Annual Financial Accountability Management Report

For the Year Ended August 31, 2018

Goals of Schools FIRST

- **Primary Goal: To achieve quality performance in the management of school districts' financial resources**
- **Supplemental Goals:**
  - Measure a district's financial management performance using uniform indicators
  - Improve financial management and transparency
- **Changes to financial integrity rating system made periodically pursuant to Commissioner of Education Rule**
- **2017-18 has 15 Indicators: Critical, Solvency, and Financial Competence**
- **Final Rating was released October 31, 2019**

Requirements

- Districts are required to prepare annual financial accountability report
- Report must include:
  - District's performance on the indicators
  - Comparisons to previous years' ratings
  - A copy of the Superintendent's current employment contract and other information
  - Summary schedule for the fiscal year of:
    - Certain reimbursements received by the Superintendent and each board member
    - Gifts (valued at $250 or more) received from vendors (and competing vendors not awarded contracts) by board members, the Superintendent, executive officers, and their immediate families
    - Business transactions between board members and the school district
  - Other descriptive information deemed appropriate by District Administration and the Board of Trustees

Rating Worksheet

- ✓ Rating is "A", "B", "C", or "F" (for SUBSTANDARD ACHIEVEMENT)
- ✓ Ratings on each **Critical Indicator** include a "yes" or "no" answer
  - ✓ "No" answer on any of the 5 Critical Indicators results in a rating of "F"
- ✓ Ratings on the remaining indicators include point scores with a maximum of 10 points each
  - ✓ Maximum score available is 100 points
- ✓ **Achievement Rankings:**
  - ✓ A - 90-100: **Superior**
  - ✓ B - 80-89: **Above Standard**
  - ✓ C - 60-79: **Meets Standard**
  - ✓ F - Below 60 or "No" to Critical Indicators: **Substandard Achievement**

CRITICAL INDICATORS

CRITICAL INDICATORS (paraphrased)

Lamar CISD: All "YES" answers for 2017-18 and all prior years.

INDICATOR #1: Was the complete annual financial report (AFR) and data submitted to the TEA by the deadline?

INDICATOR #2A: Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Pubic Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)

INDICATOR #2B: 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.)

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

INDICATOR #4: 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?

INDICATOR #5: Was the total Unrestricted Net Position balance greater than zero? (Not Scored This Year)

SOLVENCY INDICATORS

Solvency Indicators – measure the District's ability to meet its debt and other obligations.

- ✓ Indicators 6 through 12 are Solvency Indicators
- ✓ Lamar CISD's performance on selected Indicators follows:

  - ✓ **Indicator #7** – Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?
    - ✓ TEA's targeted current ratio is 3.0 or more. Lamar CISD's current ratio is 9.3625

  - ✓ **Indicator #8** - Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?
    - ✓ The long-term debt ratio measures the financial leverage of the District. It indicates what portion of the District's total assets are financed from long-term debt, so the ratio value should be less than 1.0. The lower the ratio the better it is. The District's long-term debt ratio is 0.9301. Fast growth exception: Enrollment growth rate exceeding 7% or more over 5 years (18.6%).

  - ✓ **Indicator #10** - Was the debt service coverage ratio sufficient to meet the required debt service?
    - ✓ This indicator measures the district's ability to make debt principal and interest payments that will become due during the year. To receive full points for this indicator, the district's debt service coverage ratio must be 1.20 or greater. Lamar CISD's ratio was 1.5139.

FINANCIAL COMPETENCE INDICATORS

Financial Competence Indicators – measure the District's skills, knowledge, and data quality.

- ✓ Indicators 13 through 15 are Financial Competence Indicators
- ✓ Lamar CISD's performance on selected Indicators are as follows:
  - ✓ **Indicator #13** – 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?
    - ✓ Lamar CISD's data quality ratio was less than one percent **(0.0017%)** for the fiscal year ending August 31, 2018, well below the allowable 3 percent variation.
  - ✓ **Indicator #14** - Did the external independent auditor report that the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?
    - ✓ No instances of material noncompliance for grants, contracts, or laws were noted in the District's 2017-18 Annual Financial Report.

LAMAR CISD RATINGS

The Ratings for LCISD

- ✓ 2000-01 SUPERIOR ACHIEVEMENT
- ✓ 2001-02 SUPERIOR ACHIEVEMENT
- ✓ 2002-03 SUPERIOR ACHIEVEMENT
- ✓ 2003-04 SUPERIOR ACHIEVEMENT
- ✓ 2004-05 SUPERIOR ACHIEVEMENT
- ✓ 2005-06 SUPERIOR ACHIEVEMENT
- ✓ 2006-07 SUPERIOR ACHIEVEMENT
- ✓ 2007-08 SUPERIOR ACHIEVEMENT
- ✓ 2008-09 SUPERIOR ACHIEVEMENT
- ✓ 2009-10 SUPERIOR ACHIEVEMENT
- ✓ 2010-11 SUPERIOR ACHIEVEMENT
- ✓ 2011-12 SUPERIOR ACHIEVEMENT
- ✓ 2012-13 SUPERIOR ACHIEVEMENT
- ✓ 2013-14 PASS (SYSTEM REVISED)
- ✓ 2014-15 SUPERIOR ACHIEVEMENT
- ✓ 2015-16 SUPERIOR ACHIEVEMENT
- ✓ 2016-17 SUPERIOR ACHIEVEMENT

2017-18 SUPERIOR ACHIEVEMENT

- ✓ A copy of the report may be obtained from Jill Ludwig or Yvonne Dawson.