

Friendswood Independent School District

2011 Annual Financial Management Report Schools FIRST

For the Year Ending August 31, 2010



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**Friendswood Independent School District
Schools FIRST Report
For the Year Ending August 31, 2010**

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Introduction

During the 77th regular session of the Texas Legislature (2001), Senate Bill 218 was passed and signed into law shortly thereafter. This law requires every school district to prepare an annual financial accountability report. The goal of School FIRST is to improve the management of school districts' financial resources. The primary objective of the rating system is to assess the quality of financial management in Texas public schools. A secondary objective is to measure and report the extent of which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions. Ratings are based on analysis of staff and student data for the school year and on budgetary and actual financial data for the fiscal year.

Many business-related issues are covered in this report. The primary tool, however, is the Financial Accountability Ratings Worksheet. Representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC), and the Texas Association of School Business Officials (TASBO) developed this worksheet. It is administered by TEA and calculated on information submitted to the Agency via our PEIMS submission each year and other documentation procured by TEA. The accuracy of PEIMS data has always been critical on the student side of the submission, and this reporting requirement adds a high degree of importance to our finance submission each year.

Starting in the 2005-2006 fiscal year, the financial management report issued at the School FIRST hearing much contain certain required disclosures, in accordance with Title 19 Texas Administrative Code Chapter 109, Budgeting Accounting, and Auditing Subchapter AA, Commissioner's Rules concerning Financial Accountability Rating System. Those disclosures are as follows: (1) a copy of the Superintendent's current employment contract (this can be satisfied by placing the contract on the district website), (2) a summary schedule for the fiscal year of total reimbursements received by the superintendent and each board member, (3) a summary schedule for the fiscal year of the dollar amount compensation and/or fees received by the Superintendent from another school district or any outside entity in exchange for professional consulting and/or other personal services, (4) a summary schedule for the fiscal year of the total dollar amount by the executive officers and board members of gifts that had an economic value of \$250 or more, (5) a summary schedule for the fiscal year of the dollar amount by board member for the aggregate amount of business transactions with the school district.

Friendswood Independent School District's rating under Schools FIRST for the fiscal year ended August 31, 2010 was "Superior Achievement," with a score of 75 out of 80 points or 94 percent. This is the eighth year Texas school districts have been evaluated using the Schools FIRST worksheet. The following information provided in this report briefly describes data used to calculate the rating and what each indicator means.

Overview of the Worksheet

Critical Indicators

Indicators 1 through 4 are considered critical indicators. This means any “No” response to indicators 1 through 4 or if there is a “No” response to indicators 5 and 6 the district’s rating is automatically “Substandard Achievement.” Also, in order to receive “Superior Achievement” the district must answer “Yes” to indicator 7.

Indicator #1

Indicator: Was the Total Fund Balance Less Reserved Fund Balance Greater than Zero in the General Fund?

Indicator Goal: To determine if the district has money set aside for emergencies or what we would consider “savings”.

FISD Answer: True, Total Fund Balance Less Reserves equaled \$8,515,139.

Indicator #2

Indicator: Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) in the Government Activities Column in the Statement of Net Assets Greater than Zero? (If the District’s 5 Year Percent Change in Students was 10 percent or more)

Indicator Goal: To determine if the district’s total assets exceeded the total liabilities

FISD Answer: True, Friendswood’s 5 year percent change in students did not equal more than 10 percent. Total unrestricted net asset balance equaled \$9,238,665.

Indicator #3

Indicator: Were there no disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?

Indicator Goal: To determine if the district paid all payments for outstanding bonds during the year.

FISD Answer: True, Friendswood’s did not have any disclosures in the annual financial report for default on bonded indebtedness. FISD paid all outstanding bond debt required in a timely manner.

Indicator #4

Indicator: Was the annual financial report filed within one month after November 27th or January 28th deadline depending upon the district's fiscal year end date (June 30th or August 31st)?

Indicator Goal: To ensure the district's financial report is submitted in a timely manner.

FISD Answer: True, the annual financial report was received by the Texas Education Agency on January 18, 2011 and the deadline was February 28, 2010.

Indicator #5

Indicator: Was there an unqualified opinion in annual financial report?

Indicator Goal: To determine that the annual financial reported no corrections were needed in reporting of financial controls.

FISD Answer: True, the opinion expressed by our independent auditor on the August 31, 2009 annual financial report was unqualified.

Indicator #6

Indicator: Did the annual financial report not disclose any instance(s) of material weaknesses in internal controls?

Indicator Goal: To determine that the district was able to properly account for the use of public funds.

FISD Answer: True, Friendswood ISD had no material internal weaknesses reported.

All Other Indicators

Indicator #7

Indicator: Did the district's academic rating exceed academically unacceptable?

Indicator Goal: To determine if the district's accreditation status is in good standing

FISD Answer: 5 of 5 points, FISD was considered an Exemplary district for the 2009-2010 school year.

Indicator #8

Indicator: Was the three-year average percent of total tax collections (including delinquent) greater than 98 percent?

Indicator Goal: To determine how successful the district is in collecting taxes owed from businesses and homeowners in the community.

FISD Answer: 5 of 5 points, FISD surpassed the minimum requirement of 98 percent collected by collecting 98 percent of total tax collections.

Indicator #9

Indicator: Did the comparison of PEIMS data to like information in annual financial report result in an aggregate variance of less than 3 percent of expenditures per fund type?

Indicator Goal: To determine the quality of data reported to TEA through PEIMS and in the annual financial report submission are consistent.

FISD Answer: 5 of 5 points, FISD had a 0 percent variance when comparing financial information reported through PEIMS to the information reported in the annual financial report submission.

Indicator #10

Indicator: Were debt related expenditures (net of IFA and/or EDA allotment) less than \$350 per student? (If the district's five-year percent change in students equals or is greater than 7%, or if the property taxes collected per penny of tax effort is greater than \$200,00 then exception is met)

Indicator Goal: To show Legislature's intent for school districts to focus spending money on education, by limiting the amount of money districts can spend on debt for construction projects to \$250 per student.

FISD Answer: 5 of 5 points, FISD's current five-year percent change in students is 4.4 percent, therefore, the exception was met. 2009-2010 debt related expenditures were \$1,326.10 per student.

Indicator #11

Indicator: Was there no disclosures in the annual audit report of material noncompliance?

Indicator Goal: To determine if the district had disclosures listed of material non-compliance in the annual financial report.

FISD Answer: 5 of 5 points, FISD did not have any disclosures of material noncompliance in the audit report.

Indicator #12

Indicator: Did the district have full accreditation status in relation to financial management practices?

Indicator Goal: To determine if the district had no financial conservator or monitor assigned.

FISD Answer: 5 of 5 points, FISD has full accreditation status.

Indicator #13

Indicator: Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources and fund balance in General Fund?

Indicator Goal: To determine if the district budgeted more expenditures than expected revenues, including fund balance, in the general fund.

FISD Answer: 5 of 5 points, FISD did not budget more than revenues expected plus the fund balance on hand in the General Fund.

Indicator #14

Indicator: If the District's aggregate fund balance in the General Fund and Capital Projects fund was less than zero, were construction projects adequately financed?

Indicator Goal: To determine if the district had funds available for construction projects if there was no fund balance available.

FISD Answer: 5 of 5 points, FISD's fund balance and Capital Projects funds were adequate to cover construction expenditures.

Indicator #15

Indicator: Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivable) in the general fund greater than or equal to 1:1?

Indicator Goal: To determine if the district has adequate funds available to balance fund balance monies such as TEA overpayments or deferred revenues. The district should have funds balance money available and not spend money that is due back to the state.

FISD Answer: 5 of 5 points, FISD does has the appropriate level of cash available to cover any over payments or deferred revenues.

Indicator #16

Indicator: Was the administrative cost ratio less than the threshold ratio?

Indicator Goal: To determine if the district did not exceed the cap on the percentage of their budget that can be spent on administration based on district size. For FISD the percentage allowed is 12.5 percent.

FISD Answer: 5 of 5 points, FISD had an administrative cost ration of 10.5 percent.

Indicator #17

Indicator: Was the ratio of students to teachers within the ranges shown below according to district size?

Indicator Goal: To determine if the district's pupil-teacher ratio measures within the limits set forth by TEA. Based on the number of students, FISD is considered low with a 13:1 ratio and high with a 22:1 ratio

FISD Answer: 5 of 5 points, FISD pupil-teacher ratio was 15.91: 1

Indicator #18

Indicator: Was the ratio of students to total staff within the ranges shown below according to district size.

Indicator Goal: To determine if the district's pupil-staff/teacher ratio measures within the limits set forth by TEA. Based on the number of students, FISD is considered low with a 6.8:1 ratio and high with a 14:1 ratio

FISD Answer: 5 of 5 points, FISD pupil-staff/teacher ratio was 8.64: 1

Indicator #19

Indicator: Was the total fund balance in the general fund more than 50 percent and less than 150 percent of optimum according to the fund balance and cash flow calculation worksheet in the annual financial report?

Indicator Goal: To determine if the district's level of fund balance is adequate. TEA requires a minimum amount of fund balance and they also do not want an excessive amount of money sitting in fund balance.

FISD Answer: 5 of 5 points, FISD's fund balance was 84.79 percent of the calculated optimum fund balance.

Indicator #20

Indicator: Was the decrease in undesignated unreserved fund balance less than 20 percent over two years? (If 1.5 times optimum fund is less than total fund balance in general fund or if total revenues are greater than operating expenditures in the general fund, then district receives 5 points)

Indicator Goal: To determine if the district's is utilizing fund balance dollars to pay for salaries or other operating expenses.

FISD Answer: 5 of 5 points, the decrease in undesignated unreserved fund balance was less than 20 percent over two years.

Indicator #21

Indicator: Was the aggregate total of cash and investments in the general fund more than zero?

Indicator Goal: To determine if the district has cash in the bank or in investments.

FISD Answer: 5 of 5 points, FISD has money in the bank and investments for reserves.

Indicator #22

Indicator: Were investment earnings in all funds (excluding debt service fund and capital projects fund) more than \$20 per student?

Indicator Goal: To determine if the district is investing money in order to gain income.

FISD Answer: 0 of 5 points, FISD has invested funds and received a return on investment equal to \$5.16 dollars per student in 2009-2010.

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Schedule of Reimbursements

Name	Meals	Lodging	Transportation	Fuel	Other	TOTAL
Trish Hanks	\$ 536.00	\$ 658.61	\$ 3,762.67	\$ -	\$1,137.23	\$ 6,094.51
Brandon Burris	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebecca Hillenburg	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tony Hopkins	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Robert McCabe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Matt Robinson	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Denise Ruiz	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mike Shaw	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 536.00	\$ 658.61	\$ 3,762.67	\$ -	\$1,137.23	\$ 6,094.51

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Schedule of Outside Compensation

<u>Name</u>	<u>Fees Received</u>	<u>TOTAL</u>
Trish Hanks	\$ -	\$ -
Brandon Burris	N/A	N/A
Rebecca Hillenburg	N/A	N/A
Tony Hopkins	N/A	N/A
Robert McCabe	N/A	N/A
Matt Robinson	N/A	N/A
Denise Ruiz	N/A	N/A
Mike Shaw	N/A	N/A
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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Schedule of Gifts Totaling More Than \$250

<u>Name</u>	<u>Gifts Received</u>	<u>TOTAL</u>
Trish Hanks	\$ -	\$ -
Brandon Burris	\$ -	\$ -
Revecca Hillenburg	\$ -	\$ -
Tony Hopkins	\$ -	\$ -
Robert McCabe	\$ -	\$ -
Matt Robinson	\$ -	\$ -
Denise Ruiz	\$ -	\$ -
Mike Shaw	\$ -	\$ -
TOTAL	<u>\$ -</u>	<u>\$ -</u>

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Schedule of Business Transactions

<u>Name</u>	<u>Business Trans.</u>	<u>TOTAL</u>
Trish Hanks	N/A	N/A
Brandon Burris	\$ -	\$ -
Revecca Hillenburg	\$ -	\$ -
Tony Hopkins	\$ -	\$ -
Robert McCabe	\$ -	\$ -
Matt Robinson	\$ -	\$ -
Denise Ruiz	\$ -	\$ -
Mike Shaw	\$ -	\$ -
TOTAL	<u>\$ -</u>	<u>\$ -</u>

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Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822

General Fund - 2010-2011 First Quarter Expenditures by Object Code

Type	Description	Expenditures
Payroll	Expenditures for payroll costs	\$ 7,388,408
Contract Costs	Expenditures for services rendered by firms, individuals, and other organizations	\$ 1,218,706
Supplies & Materials	Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	\$ 480,119
Other Operating	Expenditure for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	\$ 663,368
Debt Service	Expenditures for debt service	\$ -
Capital Outlay	Expenditures for land, buildings, and equipment	\$ 8,905
TOTAL 1st QUARTER EXPENDITURES		<u>\$ 9,759,505</u>

Additional Financial Solvency Questions

	Yes	No
1. Within the last two years, did the school district:		
a. Draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and	_____	_____ X
b. For the prior fiscal year, have a total of General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?	_____	_____ X
2. Has the school district declared financial exigency within the past two years?	_____	_____ X
3. Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Fund balances, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the school district's financial solvency.		
<u>The norm student-to-staff ratio calculated in the FIRST report is 14.80 for Friendswood ISD. Therefore, our student-teacher ratio is slightly above norm (15.90). There are no budget concerns for Friendswood ISD that would impact the district's financial solvency.</u>		
4. How many superintendents has your school district had in the last five years?	_____	_____ 1
5. How many business managers has your school district had in the last five years?	_____	_____ 2