

FIRST – November 14, 2018 Board meeting for 2016-2017 F.I.R.S.T. Report.

The purpose of the financial accountability rating system (Texas Administrative Code (TAC), Title 19, § 109.1001) is to ensure that school districts are held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. The system is designed to encourage Texas public schools to manage their financial resources in order to provide the maximum allocation possible for direct instructional purposes. The system will also disclose the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools.

The passing score is 60, Junction's score - above standard - is a ranged score between 80-89. JISD's score is 84 for the 2016-2017 school year data. This has been accomplished by meeting the following standards:

1) Did we file the Annual Financial Report before the deadline?

JISD does file the annual financial report within the filing period of one month after November 27th or January 28th. Our report was filed on January 22, 2018. (Score = Yes/passed)

2, 2A, and 2B) Are all answered by the fact that JISD was given a CLEAN "Unmodified Opinion" audit, for the financial Statement as a whole, there were not any material weaknesses in the internal controls over the financial reporting and JISD is compliant with all local, state, and federal funds accounting requirements. (Score=Yes/passed)

3) JISD did not have any bonded debt. (Score=Yes/passed)

4) JISD makes all of the required reporting and payments to the Teacher Retirement System of Texas, Texas Workforce Commission, Internal Revenue Service and all other government agencies. (Score=Yes/passed)

5) The total unrestricted net position balance was \$793,341 and the Statement Net Pension Liability was \$1,063,513. JISD's 5-year percent change in student membership is 0.07%. In 2012-2013 JISD reported a total membership of 678 in 2016-2017 the membership was 631. (Score=Yes/passed)

6) The number of days of cash on hand and current investments in the general fund for the school district was not sufficient to cover operating expenditures excluding facilities acquisition and construction. JISD held

\$1,220,654 on hand which is lower than recommended. We lost 4 points on this indicator. (Score 6 out of 10 possible points).

7) JISD's ratio of assets to current liabilities in 2016-2017 was sufficient to cover short term debt, our assets of \$1,794,470 and liabilities of \$350,538 were sufficient to cover short-term debt. (Score=10)

8) The ratio of long-term liabilities to total assets for the school district was sufficient to support long term solvency. JISD's change in student membership over 5 years was 0.07% long term liabilities was \$116,414. Total assets - 6,218,244. (Score=10)

9) Junction ISD's general fund revenues for the 2016-2017 school year were \$6,040,388 and total expenditures were \$6,192,928, cash and equivalents \$1,220,654, which met the standard of having general fund revenues equal to or exceed expenditures. (Score=10)

10) The FIRST calculation template does not make exception for spending out of fund balance did not allow any points for this indicator even though other indicators show available funds. I did appeal this score. (Score=0)

11) The district's administrative cost ratio was not equal to or less than the threshold ratio - JISD admin cost ratio is 0.1461 the threshold allowed 8 points for being between 0.13 and 0.15 ratio. (Score=8).

12) JISD did not have a 15 percent decline in the student to staff ratio over 3 years (total enrollment to total staff) In 2016-2017 Total Enrollment was 633 and Number of Full-Time Equivalent Staff was 93.243 in 2014-2015 Total Enrollment was 658 students with FTE Staff of 92.8393. (Score=10)

13) There was not any variance in the comparison of the PEIMS (Public Education Information Management System) and the district Annual Financial Report. (Score=10)

14) The external independent auditor indicated the AFR was free of any instances of material noncompliance for grants, contracts, and laws related to local, state, and federal funds. (Score=10)

15) JISD did not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program Funds as a result of financial hardship. (Score=10)



Financial Integrity Rating System of Texas

2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL

Name: JUNCTION ISD(134901)	Publication Level 1: 8/6/2018 2:48:24 PM
Status: Passed	Publication Level 2: 8/8/2018 12:11:29 PM
Rating: B = Above Standard	Last Updated: 8/8/2018 12:11:29 PM
District Score: 84	Passing Score: 60

#	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>	4/20/2018 9:05:55 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. 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>	4/20/2018 9:05:55 AM	Yes
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>	4/20/2018 9:05:55 AM	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>	4/20/2018 9:05:55 AM	Yes
4			Yes

	<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>	4/20/2018 9:05:55 AM	
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 9:05:56 AM	Yes
			1 Multiplier Sum
6	<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>	4/20/2018 9:05:56 AM	6
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 9:05:56 AM	10
8	<u>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 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 9:05:56 AM	10
9	<u>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?</u>	4/20/2018 9:05:57 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	7/13/2018 12:40:32 PM	0
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 9:05:57 AM	8
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>	6/19/2018 11:17:54 AM	10
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>	4/20/2018 9:05:58 AM	10
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>	4/20/2018 9:05:58 AM	10
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>	4/20/2018 9:05:58 AM	10

		84 Weighted Sum
		1 Multiplier Sum
		84 Score

DETERMINATION OF RATING

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	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
	F = Substandard Achievement	<60
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p>		

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