

SABINE INDEPENDENT SCHOOL DISTRICT

Financial Management Report Relating to The Financial Integrity Rating System of Texas 2021 Rating: "A=Superior"

The Sabine ISD received a rating of "A=Superior" under Texas' Schools FIRST financial accountability rating system for the fiscal year ended June 30, 2020, the most current audited financial data available to TEA. The A=Superior rating is the state's highest rating.

The Schools FIRST (Financial Integrity Rating System of Texas) is a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "A=Superior". The rating system consists of nineteen indicators (#5 is not used). Eight of the indicators have Yes or No answers and the remaining eleven are scored on a range of points from 0-5 or 0-10. The Yes or No responses on four of the indicators can "fail" a district, but do not contribute to the point total. The maximum score possible is 100. A score of 70 - 100 will result in an A=Superior Rating. Sabine ISD scored 100 out of the 100 possible points available.

The 2020-21 FIRST District Status Detail report (see attached) contains each indicator and the result for the district.

Rules established by Title 19, TAC, Section 109.1005 require this report include a copy of the Superintendent's current contract (or the contract is posted on the District's website) and summary financial disclosures pertaining to the superintendent and school board members. This information is being reported in the format recommended by the Texas Education Agency.

Sabine ISD has received the A=Superior rating for seventeen of the eighteen years which is due to successful efforts of the Board of Trustees, administration, faculty, and staff. These groups have successfully utilized resources available to the district to provide a quality education to the students of Sabine ISD. Sabine ISD is committed to continuing the efficient and effective use of all resources to maintain the A=Superior (or its equivalent) rating in the future.

1. Were the Annual Financial Report (Audit) and Data Filed on Time – YES

Every school district must submit their annual audit report to TEA on or before 180 days from the close of the fiscal year. For purposes of this indicator, each District has an additional 30-day grace period. Sabine ISD has a fiscal year end of June 30, so the audit was due no later than November 27, 2020. TEA received our current year audit on November 19, 2020 and our prior year audit on November 18, 2019.

2. Was the Annual Financial Report an Unmodified Opinion – YES

In accounting terminology, an "Unmodified Opinion" means a "clean" audit. A "modification" on your financial report indicates that the District's reporting and/or financial controls need some type of correction. Sabine ISD received an "Unmodified Opinion" on its Annual Financial Report for the year ended June 30, 2020 and the prior year ended June 30, 2019.

3. Was the School District in Compliance with the Payment Terms of all Debt Agreements at Fiscal Year End - Yes

The District only had one outstanding bond issue at June 30, 2020 and no other debt obligations. We had made all debt payments in accordance with the bond payment schedule and had met all other requirements as of June 30, 2020.

4. Did the School District Make Timely Payments to the TRS, TWC, IRS, and Other Government Agencies - Yes

The District made all required payments to the TRS and IRS in a timely manner for the years ended June 30, 2020 and 2019. We use a third party administrator for the payments to the TWC.

5. This indicator is not being scored.

A district will receive a "substandard achievement" rating if the answer to indicators 1, 2, 3, or 4 is NO, regardless of how many total points are scored. TEA regards these four questions as "default" indicators.

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? - Yes

To receive all 10 points, the District must have assigned and unassigned fund balances exceeding 75 days of operational expenditures (\$2,484,691). For June 30, 2020, the District had assigned and unassigned fund balances of \$5,665,795, well over the minimum level needed.

7. Was the Number of Days of Cash on Hand and Current Investments in the General Fund Sufficient to Cover Operating Expenditures – Yes - 10

TEA set the grading levels for this indicator. To receive all 10 points, the District must have 90 or more days of cash on hand. For June 30, 2020, the District had 124.13 days on hand and for June 30, 2019, the District had 100.89 days on hand, both well over the minimum level needed.

8. Was the Measure of Current Assets to Current Liabilities Ratio Sufficient to Cover Short-Term Debt – Yes - 10

TEA set the grading levels for this indicator. To receive all 10 points, the District must have a current ratio of 3 or greater. For June 30, 2020, the District had a ratio of 5.00 and for June 30, 2019, the District had a ratio of 4.31, both well over the minimum level needed.

9. Did the District's General Fund Revenues Exceed Expenditures (Excluding Facilities Acquisition and Construction) – Yes – 10

TEA set the grading levels for this indicator. To receive all 10 points, the District must have General Fund Revenues in excess of General Fund expenditure (excluding facilities acquisition and construction). For the year ended June 30, 2020, the revenues exceeded expenditures by \$2,231,901. For the year ended June 30, 2019, the revenues exceeded expenditures by \$680,253.

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? – Yes - 10

The average variance between our budgeted and actual revenues for the past 3 years was 3.1%, well below the 10% limit.

11. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? – Yes - 10

TEA set the grading levels for this indicator. To receive all 10 points, the ratio had to be less than 0.60. For the year ended June 30, 2020, the District's ratio of long-term liabilities to total assets was 0.514, below the required level.

12. Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? – Yes - 10

TEA set the grading levels for this indicator. To receive all 10 points, the ratio had to be less than 4.0. For the year ended June 30, 2020, the District's ratio was 3.49, well below the limit.

13. Was the Administrative Cost Ratio Less than the State Standard – Yes -10

TEA and state law set caps on a District's Administrative Cost Ratio based on the size of the District. For Sabine ISD, the cap is 11.51% to receive all 10 points. The Administrative Cost Ratio for Sabine ISD was 9.4% for the current year compared to 9.9% for the prior year, both rates well below the cap.

14. Did the Student to Staff Ratio Decline less than 15% over 3 Years – Yes - 10

This indicator is either 10 points or none and relates to the ratio of total students to staff FTE's for each year. The indicator allows a district to pass if student enrollment has increased over the past three years. The District's enrollment has grown in each of the last several years, so the District passed the indicator.

15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? – Yes - 5

TEA set the grading levels for this indicator. To receive all 5 points, the variance had to be less than 20%. For the year ended June 30, 2020, the District's ratio was 1.37%, well below the limit.

16. Was PEIMS Data Within a 3% Variance of the Annual Financial Report – Yes

Sabine ISD scored a "YES" on this question with a variance of 0.00% in 2019-20 and 0.03% in 2018-19.

17. NO Disclosures of Instances of Material Weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?– Yes

A "clean" audit cannot be granted if the auditors determine that material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds exist. The audit for Sabine ISD disclosed no such weaknesses either in the current or prior year.

18. NO Disclosures of Instances of Material Non-Compliance for Grants, Contracts, & Laws – Yes - 10 - Yes

A "clean" audit cannot be granted if the auditors determine that material noncompliance with grants, contracts, or laws exist. The audit for Sabine ISD disclosed no such noncompliance either in the current or prior year.

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? – Yes - 5

This indicator is either 5 points or none and relates to the various disclosures now required to be on the District's website. As of June 30, 2020, the District was compliant with all disclosure requirements.

20. Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? – Yes

This indicator is either Yes or No. The school board discussed the District's property values at the June 8, 2020 meeting, which was within the time period required.

RATING YEAR **2020-2021**DISTRICT NUMBER **district #****Select An Option****Help****Home****Financial Integrity Rating System of Texas**

2020-2021 RATINGS BASED ON SCHOOL YEAR 2019-2020 DATA - DISTRICT STATUS DETAIL

Name: SABINE ISD(092906)		Publication Level 1: 8/4/2021 2:00:38 PM	
Status: Passed		Publication Level 2: 8/6/2021 11:10:55 AM	
Rating: A = Superior Achievement		Last Updated: 8/6/2021 11:10:55 AM	
District Score: 100		Passing Score: 70	
#	Indicator Description	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>	6/8/2021 3:32:55 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>	6/8/2021 3:32:55 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>	6/8/2021 3:32:55 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>	7/1/2021 9:04:10 AM	Yes Ceiling Passed
5	This indicator is not being scored.		
			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>	6/28/2021 11:07:27 AM	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>	6/8/2021 3:32:56 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>	6/8/2021 3:32:56 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>	6/8/2021 3:32:56 PM	10
10	<u>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?</u>	7/2/2021 1:22:34 PM	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, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u>	6/8/2021 3:32:58 PM	10
12	<u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u>	6/8/2021 3:32:58 PM	10
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>	6/8/2021 3:32:58 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>	6/8/2021 3:32:58 PM	10
15	<u>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? See ranges below in the Determination of Points section.</u>	6/8/2021 3:32:58 PM	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>	6/8/2021 3:32:59 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? (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>	6/8/2021 3:32:59 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>	6/8/2021 3:32:59 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>	6/8/2021 3:32:59 PM	5
20	<u>Did the school board members discuss the district's property values 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.)</u>	6/8/2021 3:32:59 PM	Ceiling Passed
			100 Weighted

		Sum
		1 Multiplier Sum
		(100 Ceiling)
		100 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.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70
<p>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.</p> <p>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.</p>		

CEILING INDICATORS

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

SABINE INDEPENDENT SCHOOL DISTRICT

School FIRST Annual Financial Management Report

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA,
Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(o). Effective 8/6/2015.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract was included in the report presented at the hearing, thus fulfilling the requirements...

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended June 30, 2020

Description of Reimbursements	Superintendent - Stacey Bryce	Tony Raymond	Andrea Bates	Paul Franklin	Dr. Art Morchat	Danny King	Eddie Shawn	Leslie Thurston
Meals	\$ 368.83	\$ 148.25	\$ 106.25	\$ 148.25	\$ 148.50	\$ 148.50	\$ 148.50	\$ 154.50
Lodging	2,371.82	684.30	684.30	684.30	456.20	684.30	684.30	456.20
Transportation	309.88	122.30	-	102.60	171.88	102.60	102.60	102.60
Motor Fuel	43.53	-	-	-	-	-	-	-
Other	402.86	-	-	-	-	-	-	-
Total	\$ 3,496.92	\$ 954.85	\$ 790.55	\$ 935.15	\$ 776.58	\$ 935.40	\$ 935.40	\$ 713.30

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other: - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

SABINE INDEPENDENT SCHOOL DISTRICT

School FIRST Annual Financial Management Report

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA,
Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(o). Effective 8/6/2015.

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period Ended June 30, 2020

Name(s) of Entity(ies)	Amount Received
None	\$
Total	<u>\$0.00</u>

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

For the Twelve-Month Period Ended June 30, 2020

Superintendent -	Tony	Andrea	Paul	Dr. Art	Danny	Eddie	Leslie
Stacey Bryce	Raymond	Bates	Franklin	Morchat	King	Shawn	Thurston
\$	\$	\$	\$	\$	\$	\$	\$
Total							

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Business Transactions Between School District and Board Members

For the Twelve-Month Period Ended June 30, 2020

Tony	Andrea	Paul	Dr. Art	Danny	Eddie	Leslie
Raymond	Bates	Franklin	Morchat	King	Shawn	Thurston
\$	\$	\$	\$	\$	\$	\$
Amounts						

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.