

SABINE INDEPENDENT SCHOOL DISTRICT

Financial Management Report Relating to The Financial Integrity Rating System of Texas 2023 Rating: "A=Superior Achievement"

The Sabine ISD received a rating of "A=Superior Achievement" under Texas' Schools FIRST financial accountability rating system for the fiscal year ended June 30, 2022, 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 Achievement." The rating system consists of twenty indicators, four of which were not scored this year. Of the sixteen indicators remaining, eight have Yes or No answers and eight are scored on a range of points from 0-5 or 0-10. The maximum score possible is 100. Sabine ISD scored 100 out of the 100 possible points.

Rules established by Title 19 Texas Administrative Code Chapter 109, Subchapter AA 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 nineteen of the twenty years due to the 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.

The 2022-23 FIRST District Status Detail report (see attached) contains each of the following indicators and their results:

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, 2022. TEA received our current year audit on November 18, 2022 and our prior year audit on November 10, 2021.

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, 2022 and the prior year ended June 30, 2021.

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

The District had made all debt payments in accordance with the bond payment schedule and had met all other requirements as of June 30, 2022 and as of June 30, 2021.

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, 2022 and 2021. We use a third party administrator for the payments to the TWC.

A district will receive an "F=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.

5. This indicator is not being scored.

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 (\$2,901,182). For June 30, 2022, the District had assigned and unassigned fund balances of \$8,166,346, well over the minimum level needed. For June 30, 2021, the balances were \$7,865,930.

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, 2022, the District had 207.93 days on hand and for June 30, 2021, the District had 158.72 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, 2022, the District had a ratio of 5.30 and for June 30, 2021, the District had a ratio of 5.56, 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, 2022, the revenues exceeded expenditures by \$1,185,986. For the year ended June 30, 2021, the revenues exceeded expenditures by \$1,881,055.

10. This indicator is not being scored.

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, 2022, the District's ratio of long-term liabilities to total assets was 0.483 and for June 30, 2021 it was 0.522, both 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, 2022, the District's ratio was 3.409. For the year ended June 30, 2021, the District's ratio was 4.083, just slightly above the limit. This indicator involves total long term liabilities and assessed property values, neither of which the District has control over.

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 8.6% for the current year compared to 9.3% for the prior year, both rates well below the cap.

14. This indicator is not being scored.

15. This indicator is not being scored.

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 2021-22 and in 2020-21.

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

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, 2022 and June 30, 2021, 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 13, 2022 meeting, which was within the time period required.



2022-2023 RATINGS BASED ON SCHOOL YEAR 2021-2022 DATA - DISTRICT STATUS DETAIL

Name: SABINE ISD(092906)	Publication Level 1: 8/4/2023 12:02:16 PM
Status: Passed	Publication Level 2: 8/7/2023 3:01:39 PM
Rating: A = Superior Achievement	Last Updated: 8/7/2023 3:01:39 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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 PM	Yes Ceiling Passed
5	This indicator is not being evaluated.		
			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>	7/13/2023 6:19:06 PM	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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 PM	10
10	This indicator is not being evaluated.		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 or 1,000 or more students in membership, then the school district passes this indicator.)</u>	7/13/2023 6:19:06 PM	10
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 PM	10

14	This indicator is not being evaluated.		10
15	This indicator is not being evaluated.		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>	7/13/2023 6:19:06 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 and free from substantial doubt about the school district's ability to continue as a going concern? (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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 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>	7/13/2023 6:19:06 PM	5
20	<u>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?</u>	7/13/2023 6:19:06 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

<p>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.</p>		
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 5.14.3.3

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(q). Effective 8/1/2018.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract is included in the report presented.

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended June 30, 2022:

Description of Reimbursements	Superintendent - Stacey Bryce	Tony Raymond	Andrea Bates	Paul Franklin	Dr. Art Morchat	Danny King	Eddie Shawn	Leslie Thurston
Meals	\$ 286.69	\$ 115.00	\$ -	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Lodging	2,103.00	650.47	710.21	717.06	496.11	672.86	717.06	736.20
Transportation	814.23	788.02	100.50	136.50	103.50	180.00	180.00	180.00
Motor Fuel	-	-	-	-	-	-	-	-
Other	1,005.00	-	425.00	425.00	425.00	425.00	425.00	425.00
Total	\$ 4,208.92	\$ 1,553.49	\$ 1,235.71	\$ 1,338.56	\$ 1,084.61	\$ 1,337.86	\$ 1,382.06	\$ 1,401.20

Note - All "reimbursements," regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are reported. Items 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.

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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, 2022:

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

Note - 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, 2022:

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, 2022:

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.