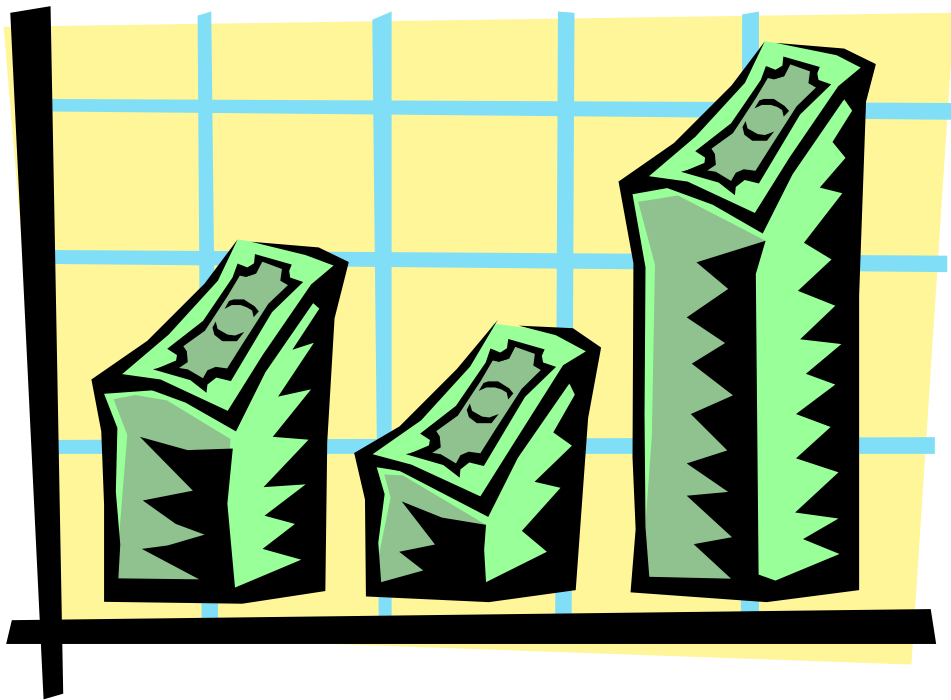




# **Mt. Pleasant Independent School District Annual Financial Accountability Management Report**

For the Year Ending August 31, 2023



## **Table of Contents**

Page

Introduction	3
Financial Accountability Ratings Worksheet for 2021-2022	4 - 6
Financial Accountability Ratings Worksheet for 2022-2023	7 - 9
Overview of the Worksheet's Criteria	10
Chapter 109 Disclosures	12



**Mt. Pleasant Independent  
School District  
Annual Financial**

**Introduction**

During the 77<sup>th</sup> regular session of the Texas legislature (2001), Senate Bill 218 was passed and Governor Perry signed it into law shortly thereafter. This law requires each school district to prepare an annual financial accountability report that explains the district's performance under each of the indicators included the School FIRST rating system. The District's final rating, included in this report, was released on August 20, 2024.

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

The 2022-2023 worksheet consists of 21 criteria; each assigned a point value with the exception of the Critical Indicators. A "No" response in criteria #1, #2, #3 or #4 automatically result in a rating of Substandard Achievement, so these first four criteria are of utmost importance.

Currently, Mt. Pleasant ISD was given a rating of "A-Superior Achievement", scoring a 98 out of a possible 100 points on the financial accountability worksheet. The worksheet itself and discussion of its salient points follows.



Financial Integrity Rating System of Texas

## 2022-2023 RATINGS BASED ON SCHOOL YEAR 2021-2022 DATA - DISTRICT STATUS DETAIL

Name: <b>MOUNT PLEASANT ISD(225902)</b>		Publication Level 1: 8/4/2023 12:02:16 PM	
Status: <b>Passed</b>		Publication Level 2: 8/7/2023 3:01:39 PM	
Rating: A = Superior Achievement		Last Updated: 8/7/2023 3:01:39 PM	
District #	Score: 96 Indicator Description	Passing Score: 70	Updated Score
1	<u>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?</u>		7/13/2023 6:19:46 PM Yes
2	<u>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.)</u>		7/13/2023 6:19:46 PM Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>		7/13/2023 6:19:46 PM Yes
4	<u>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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>		7/13/2023 6:19:46 PM Yes Ceiling Passed
5	This indicator is not being evaluated.		
			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		7/13/2023 6:19:46 PM Ceiling Passed
7	<u>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)? See ranges below in the Determination of Points section.</u>		7/13/2023 6:19:46 PM 10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>		7/13/2023 6:19:46 PM 10

9	<u>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? See ranges below in the Determination of Points section.</u>	7/13/2023 6:19:46 PM	10
10	This indicator is not being evaluated.		10
11	<u>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 of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u>	7/13/2023 6:19:46 PM	8
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	7/13/2023 6:19:46 PM	8
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	7/13/2023 6:19:46 PM	10
14	This indicator is not being evaluated.		10
15	This indicator is not being evaluated.		5
16	<u>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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	7/13/2023 6:19:46 PM	Ceiling Passed
17	<u>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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	7/13/2023 6:19:46 PM	Ceiling Passed
18	<u>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.)</u>	7/13/2023 6:19:46 PM	10
19	<u>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?</u>	7/13/2023 6:19:46 PM	5
20	<u>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?</u>	7/13/2023 6:19:46 PM	Ceiling Passed
			96 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			96 Score

## DETERMINATION OF RATING

**A.** Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is **F for Substandard Achievement** regardless of points earned.

**B.** Determine the rating by the applicable number of points.

<b>A = Superior Achievement</b>	90-100
<b>B = Above Standard Achievement</b>	80-89
<b>C = Meets Standard Achievement</b>	70-79
<b>F = Substandard Achievement</b>	<70

**No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.**

The school district receives an **F** if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
<b>Indicator 4</b> (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
<b>Indicator 6</b> (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 16</b> (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 17</b> (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement



Financial Integrity Rating System of Texas

2023-2024 RATINGS BASED ON SCHOOL YEAR 2022-2023 DATA - DISTRICT STATUS DETAIL

<b>Name:</b> MOUNT PLEASANT ISD(225902)		<b>Publication Level 1:</b> 8/8/2024 6:33:40 PM	
<b>Status:</b> Passed		<b>Publication Level 2:</b> 8/8/2024 6:33:40 PM	
<b>Rating:</b> A = Superior Achievement		<b>Last Updated:</b> 8/20/2024 2:05:19 PM	
<b>#</b>	<b>Indicator Description</b>	<b>Passing Score:</b> 70	<b>Updated</b>
			<b>Score</b>
1	<u>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?</u>		4/19/2024 6:26:34 PM Yes
2	<u>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.)</u>		4/19/2024 6:26:34 PM Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>		4/19/2024 6:26:34 PM Yes
4	<u>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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>		4/19/2024 6:26:34 PM Yes Ceiling Passed
			1 Multiplier Sum
5	<u>Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		4/19/2024 6:26:34 PM Ceiling Passed
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		4/19/2024 6:26:34 PM Ceiling Passed

7	<u>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)? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:34 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:34 PM	10
9	<u>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? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:34 PM	10
10	This indicator is not being evaluated.		10
11	<u>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 of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u>	4/19/2024 6:26:34 PM	10
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	8/20/2024 2:05:18 PM	8
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	8/20/2024 2:05:18 PM	10
14	<u>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 school district will automatically pass this indicator.</u>	4/19/2024 6:26:34 PM	10
15	This indicator is not being evaluated.		5
16	<u>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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:34 PM	Ceiling Passed
17	<u>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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	4/19/2024 6:26:34 PM	Ceiling Passed
18	<u>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.)</u>	4/19/2024 6:26:34 PM	10
19	<u>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?</u>	4/19/2024 6:26:34 PM	5
20	<u>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?</u>	4/19/2024 6:26:34 PM	Ceiling Passed
21	<u>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?</u>	4/19/2024 6:26:34 PM	Ceiling Passed
			98 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)



## DETERMINATION OF RATING

<b>A.</b>	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine the rating by the applicable number of points.	
	<b>A = Superior Achievement</b>	90-100
	<b>B = Above Standard Achievement</b>	80-89
	<b>C = Meets Standard Achievement</b>	70-79
	<b>F = Substandard Achievement</b>	<70
<p><b>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</b></p> <p>The school district receives an <b>F</b> if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.</p>		

## CEILING INDICATORS

Did the school district meet the criteria for any of the following <b>ceiling indicators</b> 4, 6, 16, 17, 20, or 21? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.		
<b>Determination of rating based on meeting ceiling criteria.</b>	<b>Maximum Points</b>	<b>Maximum Rating</b>
<b>Indicator 4</b> (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
<b>Indicator 6</b> (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 16</b> (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 17</b> (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 21</b> (FSP Repayment Plan) - Response to indicator is <i>Yes</i> .	70	C = Meets Standard Achievement

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## Overview of the Worksheet

### Critical Indicators

Criteria #1 through #6 are the critical indicators. Any “NO” response in this category is a signal indicator of fiscal distress. These six criteria revolve around the audit report, auditor’s findings, timely payments on debt and obligations to government agencies and the average change in fund balances over three years. The auditors issued an unmodified opinion on the financial report which was filed timely with the Texas Education Agency (TEA). The audit stated the district complied with the payment terms of all debt agreements. In addition, the district made timely payments to all government agencies including the Teacher Retirement System, Internal Revenue Service and Texas Workforce Commission. Indicator #5, not scored in 2021-2022, passed because the total net position in the governmental activities column in the Statement of Net Position was greater than 0. The District did not have a fund balance decrease and the current year’s fund balances exceeded 75 days of operational expenditures, therefore, the District passed indicator #6.

### Indicators 7-21

Score: 98

To receive the maximum points under indicator #7, the district must have greater than 90 days of cash and investments on hand to cover operating expenditures. The district had 194 days. A current asset to current liabilities ratio to cover short-term debt of greater than 3 was required to receive ten points under indicator #8. The district’s ratio was 4.8845. The district’s general fund revenues exceeded expenditures in indicator #9 and its number of days of cash on hand exceeded 60. Therefore, ten points were awarded. Indicator #10 was not scored by TEA for 2022-2023. Indicator #11 asks if the ratio of long-term liabilities to total assets was sufficient to support long-term solvency. Historically, the District has not been awarded the highest number of points on this indicator addressing debt. However, all ten points were awarded for 2022-2023 because the ratio had to be less than .60 and MPISD’s ratio was .5875. Conversely, only eight of ten points were awarded on indicator #12 because the ratio of debt per \$100 assessed property value was 4.5057 instead of the TEA range of less than 4. The administrative cost ratio referred to in item #13 is .0608, which is well below the maximum of .10 for districts our size. Ten points were awarded for indicator #14 since the district did not have a 15% decline in the students to staff ratio over three years. The decline was .033%. Item #15 was not evaluated by TEA. Indicator #16 compares the Public Education Information Management System (PEIMS) data to like information in the school district’s Annual Financial Report (AFR). The District had zero variances. As required by indicator #17 and #18, the external independent auditor reported that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, and federal funds, grants, contracts, and laws related to local, state, and federal funds. The District posted all required information on its website in

accordance with Government Code, Local Government Code, TEC, TAC and other statutes, laws and rules earning five points on indicator #19. The district passed indicator #20 because the school board members discussed the district's property values at a board meeting within 120 days before the budget was adopted. Finally, the ceiling was passed on indicator #21 since the district did not receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program funds due to a financial hardship. Ninety-eight points were awarded overall for the district's performance on these indicators.

**Chapter 109 Disclosures**

II. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2023

For the 12-month Period Ended August 31, 2023	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Description of Reimbursements								
Meals	1,140.06	39.00	39.00	0.00	0.00	39.00	0.00	39.00
Lodging	2,174.86	1,671.45	1,078.17	0.00	0.00	0.00	0.00	844.57
Transportation	1,574.30	147.00	147.00	0.00	0.00	147.00	0.00	147.00
Other	3,539.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	8,428.27	1,857.45	1,264.17	0.00	0.00	186.00	0.00	1,030.57

III. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2023

For the 12-month Period Ended August 31, 2023	Superintendent
Total	0.00

IV. Gifts Received by the Superintendent and Board Members (and First-Degree Relatives, if any) in Fiscal Year 2023

For the 12-month Period Ended August 31, 2023	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

V. Business Transactions between School District and Board Members for Fiscal Year 2023

For the 12-month Period Ended August 31, 2023	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Summary**

The Mt. Pleasant ISD School Board, administration and the community have worked hard to maintain the financial position and condition of the District. This report demonstrates good stewardship to all concerned.

