

SCHOOLS FIRST

Financial Integrity Rating System of Texas



2009-2010

HOUSTON INDEPENDENT SCHOOL DISTRICT
Houston, Texas

<http://www.houstonisd.org/>

2009-2010 *Schools FIRST* Rating



HOUSTON INDEPENDENT SCHOOL DISTRICT

2011 BOARD OF EDUCATION

Paula Harris, President
Manual Rodriguez, Jr., First Vice President
Anna Eastman, Second Vice President
Carol Mims Galloway, Secretary
Michael L. Lunceford, Assistant Secretary
Lawrence Marshall
Greg Meyers
Harvin C. Moore
Juliet K. Stipeche

ADMINISTRATION

Terry B. Grier, Ed.D., Superintendent
Melinda Garrett, Chief Financial Officer
Kenneth Huewitt, Controller
Sharon Eaves, General Manager, Budgeting and Financial Planning

Purpose

October 13, 2011



- **Expands the public education accountability system in Texas to the Financial Services.**
- **Originated by SB875 of the 76th Texas Legislature in 1999.**
- **Primary goal: to improve management of school district's financial resources.**
- **Indicators developed by Texas Business and Education Council (TBEC), Texas Education Agency (TEA), Comptroller's Office, and the Texas Association of School Business Officials (TASBO).**

Objectives

- Assess quality of financial management in Texas public schools.
- Measure and report extent to which financial resources are allocated for direct instructional purposes.
- Fairly evaluate quality of financial management decisions.
- Openly report results to general public.

Overview

October 13, 2011



- School FIRST rating based on 2009-2010 data.
- Rating based on 22 indicators
- TEA now uses the School FIRST rating when determining the district's accreditation status
- District's School FIRST rating can impact special education determination status

Rating Categories

October 13, 2011



- **Superior Achievement** 72-80 & Yes to Indicator 7
 - **Above Standard Achievement** 64-71 or ≥ 72 & No to Indicator 7
 - **Standard Achievement** 56-63
 - **Substandard Achievement** < 56 or No to one default Indicator (1-6)
 - **Suspended** – Serious data quality problems
-
- Numerical scores based on 22 indicators

**This is the
number of
positively
answered
indicators.**

What is HISD's Rating?

- Above Standard Achievement
 - *HISD received a total score of 70 on all indicators.*
 - *The district has received the second highest rating possible as established under guidelines and rules established by the Texas Education Agency.*

Impact to Total Points

- Indicator 11 – The District’s decision to right size the special education program resulted in a finding in the 2009-2010 Single Audit – lost 5 points
- Indicator 22 – The amount of interest earning per student was not reflective of the current rate environment – lost 5 points

Overview of Indicators

October 13, 2011



- Indicators 1-6: *Critical*. Any “No” response to these indicators results in an automatic substandard rating.
- Indicator 7: *Academic Rating*
- Indicators 8-16: *Fiscal Performance*.
- Indicators 17-18: *Staffing Patterns*.
- Indicators 19-22: *Cash Management Practices*.

Critical Indicator 1

October 13, 2011



- Was the total fund balance less reserved fund balance greater than zero in the general fund?
 - *School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance cash (savings) that is not designated or “reserved” for a specific purpose. In other words, “Does your district have funds set aside for a rainy day?”*

HISD's Fund Balance

October 13, 2011



2010 Fund Balances (General Fund)

Reserved:

Reserved for encumbrances	\$	28,899,559
Reserved for investment in inventories	\$	3,415,694
Reserve for capital acquisition program	\$	13,200,582

Unreserved:

Designated for arbitrage	\$	497,504
Designated for incentive pay program	\$	35,509,415
Designated for insurance programs	\$	16,405,115
Designated for Pay As You Go Program	\$	65,000,000
Designated for auto/general liability	\$	2,493,379
Designated for operations	\$	80,669,038
Designated for school carryover	\$	6,334,833
Undesignated	\$	199,726,439
Total fund balances	\$	<u>452,151,558</u>

Critical Indicators 2 - 6

October 13, 2011



- #2 Was the Total Unrestricted Net Asset Balance greater than \$0?
- #3 Were there no disclosures in the Annual Financial Report and/or other sources of Information concerning default on bonded indebtedness obligations?
- #4 Was the Annual Financial Report Filed within specified time requirements?
- #5 Was there an unqualified opinion in Annual Financial Report?
- #6 Did the Annual Financial Report not disclose any instance(s) of material weakness in internal controls?

Fiscal Performance Indicator 7



- **Did the Districts Academic Rating exceed Academically Unacceptable?**

2009-2010 AEIS Academic Rating of Academically Acceptable

Source: 2009-2010 AEIS Accountability Rating Report

Fiscal Performance Indicator 8



- Was the three year average percent of total tax collections (including delinquent) greater than 98 percent?
 - *This indicator measures your district's success in collecting the taxes owed by your community's businesses and homeowners by placing a 98 percent minimum collections standard. You must collect a three year average of 98 percent or more of your taxes, including any delinquent taxes owed from past years.*

HISD's Tax Collections



Tax Collections

2010 Tax Collections	\$ 1,200,158,096
2009 Tax Collections	\$ 1,197,592,695
2008 Tax Collections	\$ 1,080,374,280

2010 Tax Levy	\$ 1,220,831,835
2009 Tax Levy	\$ 1,209,859,983
2008 Tax Levy	\$ 1,080,025,653

$$3 \text{ Yr Avg. Collection Ratio} = \frac{\$ 1,159,375,024}{\$ 1,170,239,157} = 99.07\%$$

Comparison Data	
Prior 3 Yr Avg Collection Ratio	99.80%

Fiscal Performance Indicator 9

- Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of $< 3\%$ of expenditures per fund type?
 - *This indicator measures the quality of financial data reported to PEIMS as compared to what was reported in the annual financial report. This is a simple “Pass” or “Fail” indicator.*

Fiscal Performance Indicator 10-12

- #10 Were Debt Related Expenditures <\$250 per student or greater than 7%, or if taxes collected per penny of tax effort greater than \$200,000 per student
- #11 Were there no disclosures in the Annual Financial Report of Material non-compliance?
- #12 Did the District have full accreditation in relation to its fund management practices?

Fiscal Performance Indicators 13-15



- #13 Was the aggregate of Budgeted Expenditures and other uses less than the aggregate of total revenues, other resources, and fund balance in the General Fund?
- #14 If the District's aggregate fund balance in the General Fund and Capital Projects Fund was less than zero, were construction projects adequately financed? (To avoid creating or adding to the fund balance deficit situation)
- #15 Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the General Fund = or 1:1?

Fiscal Performance Indicator 16



- Was the administrative cost ratio less than the standard in state law?
 - *TEA and state law sets a cap on the percentage of the budget that*

Texas school districts can spend on administration. Did you exceed the

cap for districts of your size? For Large Districts the cap is 11.05%.

Administrative Cost Ratio

-Instructional Expenditures	\$	953,316,908
Function 11 - Instruction		
Function 12 - Instructional Resource Media		
Function 13 - Curriculum and Staff Development		
Function 31 - Guidance & Counseling		
-Administrative Expenditures	\$	46,543,339
Function 21 - Instructional Leadership		
Function 41 - General Administration		

Administrative Cost Ratio	\$	46,543,339	=	0.0488
	\$	953,316,908		

Comparison Data	
FY2009 Administrative Cost Ratio	0.046

Fiscal Performance Indicator 16

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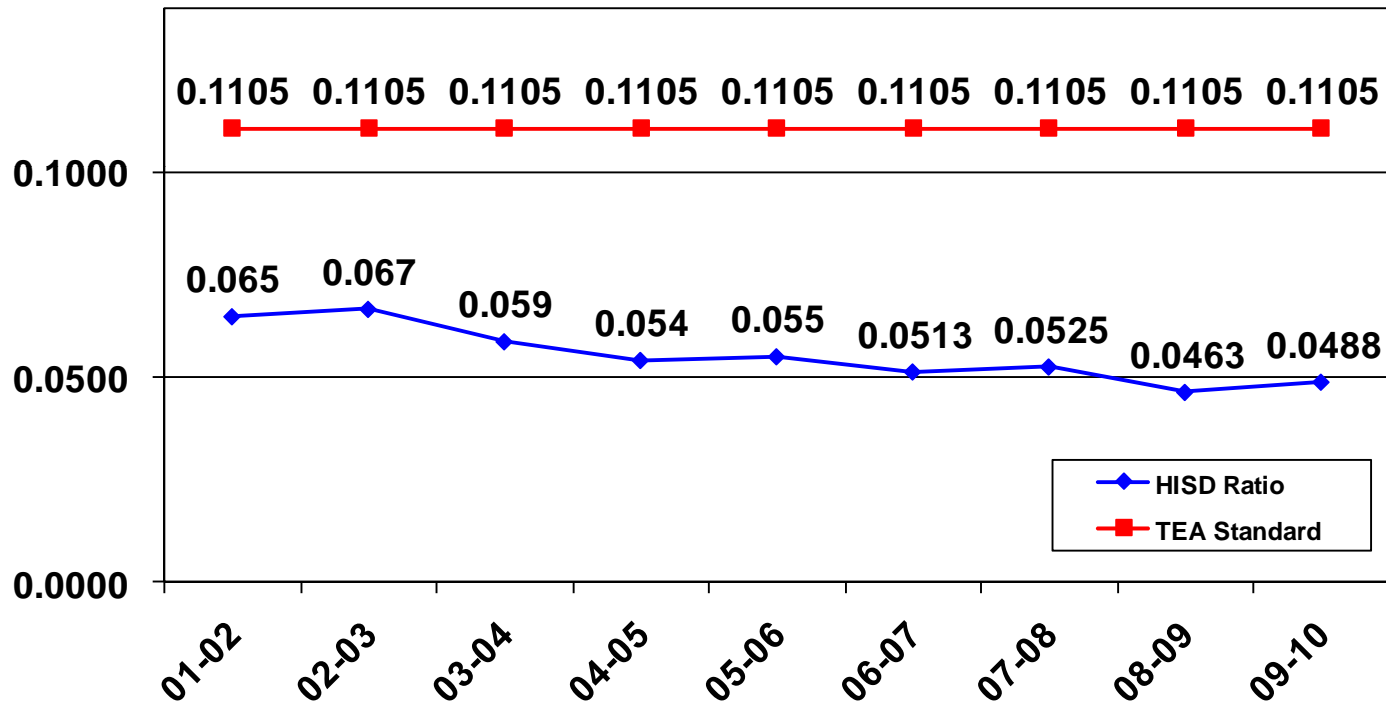


Comparisons to other Districts

District	Administrative Cost Ratio
Cy-Fair	3.67
Katy	4.11
Alief	4.49
Fort Bend	4.73
Houston	4.88
Aldine	5.18
Northside	5.67
Spring Branch	5.78
Austin	6.31
San Antonio	7.37
Goose Creek	7.86
Dallas	8.35
North Forest	19.12

Administrative Cost Indicator 16

History



Staffing Patterns Indicator 17

- Was the ratio of students to teachers within the ranges established according to district size?
 - *This indicator measures your pupil-teacher ratio to ensure that it is within TEA recommended ranges for districts of your student population range. For example, districts with a student population over 10,000 should have no more than 22 students per teacher and no fewer than 13.5 students per teacher.*

HISD's Pupil-Teacher Ratios



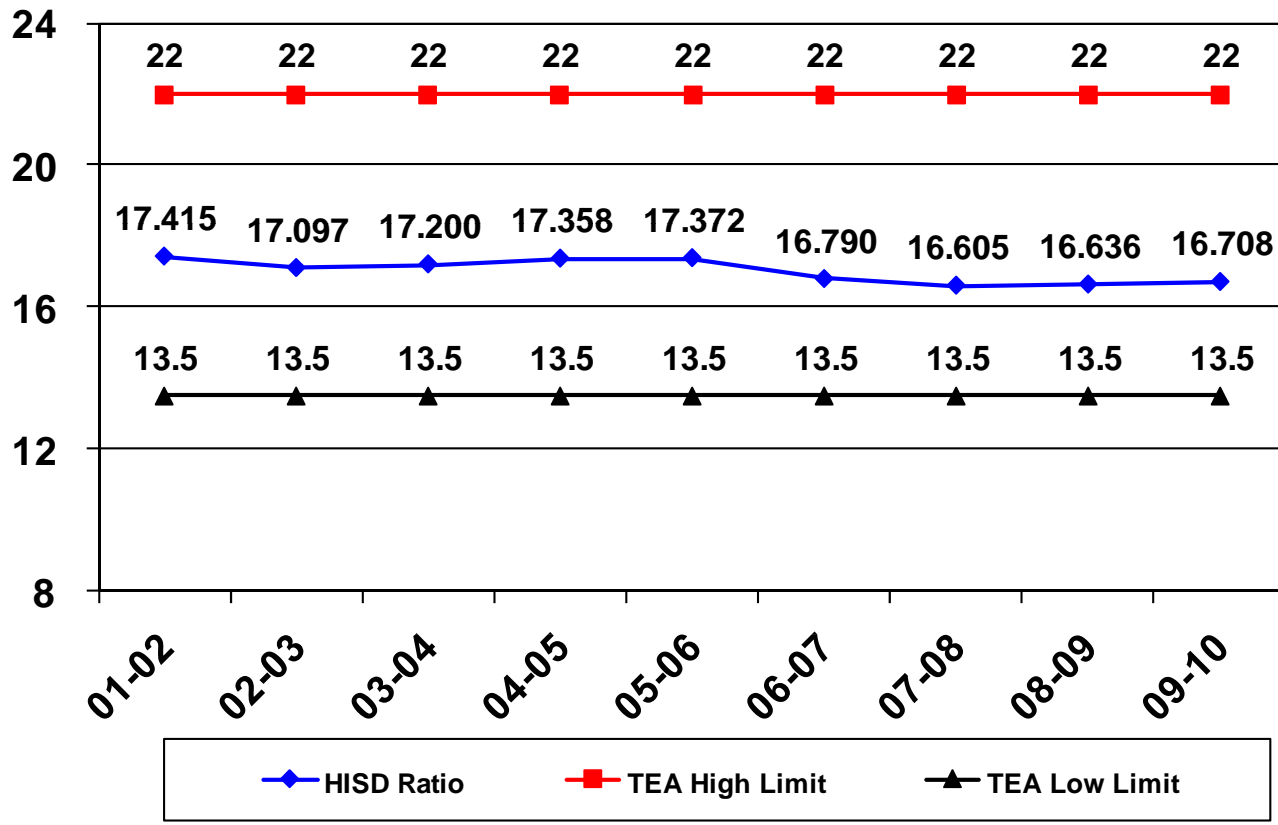
Students Per Teacher

$$\frac{\text{No. Students}}{\text{No. Teachers}} = \frac{200,944}{12,027} = 16.71$$

Comparison Data	
FY2009 Students Per Teacher	16.64

Staffing Patterns Indicator 17

History



Staffing Patterns Indicator 17

October 13, 2011



Comparisons to other Districts

District	Student to Teacher Ratio
Houston	16.7077
San Antonio	16.1934
Fort Bend	15.7503
Cy-Fair	15.4491
Northside	15.4479
North Forest	15.2511
Aldine	14.7551
Alief	14.7398
Dallas	14.6416
Goose Creek	14.2269
Katy	14.1843
Spring Branch	14.1083
Austin	14.0980

Staffing Patterns Indicator 18



- Was the ratio of students to total staff within the ranges established according to district size?
 - *This indicator measures your pupil-staff ratio to ensure that it is within TEA recommended ranges for district's of your student population range. For example, districts with a student population over 10,000 should have no more than 14 students per staff member and no fewer than 7.0 students per district employee.*

HISD's Pupil-Staff Ratio

October 13, 2011



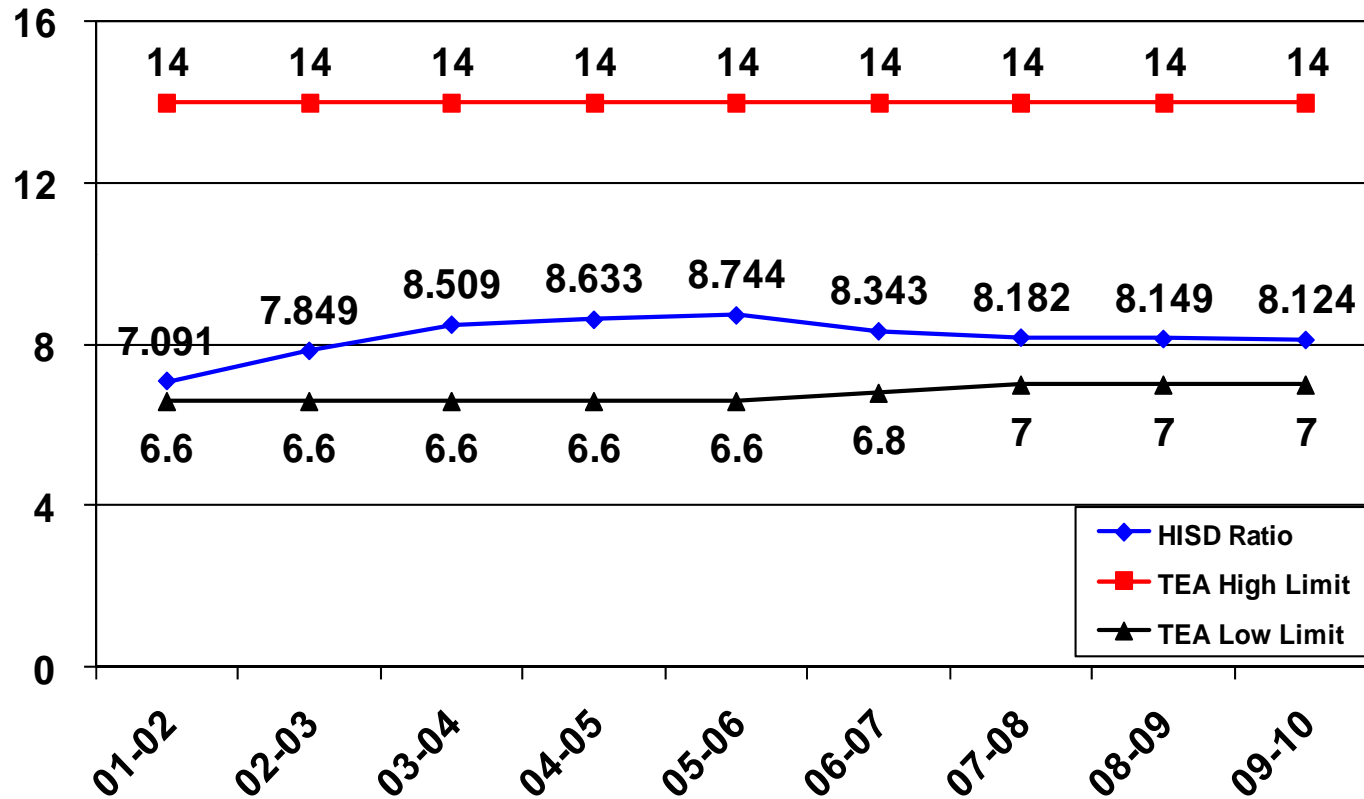
Students Per Total Staff

$$\frac{\text{No. Students}}{\text{No. Total Staff}} = \frac{200,944}{24,735} = 8.12$$

Comparison Data	
FY2009 Students Per Total Staff	8.15

Staffing Patterns Indicator 18

History



Staffing Patterns Indicator 18

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HARRIS COUNTY DISTRICTS TOTAL STAFF TO STUDENT RATIO	
HOUSTON	8.1238
CY-FAIR	8.0793
KLEIN	7.8086
HUFFMAN	7.7872
KATY	7.7115
CROSBY	7.6507
NORTH FOREST	7.4163
SPRING BRANCH	7.4103
TOM BALL	7.4100
ALIEF	7.4087
CHANNELVIEW	7.3937
AVERAGE	7.3673
HUMBLE	7.2855
PASADENA	7.2652
ALDINE	7.2426
GOOSE CREEK	7.2407
SPRING	7.0543
DEER PARK	7.0045
GALENA PARK	6.9188
LA PORTE	6.7055
SHELDON	6.4285

Cash Management Practices Indicators 19-22



- #19 Was the Fund Balance in the General Fund > 50% and < 150% of TEA's optimum Fund Balance?
- #20 Was the decrease less than 20% of Undesignated Fund Balance in the past two years?
- #21 Was the aggregate total of cash and investment greater than \$0.
- #22 Was investment earnings > \$15 per student?

Investment Earnings Per Student



Cash Management Practices Indicator #22

Earnings per Student

$$\frac{\text{Investment Earnings}}{\text{No. Total Students}} = \frac{2,556,043}{200,944} = \$ 12.72$$

Comparison Data	
FY2009 Earnings per Student	\$ 49.19

MANAGEMENT REPORT

Reimbursements (Board and Superintendent)

October 13, 2011



Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended June 30, 2010

Description of Reimbursements	Dr. Abelardo Saavedra Superintendent	Dr. Terry B. Grier Superintendent	Natasha M. Kamrani District 1	Anna Eastman District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Michael L. Lunceford District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8
Meals	\$ -	\$ 1,565.56	\$ -	\$ -	\$ 228.71	\$ 134.17	\$ 14.96	\$ -	\$ 64.28	\$ 31.72	\$ 94.81	\$ -
Lodging	\$ -	\$ 3,115.94	\$ -	\$ 529.62	\$ 474.00	\$ 1,568.76	\$ 1,691.23	\$ 787.52	\$ 909.16	\$ 132.89	\$ 1,700.30	\$ -
Transportation	\$ -	\$ 2,752.69	\$ -	\$ -	\$ 568.90	\$ 44.00	\$ 2,528.00	\$ 410.70	\$ 231.90	\$ -	\$ 1,202.70	\$ -
Other	\$ -	\$ 785.05	\$ 50.00	\$ 5,985.00	\$ 951.30	\$ 1,063.41	\$ 891.00	\$ 50.00	\$ 435.00	\$ 332.27	\$ 2,028.53	\$ 360.00
Total	\$ -	\$ 8,219.24	\$ 50.00	\$ 6,514.62	\$ 2,222.91	\$ 2,810.34	\$ 5,125.19	\$ 1,248.22	\$ 1,640.34	\$ 496.88	\$ 5,026.34	\$ 360.00

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period
Ended June 30, 2010

Name(s) of Entity(ies)	Amount Received
Total	\$ -

Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)
(gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

For the Twelve-Month Period
Ended June 30, 2010

	Dr. Abelardo Saavedra Superintendent	Dr. Terry B. Grier Superintendent	Natasha M. Kamrani District 1	Anna Eastman District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Michael L. Lunceford District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Business Transactions Between School District and Board Members

For the Twelve-Month Period
Ended June 30, 2010

	Natasha M. Kamrani District 1	Anna Eastman District 1	Carol Mims-Galloway District 2	Manuel Rodríguez, Jr. District 3	Paula M. Harris District 4	Dianne Johnson District 5	Michael L. Lunceford District 5	Greg Meyers District 6	Harvin C. Moore District 7	Diane Dávila District 8	Lawrence Marshall District 9
Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

Superintendent's 2009 Employment
Contract
included in presentation packet
as required