



Manor Independent School District

2021-2022 Financial Accountability Rating

Manor ISD's financial performance score provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's Financial Accountability System for Fiscal Year 2022 was 88 out of a possible 100 points. Based on this score, our rating was determined to be:

B = Above Standard Achievement

The reasons for this rating are as follows:

1. Indicator Test 11: Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (4 out of a possible 10 points)

Our long-term liabilities are composed of our bonds. Our total assets are mostly composed of cash in the bank (mostly unspent bond proceeds) and the book value of our real estate holdings such as land and buildings (what we know to be our campuses).

Our ratio of long-term liabilities to total assets was 81.39%, which resulted in a score of 4 out of 10. The Indicator Test is looking for an ideal ratio under 60% which we could achieve by either increasing assets or decreasing liabilities (most of which are bonds). This is highly unlikely given that we are acquiring most of our major assets with long-term debt. If we were to reduce the ratio from 81.39% to 79.99%, we would earn 2 additional points that would improve our rating from a "B" to an "A", however, we recently financed an additional \$80 million in bonds which would raise both our liabilities and assets. Defeasement of bonds is the primary method to improve our ratio.

2. Indicator Test 12: Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? (6 out of a possible 10 points)

This calculation resulted in a ratio of 7.9841. A ratio greater than 7% and less than or equal to 10% results in 6 points. If we can get to under 4%, we would earn 10 points.

This Indicator Test is calculated by taking our Total Local and Intermediate Revenue Sources and dividing it by our Total Revenue. This ratio is multiplied by our long-term liabilities (mostly our bonds) and then divided by the assessed property values divided by \$100. As the values of properties in the district increase in value, this ratio should decrease and we are looking for a lower ratio.

3. Indicator Test 13: Was the school district's administrative cost equal to or less than the threshold ratio? (8 out of a possible 10 points)

For a school district with an ADA size between 5,000 and 9,999, to receive a full 10 points, the ratio needs to be less than or equal to 0.1000. For Manor ISD, our District Administrative Cost Ratio for 2020-2021 was 0.1175. This ratio resulted in 8 out of 10 points for this Indicator Test per the FIRST Determination of Points. In order to increase our points, we would need to reduce our administrative cost burden, which is heavily dependent on salaries.