

KELLER INDEPENDENT SCHOOL DISTRICT



School FIRST

2020 Report for the Fiscal Year Ended June 30, 2019

Public Hearing
December 14, 2020



Financial Integrity Rating System of Texas (FIRST)

The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.



Financial Integrity Rating System of Texas (FIRST)

The state's school financial accountability rating system ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices.



Financial Integrity Rating System of Texas (FIRST)

Based on 2018-2019 Data

Critical Indicators 1, 3, 4, and 2.A (Yes=Pass /
No=Fail Format)

2019-2020 Report is also available online at:

[https://tealprod.tea.state.tx.us/First/forms/Main.a
spX](https://tealprod.tea.state.tx.us/First/forms/Main.aspx)

(Go to District #220907 on page 18)



School First Indicators 2019-2020 Rating

All critical indicators must be passed to receive a rating higher than Substandard Achievement.

- A=Superior 90-100 points
- B=Above Standard 80-89 points
- C=Meets Standard 60-79 points
- F=Substandard Achievement 0-59 points



1. Was the complete annual financial report (AFR) and data submitted to 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?

Was the annual financial report filed on time?

Yes = Pass

KISD AFR received by TEA on 11/22/2019; due by 12/28/2019.

(Prior Year Rating: Pass)



2A. 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.

Yes = Pass

KISD received a "Clean Audit" designation.

(Prior Year Rating: Pass)



2B. 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 controls, 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.

Yes = Pass

KISD had no material weaknesses reported in the AFR.

(Prior Year Rating: Pass)



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

Did the district make all the required debt service payments on time?

Yes = Pass

KISD made all required debt service payments on time.

(Prior Year Rating: Pass)



4. 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?

Did the district make all the required payroll liability payments on time?

Yes = Pass

KISD made all required payroll liability payments on time.

(Prior Year Rating: Pass)



5. This indicator is not being scored.



6. 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)?

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

KISD had 59.9 days of cash on hand and current investments in the general fund to cover operating expenditures, so we received 4 points.

(Prior Year Rating: 0 points)



7. 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

KISD's current assets to current liabilities ratio was 2.28, so we received 6 points.

(Prior Year Rating: 4 points)



8. 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
0.60-0.70	8
0.70-0.80	6
0.80-0.90	4
0.90-1.00	2
> 1.00	0

KISD's ratio of long-term liabilities to total assets was 0.84, so we received 4 points.

(Prior Year Rating: 4 points)



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

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

KISD's general fund revenues exceeded its expenditures by 4.0%, so we received 10 points.

(Prior Year Rating: 10 points)



10. 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

KISD's debt service ratio was 1.69, so we received 10 points.

(Prior Year Rating: 10 points)



11. 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.

District 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

KISD's administrative cost ratio was 5.42%, so we received 10 points.

(Prior Year Rating: 10 points)



12. 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.)

KISD's students to staff ratio over 3 years increased by 5.85% and enrollment did not decrease, so we received 10 points.

(Prior Year Rating: 10 points)



13. 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 our annual financial report to make certain that the data reported in each case is the same.

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

KISD's aggregate variance was 0.00%, so we received 10 points.

(Prior Year Rating: 10 points)



14. 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?

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.

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

(Prior Year Rating: 0 points)



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?

KISD did not receive an adjusted repayment schedule, so we received 10 points.

(Prior Year Rating: 10 points)



KISD FIRST Results

We received 84 out of 100 points and
answered YES to all Critical
Indicators

Rating: B=Above Standard

(Prior Year Rating: 68 points)



Other Requirements

The following required disclosures are available for review:

- The Superintendent's Employment Contract, effective on the date of this hearing, is published on the district's website.



Reimbursements Received by the Superintendent and Board Members

FIRST Disclosures-Reimbursements Received by the Superintendent and Board Members								
For the Twelve-Month Period Ended June 30, 2019								
<u>Description of Reimbursements</u>	Superintendent Rick Westfall	Board Member Karina Davis	Board Member Beverly Dixon	Board Member Ruthie Keyes	Board Member Cindy Lotton	Board Member Chris Roof	Board Member Brad Schofield	Board Member Jim Stitt
Meals	\$505.00	\$0.00	\$213.00	\$146.00	\$50.00	\$63.00	\$63.00	\$63.00
Lodging	\$3,921.00	\$0.00	\$1,021.00	\$1,304.00	\$588.00	\$814.00	\$814.00	\$814.00
Transportation	\$2,538.00	\$0.00	\$112.00	\$566.00	\$223.00	\$0.00	\$223.00	\$223.00
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$1,750.00	\$375.00	\$859.00	\$1,006.00	\$829.00	\$770.00	\$930.00	\$508.00
Total	\$8,714.00	\$375.00	\$2,205.00	\$3,022.00	\$1,690.00	\$1,647.00	\$2,030.00	\$1,608.00
All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. 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.								



Other Requirements

Additional reporting requirements not applicable to KISD:

- Disclosure of all outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services for fiscal year 2018-2019. (None)
- Disclosure of any gifts received by Executive Officer(s) and Board Members (and first-degree relatives, if any) in fiscal year 2018-2019. (None)
- Disclosure of all business transactions between the school district and Board Members for fiscal year 2018-2019. (None)



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Questions and Comments:

Please contact

Scott Wrehe, CFO

scott.wrehe@kellerisd.net

