



San Elizario ISD
P.O. Box 920
San Elizario, TX 79849
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MEMORANDUM

To: Members of the Board of Trustees
From: Norberto Rivas, Chief Financial Officer
Subject: Overview of the Financial Integrity Rating System of Texas (FIRST) and public hearing on the FIRST Report
Date: October 13, 2021

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		2020-21 Rating	2019-20 Rating	2018-19 Rating	2017-18 Rating	2016-17 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	90 – 100	90 – 100	70 – 100
	B = Above Standard	80 – 89	80 – 89	80 – 89	80 – 89	50 – 69
	C = Meets Standard	70 – 79	60 – 79	60 – 79	60 – 79	31 – 49
	F = Substandard Achievement	< 70	< 60	< 60	< 60	< 31

The District's 2020-21 rating based on school year 2019-20 data was an 'A = Superior' with a score of 94 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 for the districts within Region 19 for the past four years is as follows:

CDN	School District	2020-21 Score	2019-20 Score	2018-19 Score	2017-18 Score	2016-17 Score
071901	Clint ISD	100	98	96	96	98
071902	El Paso ISD	96	98	96	84	92
071903	Fabens ISD	96	86	58	0	90
071904	San Elizario ISD	94	92	88	98	98
071905	Ysleta ISD	92	98	98	98	98
071906	Anthony ISD	88	86	96	96	96
071907	Canutillo ISD	100	96	90	86	86
071908	Tornillo ISD	92	84	96	86	86
071909	Socorro ISD	96	96	96	96	100

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 **2020-2021** DISTRICT NUMBER **district #** **Select An Option** **Help** **Home** **Log Out**



Financial Integrity Rating System of Texas

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

Name: SAN ELIZARIO ISD(071904)		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: 94		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 3:25:30 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 3:25:30 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 3:25:30 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 9:02:23 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 11:05:36 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 3:25:30 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 3:25:30 PM	4
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 3:25:30 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 1:15:39 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 3:25:32 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 3:25:32 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 3:25:32 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 3:25:33 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 3:25:33 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 3:25:33 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 3:25:33 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 3:25:33 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 3:25:33 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 3:25:33 PM	Ceiling Passed
			94 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			94 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
1701 NORTH CONGRESS AVENUE • AUSTIN, TEXAS, 78701 • (512) 463-9734

FIRST 5.11.6.0

Comparison of the Indicators with the Previous Year

#	<u>Indicators</u>	2020-21 Score	2019-20 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	Not an indicator
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?	4	8
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?	10	Not an indicator

#	<u>Indicators</u>	2020-21 Score	2019-20 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	Not an indicator
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10	8
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?	5	Not an indicator
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	10
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	10
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	Not an indicator
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	Not an indicator
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	Not an indicator

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? *(2020-2021 Rating Score)*

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	$< 3.00 \geq 2.50$	$< 2.50 \geq 2.00$	$< 2.00 \geq 1.50$	$< 1.50 \geq 1.00$	< 1.00

As noted in the calculation detail above, the mathematical breakdown for this calculation resulted in 1.9811 which was less than < 2.00 resulting in a score of 4. In order to have received the full 10 points, either current assets would have needed to be \$11,100,000 more or current liabilities would have needed to be \$3,750,000 less than they were.

For comparison, the calculation for the prior year is included below.

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

Current Assets					\$22,370,972
Divided by					/
Current Liabilities					8,603,566
Result					2.6002
Determination of Points					
10	8	6	4	2	0
≥ 3.00	$< 3.00 \geq 2.50$	$< 2.50 \geq 2.00$	$< 2.00 \geq 1.50$	$< 1.50 \geq 1.00$	< 1.00

Comparison and Explanation of Calculation for Indicator #13

Indicator #13: Was the school district's administrative cost ratio equal to or less than the threshold ratio? *(2020-2021 Rating Score)*

Fnc 21 + Fnc 41, 61xx-64xx except 6144					\$2,160,796
Fnc 11 + Fnc 12 + Fnc 13 + Fnc 31, 61xx-64xx except 6144					\$20,524,315
Result					0.1053
Determination of Points					
10	8	6	4	2	0
<= 0.1151	>0.1151 <=0.1401	>0.1401 <=0.1651	>0.1651 <=0.1901	>0.1901 <=0.2151	>0.2151

As noted in the calculation above, combined expenditures in function 21 and 41 decreased when compared to the prior year while combined expenditures in function 11, 12, 13 and 31 increased when compared to the prior year. Attributing to the decrease is the three positions of Facilitator-College & Career Readiness, Communications Officer and Officer- HR Administration & Compliance which at one point became vacant and were not filled during the 2019-20 year which is the year under review for the 2020-21 rating score. Attributing to the increase is the 5% pay raise given to teachers and librarians as a result of the funding increase through HB3 which became effective for the 2019-20 school year.

For comparison, the calculation for the prior year is included below.

Indicator #13: Was the school district's administrative cost ratio equal to or less than the threshold ratio? *(2019-2020 Rating Score)*

Fnc 21 + Fnc 41, 61xx-64xx except 6144					\$2,377,362
Fnc 11 + Fnc 12 + Fnc 13 + Fnc 31, 61xx-64xx except 6144					\$19,814,231
Result					0.1200
Determination of Points					
10	8	6	4	2	0
<= 0.1151	>0.1151 <=0.1401	>0.1401 <=0.1651	>0.1651 <=0.1901	>0.1901 <=0.2151	>0.2151

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 2021. 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 2020

Description of Reimbursements	Dr. Jeannie Meza-Chavez	Eduardo Chavez	Michelle Garcia	Myrna Hernandez	Irene D. Jaquez	Sandra Licon	Fernie Madrid	Becky M. Romero
Meals	\$0.00	\$165.00	\$178.25	\$326.25	\$178.25	\$370.75	\$233.25	\$0.00
Lodging	\$1,238.76	\$737.88	\$684.30	\$1,082.34	\$684.30	\$864.77	\$1,022.80	\$0.00
Transportation	\$1,899.35	\$1,017.09	\$1,175.09	\$1,470.05	\$1,043.09	\$2,684.17	\$336.00	\$0.00
Motor Fuel	\$281.68	\$2.18	\$2.18	\$2.18	\$2.18	\$2.18	\$150.49	\$0.00
Other - Registration Fees	\$355.00	\$425.00	\$450.00	\$825.00	\$475.00	\$1,145.00	\$425.00	\$50.00
Total	\$3,774.79	\$2,347.15	\$2,489.82	\$3,705.82	\$2,382.82	\$5,066.87	\$2,167.54	\$50.00

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2020, 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 2020

For the Twelve-Month Period Ended June 30, 2020	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 2020

For the Twelve-Month Period Ended June 30, 2020	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	Irene D. Jaquez	\$0.00
Board Member	Sandra Licon	\$0.00
Board Member	Fernie Madrid	\$0.00
Board Member	Becky M. Romero	\$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 2020

For the Twelve-Month Period Ended June 30, 2020	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	Irene D. Jaquez	\$0.00
Board Member	Sandra Licon	\$0.00
Board Member	Fernie Madrid	\$0.00
Board Member	Becky M. Romero	\$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.