

August 7, 2015

**Important
Accreditation
Information**

To the Administrator Addressed:

Subject: Official Notification of Preliminary 2014-2015 School FIRST Rating

Your school district's preliminary 2014-2015 School Financial Integrity Rating System of Texas (FIRST) rating is now available in the online School FIRST system. To access the School FIRST system go to the TEA [School FIRST](#) webpage.

Basis for School FIRST Rating

Your district's rating is based on an analysis of the district's financial data for fiscal year 2014 (the fiscal period ended June 30, 2014, or August 31, 2014, depending on the ending date of your district's fiscal year). We determined your district's rating using the financial indicators specified in 19 Texas Administrative Code (TAC) [§109.1001\(e\)](#).

Please carefully review your district's preliminary School FIRST rating and the data associated with each of the seven indicators.

Opportunity for Appeal

If your district wants to appeal an adverse issue it identifies in the preliminary rating, your district may submit a written appeal with supporting evidence to the Financial Accountability Section. For the appeal to be considered, we must receive it by **September 8, 2015**. Send any appeal to the following address:

Texas Education Agency
Financial Accountability Section
1701 North Congress Avenue
Austin, TX 78701

The financial accountability rating system is required to apply the rules uniformly. Therefore, an error by a district in recording data or submitting data through the TEA data collection and reporting system is not a valid basis for appealing a preliminary rating and unlikely to negate concerns raised by the indicator.

Please see 19 TAC [§109.1001\(l\)](#) for the rules regarding the filing of an appeal. As stated in that section, we will consider only an appeal that would result in a change to your district's rating.

Final School FIRST Rating and Required Reporting

We will issue final ratings to school districts after we have reviewed any submitted appeals. Final 2014-2015 School FIRST ratings are anticipated to be released in October 2015.

Within two months of the release of its final School FIRST rating, your district must announce and hold a public meeting to distribute a financial management report that explains the district's rating and its performance under each indicator for the current and previous year's ratings. The report also must provide the financial information described in 19 TAC [§109.1001\(o\)\(3\)](#). We encourage your district to include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the district's performance under one or more of the indicators.

The first of two required newspaper notices to inform taxpayers of the meeting must be published no more than 30 days and no fewer than 14 days before the public meeting. Your district may combine the meeting with a scheduled regular meeting of the board of trustees.

For full requirements related to the report and meeting, see 19 TAC [§109.1001\(o\)](#). For a template that your district can use in developing its financial management report, see the TEA [School FIRST](#) web page.

Accreditation Status

Please note that the TEA considers a district's School FIRST rating when assigning an accreditation status, as required by the accreditation status rules in 19 TAC [§97.1055](#).

Contact for Further Information

If you have questions about your district's School FIRST rating, please contact me by telephone at (512) 463-0947 or by email at Yolanda.Walker@tea.texas.gov.

Sincerely,

Yolanda Walker
Manager of Financial Accountability
Division of Financial Compliance

YW/ra

RATING YEAR **2014-2015**



Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA - DISTRICT STATUS DETAIL

Name: LEANDER ISD(246913)	Publication Level 1: 8/20/2015 11:24:40 AM
Status: Passed	Publication Level 2: 8/20/2015 11:24:40 AM
Rating: Pass	Last Updated: 8/20/2015 11:24:40 AM
District Score: 30	Passing Score: 16

#	Indicator Description	Updated	Score
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>	4/6/2015 3:25:50 PM	Yes
2	<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>	4/6/2015 3:25:50 PM	Yes
3	<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>	4/6/2015 3:25:51 PM	Yes
4	<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>	7/30/2015 12:35:22 PM	Yes
			1 Multiplier Sum
5	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>		10

		7/15/2015 12:09:07 PM	
6	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?	8/17/2015 6:05:17 PM	10
7	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.)	4/6/2015 3:25:53 PM	10
			30 Weighted Sum
			1 Multiplier Sum
			30 Score

DETERMINATION OF RATING

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

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.state.tx.us

THE **TEXAS EDUCATION AGENCY**
1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

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School FIRST 2015 Report

Public Hearing November 5, 2015

- *Based on 2013-14 Results*



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Agenda

- ❖ Overview of School FIRST
- ❖ Leander ISD's Performance
- ❖ Other Required Disclosures



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Overview

Financial Integrity Rating System of Texas

- Developed by TEA in 1999
- Measures School Districts Performance in Management of Financial Resources
- Ratings based on 7 indicators* established by the Commissioner of Education
- 13th Year of **FIRST** Reporting

**Previously 20 indicators; 7 indicators for 2014-15 rating year, 15 indicators for 2015-16 and 2016-17 rating years.*



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Overview

School FIRST in Transition

	2013-14 Rating Year (2012-13 Data)		2014-15 Rating Year (2013-14 Data)		2015-16 Rating Year (2014-15 Data)	2016-17 Rating Year (2015-16 Data)
# of Indicators	20	# of Indicators	7	# of Indicators	15	15
Ratings	Points	Ratings	Points	Ratings	Points	Points
Superior	64 - 70	P - Passed	16 - 30 Points	A - Superior	70 - 100	90 - 100
Above Standard	58 - 63	F - Substandard Achievement	0 - 15	B - Above Standard	50 - 69	80 - 89
Standard	52 - 57			C - Meets Standard	31 - 49	60 - 79
Substandard Achievement	< 52			F - Substandard Achievement	0 - 30	0 - 59

Past

Present

Future



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Why the Changes to FIRST?

HB 5, Section 49, 83rd Texas Legislature, Regular Session, 2013, amended the TEC, §39.082, requiring that the commissioner of education include in the financial accountability rating system processes for anticipating the future financial solvency of each school district and open-enrollment charter school, including analysis of district and school revenues and expenditures for preceding school years. The TEC, §39.082, also requires the commissioner to adopt rules by which to measure the financial management performance and future financial solvency of a district or an open-enrollment charter school and sets forth specific requirements relating to indicators adopted by the commissioner and the assignment of ratings.



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School FIRST Indicator Categories

- **Critical Indicators**
- **Solvency Indicators**
- **Financial Competence Indicators**



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LISD Performance

Critical Indicators

#	Indicator Description	Yes/No
1	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?	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes
4	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?	Yes



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LISD Performance

Solvency Indicator

#	Indicator Description	Points (0-10)
5	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10

Financial Competency Indicators

#	Indicator Description	Points (0-10)
6	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?	10
7	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?	10



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Required Disclosures

Board Member and Superintendent Disclosures (Fiscal Year 2013-14)

Board Member by Position #	Gifts > \$250 aggregate value	Business Transactions with District
Lisa Mallory	None	None
Don Hisle	None	None
Pamela Waggoner	None	None
Grace S. Barber-Jordan, M.Ed.	None	None
Russell Bundy	None	None
Aaron Johnson	None	None
Will Streit	None	None
Superintendent	Gifts > \$250 aggregate value	Outside Compensation/Fees
Bret A. Champion	None	None

Superintendent Contract – A copy of the Superintendent’s current contract is available at tonight’s hearing.



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Required Disclosures

**Reimbursement Received by the Superintendent and Board Members
For the Twelve-Month Period
Ended August 31, 2014**

Description of Reimbursements	Superintendent Bret Champion	Board Member 1 Lisa Mallory	Board Member 2 Don Hisle	Board Member 3 Pamela Waggoner	Board Member 4 Grace S. Barber- Jordan, M.Ed.	Board Member 5 Russell Bundy	Board Member 6 Aaron Johnson	Board Member 7 Will Streit
Meals	520.07	25.49	118.65	112.83		66.76	118.41	
Lodging	1,744.82	783.57	783.57	957.10	1,017.00	783.57	833.28	460.70
Transportation	1,014.83	529.48	698.09	779.74	375.60	337.70	630.53	597.45
Motor Fuel	-	-			-			
Other	1,660.00	945.00	945.00	1,240.00	945.00	945.00	1,070.00	995.00
Total	4,939.72	2,283.54	2,545.31	3,089.67	2,337.60	2,133.03	2,652.22	2,053.15

Items to be reported per category include:

Meals-Meals consumed out of town, and in-district meals at area restaurants

Lodging-Hotel charges

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

Motor Fuel-Gasoline

Other-Registration Fees, telephone/cell phone, internet service, fax machine, and other reimbursements not defined above.



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Leander ISD's Overall School FIRST Rating

2014-15 Rating Year - Passed (30 points on 30 point scale)

2013-14 Rating Year - Superior (70 points on 70 point scale)*

* Under the previous rating system, LISD had achieved a Superior rating in all 12 years of FIRST Reporting.



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Thank You!

