrict 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, 2015

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, 2015

	Tam Hearnberger (Husband paid for Security Work)	Chrisco Bragg (Plumbing Contractor)	<i>No other board members had business transactions with the school district.</i>
Total Amounts	\$1,410.00	\$ 3,520.00	

