



# Allen Independent School District



Financial Integrity Rating  
System of Texas



# Purpose

- Originated by SB218 of the 77<sup>th</sup> Texas Legislature in 2001.
  - Amended in 2007, 2009, 2011 and 2015
- Expands the public education accountability system in Texas to include Financial Services.
- Primary goal to improve management of school district's financial resources.



# Objectives

- Assess the quality of financial management in Texas public schools.
- Fairly evaluate the quality of financial management decisions.
- Openly report results to the general public.



# Ratings

**Scores based on summation of points on  
15 indicators (Maximum of 100 points)**

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

**No points awarded on questions 1-5**

**Yes (Pass) or No (Fail)**



# Indicators

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**

***Was the Annual Financial Report  
filed by the deadline?***

***Due Date = 12/28/2017***

***Date Submitted = 11/09/2017***



# Indicators

2.A. 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.)

**YES**

***Indicator will be considered PASS if the District received a “clean audit” (unmodified opinion)***



# Indicators

2.B. Did the external independent auditor report that the AFR was free of any instance(s) of material weakness in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)

**YES**

***Indicator will be considered PASS if the District received audit report that states the District has no material weaknesses in internal controls.***



# Indicators

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

**YES**

*This indicator will be considered PASS if there were no disclosures in the AFR and/or other sources of information concerning default on bonded indebtedness obligations. The district was able to make all bond payments.*





# Indicators

4. Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?

**YES**

*This indicator seeks to make sure the District fulfilled its obligation to these agencies to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the District.*



# Indicators

5. 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% or more, then the school district passes this indicator.)

**YES**

<i>Unrestricted Net Position</i>	<i>56,944,378</i>
<i>Plus: Accretion of Interest</i>	<i>6,050,093</i>
<i>Plus: Net Pension Liability</i>	<i><u>38,398,181</u></i>
<i>Total Unrestricted Net Position</i>	<i>101,392,652</i>



# Indicators

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)?

***Yes – 10 points***

***District***

***State Standard***

***217 Days***

***90 Days***

***This indicator measures how long in days after the end of the fiscal year the District could have disbursed funds for its operating expenditures without receiving any new revenues.***



# Indicators

7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

***Yes – 10 points***

***District  
5.15***

***State Standard  
3.00***

***This indicator measures whether the school district had sufficient short-term assets to pay off its short-term liabilities.***



# Indicators

8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

***Partial – 6 points***

***District  
0.78***

***State Standard  
0.60***

***This indicator measures whether the school district had sufficient total assets to cover its long-term liabilities. Our slowing enrollment growth with continuing bond debt prevents receiving max. 10 points.***



# Indicators

9. 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 60 days?

***Yes – 10 points***

***Ratio of  $.0175 \geq 0$***

***This indicator simply asks “did you spend more than you earned?” Secondly, is days of cash on hand  $\geq$  to 60 days.***



# Indicators

10. Was the debt service coverage ratio sufficient to meet the required debt?

***Yes – 10 points***

***District  
1.58***

***State Standard  
1.20***

***This indicator measures whether the school district has the ability to make debt principal and interest payments that will come due during the year.***



# Indicators

11. Was the school district's administrative cost ratio equal to or less than the threshold ratio?

**Yes – 10 points**

<i>District</i>		<i>State Standard</i>
<i>0.0642</i>	<i>&lt;</i>	<i>0.0855</i>

*This indicator measures the percentage of the budget the District spent on administration versus State ranges.*





# Indicators

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 student enrollment did not decrease, the District will automatically pass this indicator)

<b><i>Yes – 10 points</i></b>	<b><i>2016-17 Enrollment</i></b>	<b><i>20,939</i></b>
	<b><i>2014-15 Enrollment</i></b>	<b><i>20,663</i></b>



# Indicators

13. Did the comparison of 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?

***Yes – 10 points***

<b><i>Sum of Differences</i></b>	<b><i>136</i></b>
<b><i>Total Entries</i></b>	<b><i>162,271,157</i></b>
	<b><i>0.00% &lt; 3.00%</i></b>

**This indicator measures the quality of the data reported to PEIMS and in the District's AFR to make certain the data "matches up".**



# Indicators

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? (The AICPA defines material noncompliance)

***Yes – 10 points***



# Indicators

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?

***Yes – 10 points***

***This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.***



# How Did Allen Score?

*Passing Score on Indicators 1-5.*

*Scored 96 Points out of the Maximum 100  
Points on Indicators 6-15.*

*Grade of “A = Superior”*

*Highest Level Available!*



# Allen Independent School District



Financial Integrity Rating  
System of Texas