



San Elizario ISD
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MEMORANDUM

To: Members of the Board of Trustees
From: Norberto Rivas, Chief Financial Officer
Subject: Public Hearing on the Financial Integrity Rating System of Texas (FIRST) 2021-2022 Rating
Date: September 13, 2022

HISTORY: Under School FIRST, every school district in Texas is required to prepare an annual financial management report that includes the following:

- A. The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System.
- B. The district's financial management performance under each indicator for the current and previous years' financial accountability ratings;
- C. Additional information required by the Commissioner of Education.

In accordance with TEC 39.083, each school district is required to prepare and distribute an annual financial management report; and the public is provided an opportunity to comment on the report at a hearing. The Commissioner's rules regarding FIRST are included in the Texas Administrative Code (TAC) Chapter 109 Subchapter AA.

RATIONALE: The determination of the rating is as follows:

Determination of Rating		2021-22 Rating	2020-21 Rating
A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? 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. (Indicators 6-15)		
	A= Superior	90 – 100	90 – 100
	B = Above Standard	80 – 89	80 – 89
	C = Meets Standard	70 – 79	70 – 79
	F = Substandard Achievement	< 70	< 70

The District's 2021-22 rating based on school year 2020-21 data was an 'A = Superior' with a score of 100 out of 100.

San Elizario ISD's mission is to graduate students with skills to meet the demands of a changing world by promoting student success as non-negotiable, channeling resources to match learning needs of students, employ and retain a quality staff so that San Elizario is a proud, innovative and academically superior district



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A comparison of ratings from prior year for the districts within El Paso County is as follows:

CDN	School District	2021-22 Score	2020-21 Score
071901	Clint ISD	98	100
071902	El Paso ISD	94	96
071903	Fabens ISD	100	96
071904	San Elizario ISD	100	94
071905	Ysleta ISD	90	92
071906	Anthony ISD	86	88
071907	Canutillo ISD	98	100
071908	Tornillo ISD	94	92
071909	Socorro ISD	96	96

In the attachment included, you will find the following:

- The report received from TEA
- A comparison of the indicators with the previous year
- The required disclosures
 1. A copy of the Superintendent's current employment contract
 2. A summary schedule for the fiscal year of expenditures paid on behalf of the Superintendent and each Board member and total reimbursements received by the Superintendent and each Board member
 3. A summary schedule for the fiscal year of the total dollar amount of compensation and fees received by the Superintendent from any outside entity in exchange for professional consulting or other personal services
 4. A summary schedule for the fiscal year of the total dollar amount of gifts that had an economic value of \$250 more received by the executive officers and Board members
 5. A summary schedule for the fiscal year of the dollar amount received by Board members for the total amount of business transactions with the school district

BUDGET IMPACT: There is no budget impact associated with this agenda item.

ADMINISTRATIVE RECOMMENDATION: This report is for information only.

Please check one: ☐ For approval ☒ Report / Information only ☐ Recognition only

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User: Norberto Rivas
User Role: District

RATING YEAR 2021-2022

DISTRICT NUMBER district #

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Financial Integrity Rating System of Texas

2021-2022 RATINGS BASED ON SCHOOL YEAR 2020-2021 DATA - DISTRICT STATUS DETAIL

Name: SAN ELIZARIO ISD(071904)		Publication Level 1: 8/2/2022 2:05:39 PM	
Status: Passed		Publication Level 2: None	
Rating: A = Superior Achievement		Last Updated: 8/2/2022 2:05:39 PM	
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>	7/12/2022 8:33:04 AM	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>	5/16/2022 10:47:50 AM	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>	5/16/2022 10:47:50 AM	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>	5/16/2022 10:47:50 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>	5/17/2022 9:42:45 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>	5/16/2022 10:47:51 AM	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>	5/16/2022 10:47:52 AM	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>	5/16/2022 10:47:52 AM	10
10	This indicator is not being scored.		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>	5/16/2022 10:47:54 AM	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>	5/16/2022 10:47:54 AM	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>	6/9/2022 10:54:07 AM	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>	5/16/2022 10:47:55 AM	10
15	This indicator is not being scored.		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</u>	5/16/2022 10:47:56	Ceiling Passed

	<u>receive is 89 points, B = Above Standard Achievement.)</u>	AM	
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>	5/16/2022 10:47:56 AM	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>	5/16/2022 10:47:56 AM	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>	5/16/2022 10:47:57 AM	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>	5/16/2022 10:47:57 AM	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
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 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

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THE **TEXAS EDUCATION AGENCY**
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FIRST 5.14.2.0

Comparison of the Indicators with the Previous Year

#	<u>Indicators</u>	2021-22 Score	2020-21 Score
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?	Yes	Yes
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.)	Yes	Yes
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.)	Yes	Yes
4	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS) and other government agencies?	Yes	Yes
5	This indicator is not being scored.	N/A	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? (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.)	Ceiling Passed	Ceiling Passed
7	Was the number of days on cash on hand and current investments in the general funds 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	4
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% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	Indicator not being scored	10

#	<u>Indicators</u>	2021-22 Score	2020-21 Score
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?	10	10
12	Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?	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 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?	Indicator not being scored	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? (The AICPA defines material weakness.)	Ceiling Passed	Ceiling Passed
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 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 board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget?	Ceiling Passed	Ceiling Passed

Comparison and Explanation of Calculation for Indicator #8

Indicator #8: Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? *(2021-2022 Rating Score, based on 2020-2021 data)*

Current Assets					\$21,749,662
Divided by					/
Current Liabilities					7,159,219
Result					3.038
Determination of Points					
10	8	6	4	2	0
>=3.00	<3.00>=2.50	<2.50>=2.00	<2.00>=1.50	<1.50>=1.00	<1.00

Indicator #8: Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? *(2020-2021 Rating Score, based on 2019-2020 data)*

Current Assets					\$21,587,674
Divided by					/
Current Liabilities					10,896,725
Result					1.9811
Determination of Points					
10	8	6	4	2	0
>=3.00	<3.00>=2.50	<2.50>=2.00	<2.00>=1.50	<1.50>=1.00	<1.00

The decrease in liabilities was due to two primary reasons:

- A decrease in accrued wages payable as a result of converting to a year round calendar and changing the date for the first teacher paycheck from end of month August to end of month July led to a decrease in the funds owed to teachers as of the June 30th fiscal year end.
 - Annual Financial Report - Statement of Net Position (Exhibit A-1)
 - 2160 Accrued Wages Payable \$1,664,176 as of June 30, 2021
 - 2160 Accrued Wages Payable \$3,151,049 as of June 30, 2020
- Foundation program state aid is received throughout the fiscal year and is settled the following September depending on actual attendance and tax collection figures for the fiscal year in question. If a district was paid more than what was actually earned, then a due to government liability is recorded. If a district earned more than what was actually paid, then a receivable from government asset is recorded. An increase in due to other governments was seen as of June 30, 2020 because of the pandemic school closures. Schools continued to receive state aid, but attendance was not earned for the remainder of that 2020 school year after the closures so the liability account increased from June 30, 2019 to June 30, 2020. That liability account decreased as of June 30, 2021 based on the actual earned vs paid activity under the foundation program state aid.
 - Annual Financial Report - Statement of Net Position (Exhibit A-1)
 - 2180 Due to Other Governments \$1,710,069 as of June 30, 2021
 - 2180 Due to Other Governments \$3,248,274 as of June 30, 2020
 - 2180 Due to Other Governments \$931,086 as of June 30, 2019

Required Disclosures

1. Superintendent's Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the School FIRST hearing in calendar year 2022. In lieu of publication in the School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. **If published on the Internet**, the contract is to remain accessible for twelve months. Link:

<https://www.seisd.net/Page/473>

2. Reimbursements Received by the Superintendent & Board Members for Fiscal Year 2021

Description of Reimbursements	Dr. Jeannie Meza-Chavez	Eduardo Chavez	Michelle Garcia	Myrna Hernandez	Martin Chavarria	Sandra Licon	Fernie Madrid	Axel Lopez
Meals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lodging	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other - Registration Fees	\$1,040.00	\$0.00	\$425.00	\$425.00	\$0.00	\$724.00	\$425.00	\$0.00
Total	\$1,040.00	\$0.00	\$425.00	\$425.00	\$0.00	\$724.00	\$425.00	\$0.00

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2021, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order.

Reimbursements to be reported per category include:

Meals – Meals consumed off the school district's premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

Lodging - Hotel charges.

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

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.

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services for Fiscal Year 2021

For the Twelve-Month Period Ended June 30, 2021	Name(s) of Entity(ies)	Summary Amount
Superintendent – Dr. Jeannie Meza-Chavez	N/A	\$0.00

Note – Compensation does not include business revenues from the superintendent's livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2021

For the Twelve-Month Period Ended June 30, 2021	Name	Summary Amount
Superintendent	Dr. Jeannie Meza-Chavez	\$0.00
Board Member	Eduardo Chavez	\$0.00
Board Member	Michelle Garcia	\$0.00
Board Member	Myrna Hernandez	\$0.00
Board Member	Martin Chavarria	\$0.00
Board Member	Sandra Licon	\$0.00
Board Member	Fernie Madrid	\$0.00
Board Member	Axel Lopez	\$0.00

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.

5. Business Transactions Between School District and Board Members for Fiscal Year 2021

For the Twelve-Month Period Ended June 30, 2021	Name	Summary Amount
Superintendent	Dr. Jeannie Meza-Chavez	\$0.00
Board Member	Eduardo Chavez	\$0.00
Board Member	Michelle Garcia	\$0.00
Board Member	Myrna Hernandez	\$0.00
Board Member	Martin Chavarria	\$0.00
Board Member	Sandra Licon	\$0.00
Board Member	Fernie Madrid	\$0.00
Board Member	Axel Lopez	\$0.00

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