

KELLER INDEPENDENT SCHOOL DISTRICT



School FIRST

2021 Report for the Fiscal Year Ended June 30, 2020

Public Hearing
December 13, 2021



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 2019-2020 Data

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

2020-2021 Report is also available online at:

<https://tealprod.tea.state.tx.us/First/forms/Main.aspx>

(Go to District #220907 on page 18)



School First Indicators 2020-2021 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 01/21/2021; due by 12/28/2020 (TEA allowed districts a 30 day waiver as a result of the pandemic).

(Prior Year Rating: Pass)



2. 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)



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 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? (If we fail indicator 6, the maximum points we may receive is 89 points.)

KISD's current year's assigned and unassigned fund balances exceeded 75 days of operational expenditures, so we passed this indicator.

(Prior Year Rating: N/A)



7. 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 71 days of cash on hand and current investments in the general fund to cover operating expenditures, so we received 6 points.

(Prior Year Rating: 4 points)



8. 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 4.58, so we received 10 points.

(Prior Year Rating: 6 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 3.5%, so we received 10 points.

(Prior Year Rating: 10 points)



10. 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?

KISD averaged a 1.4% variance for the last 3 fiscal years, so we received 10 points.

(Prior Year Rating: N/A)



11. 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)



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

Debt Service Coverage Ratio	Possible Points
≤ 4.00	10
4.01-7.00	8
7.01-10.00	6
10.01-11.50	4
11.51-13.50	2
> 13.50	0

KISD's debt per \$100 of assessed value ratio was 4.98, so we received 8 points.

(Prior Year Rating: N/A)



13. 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 5.74%, so we received 10 points.

(Prior Year Rating: 10 points)



14. 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 decreased by 3.75% and enrollment did not decrease, so we received 10 points.

(Prior Year Rating: 10 points)



15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA?

% Variance in Actual ADA and Pupil Projection	Possible Points
<=7%	5
>7%	0

KISD's variance in the actual ADA and the district's biennial pupil projection submitted to TEA was 1.1%, so we received 5 points.

(Prior Year Rating: N/A)



16. 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.

KISD's aggregate variance was 0.00%, so we passed this indicator.

(Prior Year Rating: 10 points)



17. 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?

KISD's audit report was free of any instances of material weaknesses in internal controls, so we passed this indicator.

(Prior Year Rating: N/A)



18. 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: 10 points)



19. 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?

KISD did post the required financial information on our website, so we received 5 points.

(Prior Year Rating: N/A)



20. Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget?

KISD did discuss the district's property values at a board meeting within 120 days before the district adopted its budget, so we passed this indicator.

(Prior Year Rating: N/A)



KISD FIRST Results

We received 88 out of 100 points and
answered YES to all Critical
Indicators

Rating: B=Above Standard

(Prior Year Rating: 84 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, 2020								
<u>Description of Reimbursements</u>	Superintendent Rick Westfall	Board Member Craig Allen	Board Member Karina Davis	Board Member Beverly Dixon	Board Member Ruthie Keyes	Board Member Cindy Lotton	Board Member Chris Roof	Board Member Brad Schofield
Meals	\$427.00	\$0.00	\$37.00	\$105.00	\$0.00	\$0.00	\$0.00	\$0.00
Lodging	\$1,703.90	\$449.09	\$449.09	\$348.00	\$688.11	\$0.00	\$382.64	\$415.45
Transportation	\$1,446.61	\$0.00	\$320.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$1,245.00	\$820.00	\$923.00	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00
Total	\$4,822.51	\$1,269.09	\$1,729.14	\$1,173.00	\$1,408.11	\$720.00	\$1,102.64	\$1,135.45
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 2019-2020. (None)
- Disclosure of any gifts received by Executive Officer(s) and Board Members (and first-degree relatives, if any) in fiscal year 2019-2020. (None)
- Disclosure of all business transactions between the school district and Board Members for fiscal year 2019-2020. (None)



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Questions and Comments:

Please contact

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