



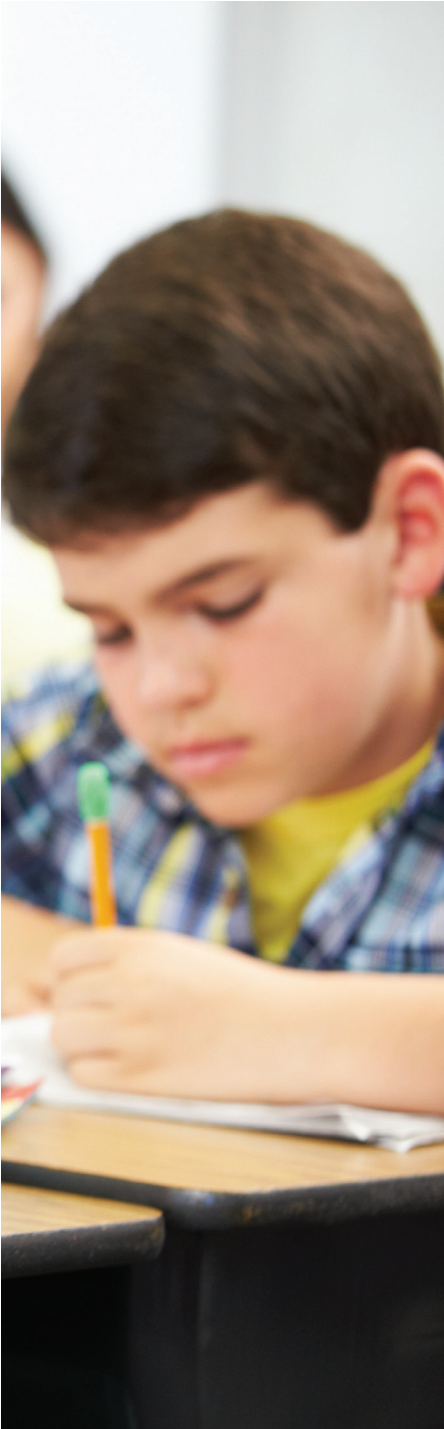
**FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)  
ANNUAL FINANCIAL MANAGEMENT REPORT  
2023-2024 RATINGS**

*(Based on Fiscal Year 2022-2023 Data)*



The **MISSION** of the Arlington ISD is to empower and engage all students to be contributing, responsible citizens striving for their maximum potential through relevant, innovative and rigorous learning experiences.

Our **GOAL** is 100% of Arlington ISD students will graduate exceptionally prepared for college, career and citizenship.



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## ARLINGTON INDEPENDENT SCHOOL DISTRICT

Within these pages is Arlington ISD’s annual School FIRST (Financial Integrity Rating System of Texas) rating and annual financial management report. **THE DISTRICT RECEIVED A SCHOOL FIRST RATING OF “A - SUPERIOR ACHIEVEMENT” FOR 2024.**

### **Background on the Financial Accountability Rating System**

School FIRST was initially authorized by the 76th Texas Legislature in 1999. HB 5, passed by the 83rd Texas Legislature in 2013, enacted major changes to the law that effectively directed the Commissioner of Education to include metrics in the financial accountability rating system to rate the future financial solvency of each school district and open-enrollment charter school in Texas. The changes required by HB 5 are described in more detail below.

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As stated by TEA, School FIRST “ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.”

### **Financial Accountability Ratings**

Under the School FIRST system, the Texas Education Agency (TEA) assigns each school district a financial accountability rating based on a district’s overall performance on certain financial measurements, ratios, and other indicators established by the Commissioner of Education. The worksheet for 2024 contained 21 indicators

and resulted in ratings as follows:

Districts that received the F or “Substandard Achievement” rating under School FIRST for any year were required to file a corrective action plan with the TEA.

### **Contacting the District’s Financial Management**

This annual financial management report is presented in accordance with the provisions of Texas Education Code Section 39.082 and 19 TAC Chapter 109, Subchapter AA. If you have questions about the report or need additional financial information about the District, please contact the Financial Services Department at Arlington Independent School District, 690 E. Lamar, Arlington, Texas, 76011. Additional financial information about the District, including the official budget and annual comprehensive financial report, can be found at the District’s website at [www.aisd.net](http://www.aisd.net).

The Commissioner of Education will evaluate the rating system every three years and may modify the system in order to improve its effectiveness. Any changes made to the rating system will be communicated to school districts by TEA along with the effective dates of the changes.

### **School District Reporting Requirements**

Reporting the School FIRST rating to the public is a key component of the system. Each school district is required to prepare and make available an annual financial management report that presents the district’s performance on the current School FIRST indicators and a comparison with the previous year’s performance. A public hearing must be held on the annual financial management report to afford interested parties the opportunity to comment on the report. The public hearing must be held within two months after receipt of the final financial accountability rating.

## SCHOOL FIRST RATINGS

- A - Superior Achievement**
- B - Above Standard Achievement**
- C - Standard Achievement**
- F - Substandard Achievement**

SOURCE: 19 TAC Chapter 109, Subchapter AA



## ARLINGTON INDEPENDENT SCHOOL DISTRICT

### **2024 School FIRST Rating**

The 2024 School FIRST rating was based on an analysis of staff and financial data submitted to the Texas Education Agency for the 2022-2023 school year and fiscal year. Twenty-one indicators were evaluated to determine the rating.

The Arlington Independent School District received the rating of **“A - Superior Achievement”** for 2024, the highest School FIRST rating awarded by the State for this year. Similarly, the District received the highest rating for all prior years since School FIRST was established. The rating worksheet detailing the District’s performance on each of the 21 indicators for 2024 may be reviewed at Exhibit A-1. Explanations of the 21 indicators may be found at Exhibit A-2.

The 2024 financial report also includes the following disclosures, as required by 19 TAC Chapter 109, Subchapter AA:

- Exhibit B-1, Superintendent’s Current Employment Contract
- Exhibit B-2, Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member
- Exhibit B-3, Compensation and/or Fees Received by the Superintendent from Outside Entities for Professional Consulting and/or Other Personal Services
- Exhibit B-4, Summary Schedule of Total Amount by Superintendent and Board Members (and First Degree Relatives) of Gifts that Had an Economic Value Exceeding \$250 in the Aggregate
- Exhibit B-5, Summary Schedule of Total Dollar Amount by Board Member of Business Transactions with the School District.





ARLINGTON INDEPENDENT SCHOOL DISTRICT

**EXHIBIT A -1**  
**SCHOOLS FIRST RATING WORKSHEET**

2023 - 2024 Financial Integrity Rating System of Texas (FIRST) Based on School Year 2022 - 2023 Data

NAME: Arlington ISD (220901)		RATING: A = Superior Achievement		DISTRICT SCORE: 100	
#	CRITERIA DESCRIPTION	CURRENT YEAR SCORE (2023-2024)	PREVIOUS YEAR SCORE (2022-2023)		
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 deadline depending on the district's fiscal year end date of June 30?	Yes	Yes		
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes	Yes		
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes	Yes		
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?	Yes Ceiling Passed	Yes Ceiling Passed		
5	Was the total net position in the governmental activities column in the Statement of Net Position greater than zero?	Ceiling Passed	N/A*		
6	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?	Ceiling Passed	Ceiling Passed		
7	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)?	10	10		
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	10	10		
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 to 60 days?	10	10		
10	Did the school district average less than a 10 percent variance (90% - 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years? <i>This indicator continues to be paused for the 2023-2024 rating period.</i>	10*	10*		
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?	10	8		
12	What is the correlation between future debt requirements and the district's assessed property value?	10	10		
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10	10		
14	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.	10	10*		
15	Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? <i>This indicator continues to be paused for the 2023-2024 rating period.</i>	5*	5*		
16	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?	Ceiling Passed	Ceiling Passed		
17	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?	Ceiling Passed	Ceiling Passed		



ARLINGTON INDEPENDENT SCHOOL DISTRICT

18	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.)	10	10
19	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?	5	5
20	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?	Ceiling Passed	Ceiling Passed
21	Did the school district receive an adjusted repayment schedule of more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?	Ceiling Passed	N/A
* Indicator not evaluated: maximum points awarded.		<b>TOTAL SCORE</b>	<b>100</b>
			<b>98</b>

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

CEILING INDICATORS		
Did the school district fail any of the <b>ceiling indicators</b> 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 No.	89	B = Above Standard Achievement
<b>Indicator 16</b> (PEIMS to AFR) - Response to indicator is No.	89	B = Above Standard Achievement
<b>Indicator 17</b> (Material Weaknesses) - Response to indicator is No.	79	C = Meets Standard Achievement
<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is No.	89	B = Above Standard Achievement
<b>Indicator 21</b> (FSP Repayment Plan) - Response to indicator is Yes.	70	C = Meets Standard Achievement



ARLINGTON INDEPENDENT SCHOOL DISTRICT

**EXHIBIT A - 2**  
**EXPLANATIONS OF SCHOOLS FIRST INDICATORS**

#	INDICATOR DESCRIPTION	EXPLANATION
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?	Was the Annual Financial Report filed with the Texas Education Agency prior to the deadline?
2	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.)	A "modified" version of the auditor's opinion in the annual audit report means corrections are necessary for some reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report.
3	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.)	This indicator verifies whether the district has timely paid all obligations and bills, including financing arrangements/bond payments for school construction, buses, copy machines, etc.
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? (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.)	This indicator seeks to confirm the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.
5	Was the total net position in the governmental activities column in the Statement of the Net Position greater than zero?	This indicator determines if the total net position in the governmental activities column of the Statement of Net Position as reported in the Annual Financial Report is greater than zero. A positive net position demonstrates financial solvency.
6	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.)	This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.
7	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)?	This indicator measures how long in days after the end of the fiscal year the district could have met its operating expenditures without receiving any new revenue.
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	Measures whether the district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.
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 to 60 days? See ranges below in the Determination of Points section.	An indicator that seeks to determine if a district spent more than it earned. The district will automatically pass this indicator if it had at least 60 days cash on hand.





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10	Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?.	<i>This indicator continues to be paused for the 2023-2024 rating period.</i>
11	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, then the school district automatically passes this indicator.	This question is similar to asking if an individual's mortgage exceeds the market value of their home. This indicator recognizes that fast growing districts may incur additional operating costs when opening new instructional campuses.
12	What is the correlation between future debt requirements and the district's assessed property value?	This indicator asks about the school district's ability to make debt principal and interest payments.
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	Measures the percentage of a district's budget that was spent on administration.
14	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.	If the district had a decline in students over 3 school years, this indicator asks if the number of staff on the payroll decreased proportionately.
15	Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA?	<i>This indicator continues to be paused for the 2023-2024 rating period.</i>
16	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.)	Measures the quality of audited financial data reported to PEIMS. If the difference in any fund type is 3 percent or more the district fails this measure.
17	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.) (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.)	A clean audit of the AFR would indicate the district has no material weaknesses in internal controls. Material weaknesses create a risk of not being able to properly account for the use of public funds, and should be addressed immediately.
18	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.)	This indicator measures whether the district is complying with laws, rules and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.
19	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?	This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.
20	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? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	This indicator measures whether the administration and the board had the opportunity to consider the impact of changes in local, state, and federal funding.
21	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?	This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.



ARLINGTON INDEPENDENT SCHOOL DISTRICT

**EXHIBIT B - 1**  
**SUPERINTENDENT'S CURRENT EMPLOYMENT CONTRACT**

Texas Administrative Code  
Chapter 109.AA.1001(o)  
Disclosure (3)(B)(i)

Copy of the Superintendent's Current Employment Contract can be viewed here:  
[www.aisd.net/wp-content/files/Superintendent-Contract-Signed-2024-01-08.pdf](http://www.aisd.net/wp-content/files/Superintendent-Contract-Signed-2024-01-08.pdf)

**EXHIBIT B - 2**  
**SUMMARY SCHEDULE OF TOTAL REIMBURSEMENTS**  
**RECEIVED BY SUPERINTENDENT AND EACH BOARD MEMBER**

For the Twelve-Month Period Ended June 30, 2023

	MEALS	LODGING	TRANSPORTATION	OTHER	TOTALS
<b>Dr. Marcelo Cavazos</b> Superintendent	\$ 15.00	\$ 2,630.87	\$ 3,777.35	\$ 3,674.00	\$ 10,097.22
<b>Dr. Steven Wurtz</b> Interim Superintendent	0.00	446.28	672.98	1,210.00	\$ 2,329.26
<b>Melody Fowler</b> Board President	73.70	3,508.66	1,655.21	1,330.00	\$ 6,567.57
<b>Justin Chapa</b> Board Vice President	59.59	676.63	783.71	130.00	\$ 1,649.93
<b>Sarah McMurrough</b> Board Secretary	16.56	1,265.83	1,878.73	1,185.00	\$ 4,346.12
<b>John Hibbs</b> Board Member	140.53	587.19	579.75	1,060.00	\$ 2,367.47
<b>Dr. Aaron Reich</b> Board Member	466.82	2,824.41	2,409.93	1,280.00	\$ 6,981.16
<b>David Wilbanks</b> Board Member	356.20	5,435.87	1,613.84	1,610.00	\$ 9,015.91
<b>Kecia Mays</b> Board Member	0.00	1,635.01	771.40	1,090.00	\$ 3,496.41
<b>Leanne Haynes</b> Board Member	347.50	801.42	0.00	0.00	\$ 1,148.92
<b>Brooklyn Richardson</b> Board Member	0.00	0.00	0.00	0.00	\$ 0.00
<b>TOTAL</b>	\$ 1,475.90	\$ 19,812.17	\$ 14,142.90	\$ 12,569.00	\$ 47,999.97

**NOTE** - The schedule above reflects total reimbursements paid to and expenditures paid on behalf of the Superintendent and each Board member. The expenditures were incurred for travel and other functions directly related to official school district business. \*Other - includes registration fees for conferences, meetings, special events, etc.



ARLINGTON INDEPENDENT SCHOOL DISTRICT

**EXHIBIT B - 3**

**SUMMARY SCHEDULE OF TOTAL AMOUNT BY SUPERINTENDENT AND BOARD MEMBERS (AND FIRST DEGREE RELATIVES) OF GIFTS THAT HAD AN ECONOMIC VALUE EXCEEDING \$250 IN THE AGGREGATE**

For the Twelve-Month Period Ended June 30, 2023

	TOTAL VALUE
<b>Dr. Marcelo Cavazos</b> , Superintendent	\$1,900.00
<b>Dr. Steven Wurtz</b> , Interim Superintendent	\$0.00
<b>Melody Fowler</b> , Board President	\$0.00
<b>Justin Chapa</b> , Board Vice President	\$0.00
<b>Sarah McMurrough</b> , Board Secretary	\$0.00
<b>John Hibbs</b> , Board Member	\$0.00
<b>Dr. Aaron Reich</b> , Board Member	\$0.00
<b>David Wilbanks</b> , Board Member	\$0.00
<b>Kecia Mays</b> , Board Member	\$0.00
<b>Leanne Haynes</b> , Board Member	\$0.00
<b>Brooklyn Richardson</b> , Board Member	\$0.00

**NOTE** - The information presented above was reported to the District by the Superintendent and each individual Board member.

**EXHIBIT B - 4**

**COMPENSATION AND/OR FEES RECEIVED BY THE SUPERINTENDENT FROM OUTSIDE ENTITIES FOR PROFESSIONAL CONSULTING AND/OR OTHER PERSONAL SERVICES**

For the Twelve-Month Period Ended June 30, 2023

	TOTAL VALUE
<b>Dr. Marcelo Cavazos</b> Superintendent	\$0.00
<b>Dr. Steven Wurtz</b> Interim Superintendent	\$0.00

**NOTE** - The preceding information was reported to the District by the Superintendent.

**EXHIBIT B - 5**

**SUMMARY SCHEDULE OF TOTAL DOLLAR AMOUNT BY BOARD MEMBER OF BUSINESS TRANSACTIONS WITH THE SCHOOL DISTRICT**

For the Twelve-Month Period Ended June 30, 2023

	TOTAL VALUE		TOTAL VALUE
<b>Dr. Marcelo Cavazos</b> Superintendent	\$0.00	<b>Dr. Aaron Reich</b> Board Member	\$0.00
<b>Dr. Steven Wurtz</b> Interim Superintendent	\$0.00	<b>David Wilbanks</b> Board Member	\$0.00
<b>Melody Fowler</b> Board President	\$0.00	<b>Kecia Mays</b> Board Member	\$0.00
<b>Justin Chapa</b> Board Vice President	\$0.00	<b>Leanne Haynes</b> Board Member	\$0.00
<b>Sarah McMurrough</b> Board Secretary	\$0.00	<b>Brooklyn Richardson</b> Board Member	\$0.00
<b>John Hibbs</b> Board Member	\$0.00		

**NOTE** - The information presented above was reported to the District by the Superintendent and each individual Board member.



## ARLINGTON INDEPENDENT SCHOOL DISTRICT

**The FIRST notice of public meeting:**

The Board of Trustees of the Arlington Independent School District will hold a public meeting at 5:00 P.M., September 19, 2024, in the Board Room of the Administration Building at 690 E. Lamar Blvd., Arlington, Texas, 76011. The purpose of this meeting is to discuss Arlington Independent School District's 2024 rating on the state's financial accountability system. Public comment is welcome.

