FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS

FRISCO INDEPENDENT SCHOOL DISTRICT

2025-2026 FIRST

Public Hearing

Financial Integrity Rating System of Texas

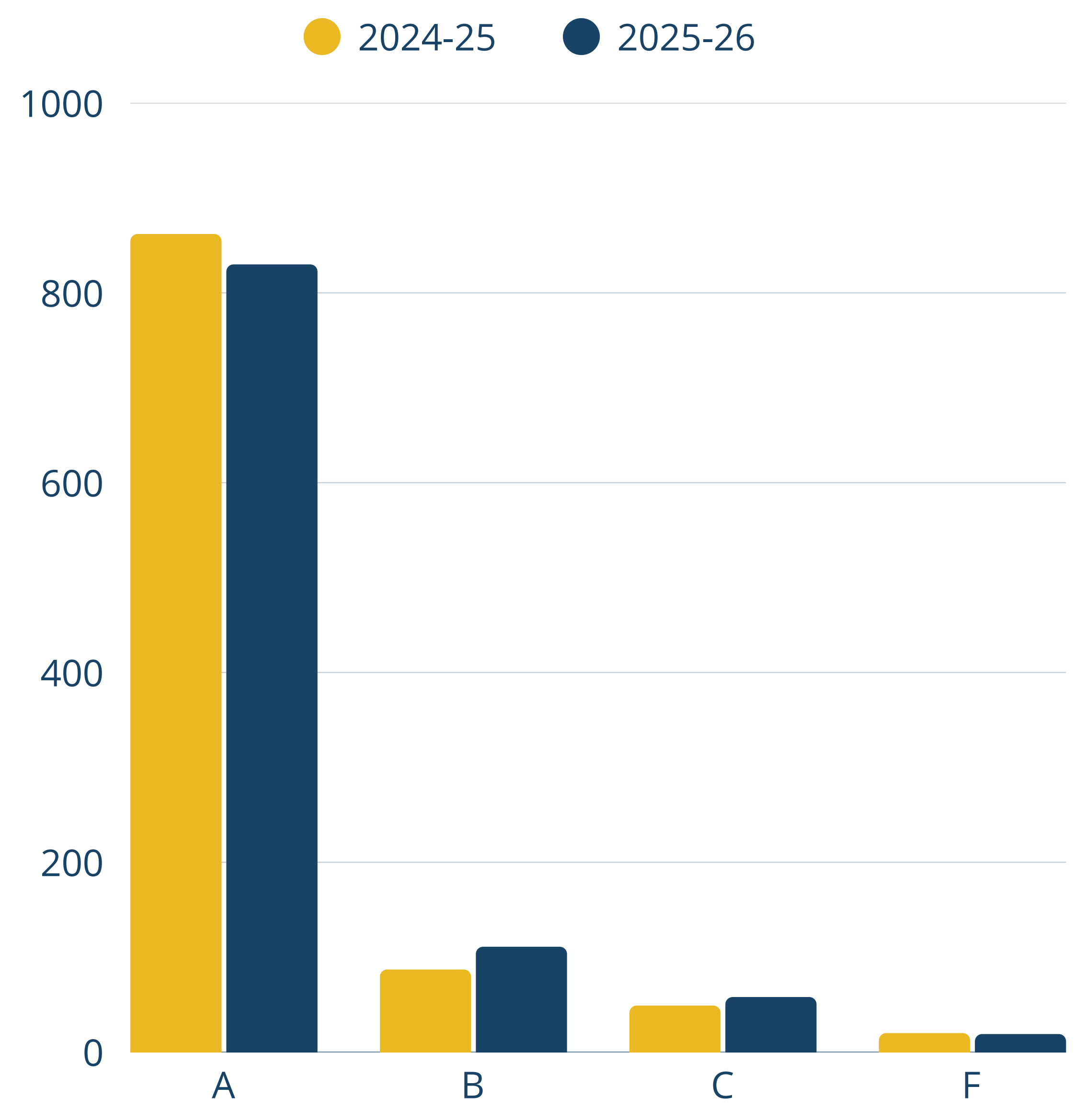
THE GOAL

To provide additional transparency to public education finance and meaningful financial oversight and improvement for school districts

THE CRITERIA

- 2025-2026 rating is based on 2024-2025 data
- 21 total indicators
  - 4 indicators are “critical”
  - 6 are “ceiling indicators”
- 100 possible points

Summary of State-Wide Results



RATING	POINTS	# DISTRICTS	% OF TOTAL ENROLLMENT
A (Superior)	90-100	830	81.53%
B (Above Standard)	80-89	111	10.90%
C (Meets Standard)	60-79	58	5.70%
F (Substandard)	< 60	19	1.87%

Critical Indicators

INDICATORS 1 - 4

CRITCIAL INDICATORS

INDICATOR

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?

CRITERIA

Pass/Fail

EXPLANATION

Was our annual financial report filed on time?

1

SCORE: Pass

INDICATOR

Was there an unmodified opinion in the AFR on the financial statements as a whole?

CRITERIA

Pass/Fail

EXPLANATION

An unmodified opinion means there were no indications of financial mismanagement, material errors, or poor controls.

2

SCORE: Pass

CRITCIAL INDICATORS

INDICATOR

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

CRITERIA

Pass/Fail

EXPLANATION

Did we make all of our required debt service payments on time?

3

SCORE: Pass

CRITCIAL INDICATORS

INDICATOR

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?

CRITERIA

Pass/Fail

EXPLANATION

All payments to other governments should be made within 30 days.

4

SCORE: Pass

Solvency Indicators

INDICATORS 5 - 14

INDICATOR

Was the total Net Position balance in the governmental activities column in the Statement of Net Position (net of the accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating it may receive is a C, unless the district had an increase in student enrollment of 7% or more or 1,000 or more over the last 5 years, in which case the highest possible rating it may receive is a B.

EXPLANATION

Did total assets exceed total liabilities for the District as a whole?

SCORE: Pass, Ceiling Met

INDICATOR

Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25% decrease, or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating the district may receive is a B.

EXPLANATION

This indicator measures whether fund balance is declining too quickly, and if it's declining whether there is sufficient fund balance to operate for at least 75 days.

SCORE: Pass

We did not experience a net decrease in fund balance over the last 3 years.

INDICATOR

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)?

CRITERIA

0	2	4	6	8	10
< 30	30-44	45-59	60-74	75-89	≥ 90

EXPLANATION

This indicator measures how long in days after the end of the fiscal year we could have paid bills without receiving any new revenues.

7

SCORE: 10

Cash on hand = 174 days (up ~36 days from the previous year)

INDICATOR

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

CRITERIA

0	2	4	6	8	10
< 1	1 - 1.4	1.5 - 1.9	2 - 2.4	2.5 - 2.9	≥ 3

EXPLANATION

This indicator measures whether we had sufficient short-term assets at the end of the fiscal year to pay off our short-term liabilities.

8

SCORE: 10

Ratio = 3.13 (slightly lower than the previous year)

INDICATOR

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?

CRITERIA

0	10
No	Yes

EXPLANATION

Did we spend more than we earned? If we did, did we still have enough cash on hand to operate for at least 60 days?

9

SCORE: 10

Revenues exceeded expenditures for fiscal year 2025.

INDICATOR

Did the school district average less than a 10 percent variance when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

CRITERIA

0	10
No	Yes

EXPLANATION

This indicator measures how accurately we forecasted revenue by comparing budgeted and actual revenue reported through PEIMS.

10

SCORE: 10

Our 3-year budget to actual variance was 2.4%.

INDICATOR

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 increase in membership over 5 years was 7% or more, or 1,000 or more students, then the school district passes this indicator.)

CRITERIA

0	2	4	6	8	10
> 1	0.91 - 1	0.81 - 0.90	0.71 - 0.80	0.61 - 0.70	≤ 0.60

EXPLANATION

This indicator is like asking someone if their mortgage exceeds the market value of their home. The indicator also recognizes that high-growth districts incur additional operating costs to open new instructional campuses.

11

SCORE: 10

Ratio = 0.8997 (slightly lower than last year), but 5-year growth was 1,798 students (>1,000).

SOLVENCY INDICATORS

INDICATOR

What is the correlation between future debt payments and the district's assessed property value?

CRITERIA

0	2	4	6	8	10
> 13.5	>11.6 ≤13.5	>10 ≤11.5	>7 ≤10	>4 ≤7	≤ 4

EXPLANATION

This indicator looks at our ability to make debt principal and interest payments. Did we meet or exceed the target amount?

12

SCORE: 10

Ratio = 3.4 (down from 3.9 in the previous year)

INDICATOR

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

CRITERIA FOR ADA ≥ 10,000

0	2	4	6	8	10
> 18.55%	16.04% - 18.55%	13.56% - 16.05%	11.06% - 13.55%	8.56% - 11.05%	≤ 8.55%

EXPLANATION

This indicator measures the percentage of our budget spent on administration.

This indicator was not evaluated for the 2024-25 fiscal year.
All districts received 10 points.

SCORE: 10

Ratio = 4.3% using new methodology

INDICATOR

Did the school district not have a 15 percent decline in the student to staff ratio over 3 years (total enrollment to total staff)? If student enrollment did not decrease, the school district will automatically pass this indicator.

CRITERIA

0	10
No	Yes

EXPLANATION

If the school district's enrollment declined, did the number of staff decline proportionally?

SCORE: 10

Frisco ISD's student to staff ratio declined by 4.3% (<15%) 2022-23 to 2024-25.

Financial Competence Indicators

INDICATORS 15 - 21

INDICATOR

Was the school district's actual ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA?

CRITERIA FOR ADA ≥ 10,000

0	5
> 7%	≤ 7%

EXPLANATION

How well did we project average daily attendance at the start of the biennium?

SCORE: 5

Actual ADA was 5.8% less than projected for 2024-25.

INDICATOR

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?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating the district may receive is a B.

EXPLANATION

This indicator measures the quality of the data reported to PEIMS.

16

SCORE: Pass *Variance = 0%*

INDICATOR

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?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating the district may receive is a C.

EXPLANATION

A material weakness is a significant deficiency, or a combination of significant deficiencies, in internal controls that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

17

SCORE: Pass

The auditors found no material weaknesses.

INDICATOR

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?

CRITERIA

0	10
No	Yes

EXPLANATION

Did our auditors find that we complied with all applicable laws, contracts, and requirements from granting agencies?

SCORE: 10

The auditors found no instances of noncompliance.

INDICATOR

Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the school district's fiscal year-end?

CRITERIA

0	5
No	Yes

EXPLANATION

Did we comply with legal requirements to post financial transparency information?

SCORE: 5

We posted all required information (and more) on our website.

INDICATOR

Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating the district may receive is a B.

EXPLANATION

This indicator measures whether the school board had the opportunity to discuss the district's revenue outlook prior to the budget proposal.

SCORE: Pass

INDICATOR

Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?

CRITERIA

Pass/Fail

This is a ceiling indicator. If a district does not pass this indicator, the highest possible rating the district may receive is a C.

EXPLANATION

This indicator determines whether the district received too much state aid and needed a repayment plan to pay it back.

21

SCORE: Pass *We did not need a repayment plan.*

CRITICAL INDICATORS

Passed 1-4

SOLVENCY INDICATORS

80 out of 80 points

All ceilings passed

COMPETENCE INDICATORS

20 of 20 points

All ceilings passed

WEIGHTED SUM: 100

CEILING: N/A

RATING: A

SUMMARY OF FRISCO ISD SCORES

Additional Disclosures

Reporting requirements for School FIRST are found in Title 19 TAC, Chapter 109, Subchapter AA.

Click each button on the right to access the reports.

Superintendent's Current Employment Contract

Summary of Reimbursements Received by the Superintendent and Board for Fiscal Year 2025

Required reports not applicable to FISD for fiscal year 2025:

- Outside compensation/fees received by the Superintendent
- Gifts received by the Superintendent and Board members in fiscal year 2025 (with a value of $250 or more)
- Business transactions between the school district and Board members for fiscal year 2025

2025-2026 FIRST Preview

COMPARISON OF SCORES 2025-2027

	LAST YEAR	THIS YEAR	NEXT YEAR
CRITICAL INDICATORS			
1*	PASS	PASS	PASS
2*	PASS	PASS	PASS
3*	PASS	PASS	PASS
4*	PASS	PASS	PASS
SOLVENCEY INDICATORS			
5*	PASS	PASS	PASS
6*	PASS	PASS	PASS
7	10	10	10
8	10	10	8
9	10	10	10
10	10	10	10
11	10	10	4
12	10	10	10
13	10	10	10
14	10	10	10

	LAST YEAR	THIS YEAR	NEXT YEAR
COMPETENCE INDICATORS			
15	5	5	5
16*	PASS	PASS	PASS
17*	PASS	PASS	PASS
18	10	10	10
19	5	5	5
20*	PASS	PASS	PASS
21*	PASS	PASS	PASS
RATING	**A**	**A**	**A (92)** *anticipated*

Next year's scores are estimated based on preliminary, unaudited data.

Other Financial Accolades

- **Reporting Awards:**
  - GFOA Certificate of Achievement for Excellence in Financial Reporting
  - GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting
  - ASBO Certificate of Excellence in Financial Reporting
  - GFOA Distinguished Budget Presentation Award
  - ASBO Meritorious Budget Award
- **Credit Ratings:**
  - Moody's: Aa1 Underlying/Aaa Enhanced
  - Standard & Poor's: AA+ Underlying/AAA Enhanced
- **Comptroller's Transparency Stars**
  - Traditional Finances
  - Debt
  - Contracts & Procurement
  - Open Government
- **Other Awards:**
  - TASBO Award of Excellence in Financial Management
  - TASBO Award of Merit for Purchasing Operations

THANK YOU!

http://www.friscoisd.org/departments/finance/financial-transparency

FRISCO
INDEPENDENT SCHOOL DISTRICT