

# 2020-2021 Annual Financial Management Report



A report on School FIRST:  
Financial Integrity Rating System of Texas  
(based on 2019-2020 financial data)



# FIRST – Financial Integrity Rating System of Texas



Ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices.



Encourages Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.



# FIRST Changes



## First year of the new FIRST rating system

- 20 indicators measured starting with fiscal year 2019-20
- Some new indicators measure the district's performance for three consecutive years beginning with results from fiscal year 2017-18
- New type of indicator designated as a “ceiling indicator”
- **Must pass the critical indicators (#1 - #5) to receive a passing rating**
  1. Timely filing of the Annual Financial and Compliance Report & Data Feed
  2. Unmodified opinion in the Annual Financial and Compliance Report
  3. Monetary default on debt
  4. Timely payments to government entities and warrant holds
  5. Unrestricted net position balance



# 2020-21 FIRST results (Fiscal year 2019-20)

- A. Did the district pass all 5 critical indicators?
- These measures are critical indicators of financial management

*Coppell ISD: YES*



# 2020-21 FIRST results (Fiscal year 2019-20)

## B. Solvency Indicators and Financial Competency Indicators:

- Measures of *solvency* and *financial competence*

Ratings	Score
"A" = Superior	90 – 100 points
"B" = Above Standard	80 – 89 points
"C" = Standard Achievement	70 – 79 points
"F" = Substandard Achievement	< 70 points

*Coppell ISD results for fiscal year 2019-20 :*

*"A" = Superior Achievement    SCORE: 100 points*



# Critical Indicators # 1 - #5

1. Was the complete annual financial report and data submitted to the TEA within 30 days of the January 28th deadline?
2. Was there an unmodified opinion in the annual financial report on the financial statements as a whole? (the external auditor determines if there was an unmodified opinion)
3. Was the district in compliance with the payment terms of all debt agreements at fiscal year end?
4. Did the district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS) and other government agencies?
5. Was the total unrestricted net position balance in the governmental activities column in the Statement of Net Position greater than zero? \*

**RESULT: YES**

\* Indicator not being score this year due to the impact of accounting changes implemented by the Governmental Accounting Standards Board



# Solvency Indicator # 6



## *3 year change in fund balances*

Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25% decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?

**RESULT: YES**

**% change = +7.29%**

CEILING INDICATOR: If district fails #6, the highest rating a district may achieve is 89 points.



# Solvency Indicator # 7

## *Number of days of cash on hand*

Was the number of days of cash on hand and current investments in the general fund sufficient to cover operating expenditures?

**RESULT: YES    203 days**

**10 points if  $\geq$  90 days**





## Solvency Indicator # 8

### *Current assets to Current liabilities*

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

**RESULT: YES      ratio = 9.5**

**10 points if ratio  $\geq$  3.00**



# Solvency Indicator # 9

## *General fund Revenues equal or exceed Expenditures*

Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition or construction)?

If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

**RESULT: YES**



# Solvency Indicator # 10



## *Budgeted to Actual Revenues – 3 year comparison*

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

**RESULT: YES    variance = 0.59%**



# Solvency Indicator # 11

## *Long-term Liabilities to Total Assets*

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 7% or more, then the school district passes this indicator)

**RESULT: YES      ratio = 5.85**

**10 points if ratio  $\leq$  6**



# Solvency Indicator # 12



*Debt per \$100 of assessed property value*

Was the debt per \$100 of assessed property value ratio sufficient to support future debt payments?

**RESULT: YES    ratio = 3.48**

**10 points if ratio  $\leq$  4**



# Solvency Indicator # 13

## *Administrative Cost Ratio*

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

**RESULT: YES    ratio = .072**

10 points if ratio  $\leq$  .0855 for a district with more than 10,000 ADA



# Solvency Indicator # 14

## *Student to Staff ratio*

Did the school district not have a 15% decline in the students to staff ratio over 3 years?

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

**RESULT: YES**



# Financial Competency Indicator # 15



## *Enrollment variance*

Was the school district's actual average daily attendance (ADA) within the allotted range of the district's biennial pupil projection submitted to TEA?

**RESULT: YES    ratio = 0.13%**

**5 points if ratio < 7.0%**





# Financial Competency Indicator # 16

## *PEIMS to Annual Financial Report Comparison*

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

**RESULT: YES**

CEILING INDICATOR: if the district fails #16, the highest rating a district may receive is B=Above Standard Achievement



# Financial Competency Indicator # 17



## *Internal controls*

Did the external independent auditor report that the annual financial report was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?

**RESULT: YES**

CEILING INDICATOR: if the district fails #17, the highest rating a district may receive is C=Meets Standard Achievement



# Financial Competency Indicator # 18

## *Noncompliance*

Did the external independent auditor indicate the annual financial report was free of any instance(s) of material noncompliance for grants, contract, and laws related to local, state, or federal funds?

**RESULT: YES**



# Financial Competency Indicator # 19



## *Required financial publications*

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?

**RESULT: YES**



# Financial Competency Indicator # 20



## *Board discussion of property values*

Did the school board members discuss the district's property values and the funding lag at a board meeting that takes place within 120 days of the district adopting its budget?

**RESULT: YES**

CEILING INDICATOR: if the district fails #20, the highest rating a district may receive is B=Above Standard Achievement



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FIRST reports are posted on the district's website on the financial transparency page. (see Quick Links on the home page)



Required disclosures and definitions can be found in the back of the FIRST report.



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Questions?

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