

Financial Integrity Rating System of Texas

October 12, 2022

2021-2022 FIRST Rating
(Based on Fiscal Year 2020-2021 Data)

Annual Financial Management Report
Public Hearing



Mr. Henry Yzaguirre, School Superintendent
Tony Kingman, Chief Financial Officer

Vision: Together, Igniting Action, Inspiring Growth
Mission: Think Big, Think Positive, Think Forward

Agenda



- School FIRST Rating Background
- Scoring System and Ratings Worksheet
- South San ISD 2020-2021 FIRST Result
- Additional Reporting Requirements and Disclosures



School FIRST Rating Background

- Developed in 1999 by the Texas Education Agency in response to Senate Bill 875 of the 76th Legislature
- The purpose of the financial accountability rating system is to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources.
- The system is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes.
- The system will also disclose the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools.



Scoring System (Indicators 7-15, 18, 19)

A = Superior

Score range of 90 – 100

B = Above Standard

Score range of 80 – 89

C = Meets Standard

Score range of 70 – 79

F = Substandard Achievement

Score less than 70

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.



Indicator 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?

Due date: 02/28/2021

Date received by TEA: 01/25/2022

Result: Passed

Last FY (2020-21) result: Passed



Indicator 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.)

The opinion expressed by our independent auditors on the August 31, 2021 audit report was an Unmodified Opinion.

Result: Passed

Last FY (2020-21) result: Passed

Indicator 3

Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

Result: Passed

Last FY (2020-21) result: Passed





Indicator 4

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?

Result: Passed

Last FY (2020-21) result: Passed

Indicator 5

This indicator is not being scored.





Indicator 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?

Result: Passed

Average change in fund balances: 3.58%

Fund balances vs 75 days expenditures: \$29,049,031 > \$16,209,517

Last FY (2020-21) result: Passed – 9.82% or \$26,534,268 > \$15,999,210



Indicator 7

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)?

Number of days of cash on hand compares to operating expenditures: 124.42 days

10	8	6	4	2	0
>=90	<90 >=75	<75 >=60	<60 >=45	<45 >=30	<30

Result: 10 points

Last FY (2020-21) result: 10 points – 130.72 days



Indicator 8

Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

Ratio: 2.8441

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

Result: 8 points

Last FY (2020-21) result: 8 points – Ratio: 2.518



Indicator 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?

Revenues vs expenditures (exclude function 81): -0.48% more than operating expenditures

Days of Cash on Hand: 124.42 > 60 days

Result: 10 points

Last FY (2020-21) result: 10 points – 0.74% and 130.72 days



Indicator 10

This indicator is not being scored

TASBO Template Calculation

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	0
<10%	>=10%

Variance: 2.1% < 10%

Result: 10 points

Last FY (2020-21) result: 10 points – 1.11% < 10%



Indicator 11

Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

Variance: 79.72% (0.7972)

10	8	6	4	2	0
≤0.60	>0.60 ≤0.70	>0.70 ≤0.80	>0.80 ≤0.90	>0.90 ≤1.00	>1.00

Result: 6 points

Last FY (2020-21) result: 6 points – 76.38%



Indicator 12

Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments?

Ratio: 5.613

10	8	6	4	2	0
<= 4	> 4 <= 7	> 7 <= 10	> 10 <= 11.5	> 11.5 <= 13.5	> 13.5

Result: 8 points

Last FY (2020-21) result: 8 points – 5.8467



Indicator 13

Was the school district's administrative cost ratio equal to or less than the threshold ratio?

District administrative cost ratio 8.53% (0.0853) with ADA size of 7,311.017

ADA Size	10	8	6	4	2	0
10,000 and Above	<= 0.0855	> 0.0855 <= 0.1105	> 0.1105 <= 0.1355	> 0.1355 <= 0.1605	> 0.1605 <= 0.1855	> 0.1855
5,000 to 9,999	<= 0.1000	> 0.1000 <= 0.1250	> 0.1250 <= 0.1500	> 0.1500 <= 0.1750	> 0.1750 <= 0.2000	> 0.2000
1,000 to 4,999	<= 0.1151	> 0.1151 <= 0.1401	> 0.1401 <= 0.1651	> 0.1651 <= 0.1901	> 0.1901 <= 0.2151	> 0.2151
500 to 999	<= 0.1311	> 0.1311 <= 0.1561	> 0.1561 <= 0.1811	> 0.1811 <= 0.2061	> 0.2061 <= 0.2311	> 0.2311
Less than 500	<= 0.2404	> 0.2404 <= 0.2654	> 0.2654 <= 0.2904	> 0.2904 <= 0.3154	> 0.3154 <= 0.3404	> 0.3404
Sparse	<= 0.3364	> 0.3364 <= 0.3614	> 0.3614 <= 0.3864	> 0.3864 <= 0.4114	> 0.4114 <= 0.4364	> 0.4364

Result: 10 points

Last FY (2020-21) result: 10 points – 8.5%



Indicator 14

Did the school district not have a 15 percent decline in the student to staff ratio over 3 years (total enrollment to total staff)?

Ratio: 14.46% decline in student to staff ratio

Result: 10 points

Last FY (2020-21) result: 10 points – 2.65% decline



Indicator 15

This indicator is not being scored

TASBO Template Calculation

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?

Variance between South San ISD's ADA and projected ADA: 0.86%

ADA Size	5	0
10,000 and Above	<= 0.07	> 0.07
5,000 to 9,999	<= 0.10	> 0.10
1,000 to 4,999	<= 0.20	> 0.20
500 to 999	<= 0.25	> 0.25
Less than 500	<= 0.30	> 0.30
Sparse	<= 0.35	> 0.35

Result: 5 points

Last FY (2020-21) result: 5 points – 2.47%



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?

Variance: 0%

Result: Passed

Last FY (2020-21) result: Passed – 0%



Indicator 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?

South San Antonio ISD's external auditors reported that the August 31, 2021 AFR was free of any instance(s) of material weakness in internal controls.

Result: Passed

Last FY (2020-21) result: Passed



Indicator 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?

South San Antonio ISD's external auditors indicated the AFR was free of material non-compliance for the period covered by the 2020-2021 rating year.

Result: 10 points

Last FY (2020-21) result: 10 points



Indicator 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?

South San Antonio ISD posted all of the required financial information on its website.

Result: 5 points

Last FY (2020-21) result: 5 points



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?

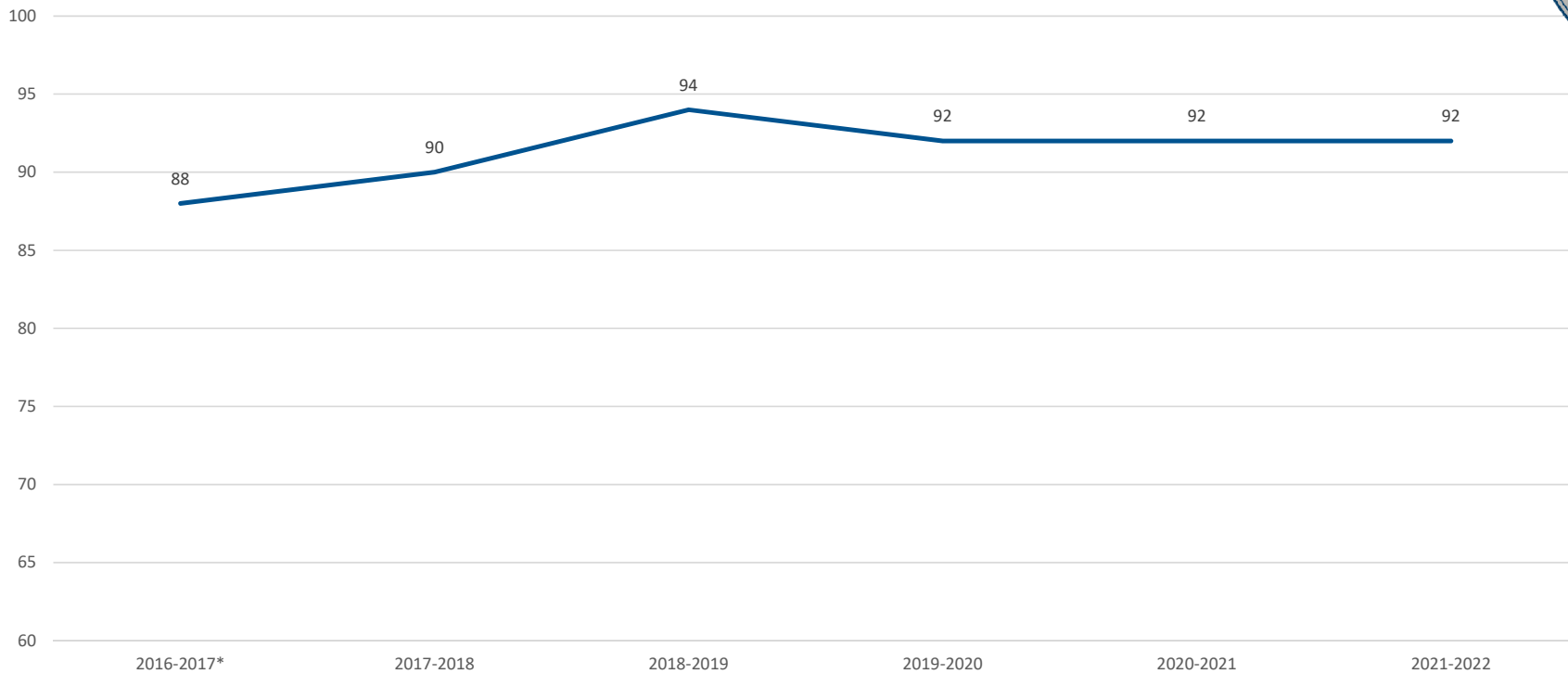
South San Antonio ISD's School board of trustees discussed property values at a meeting within 120 days before the district adopted its budget.

Result: Passed

Last FY (2020-21) result: Passed



South San Antonio ISD FIRST Results



*First year that the FIRST rating is on a 100- point scale

Additional Reporting Requirements and Disclosures



- Please see attached documents

Thank you



Additional Link

<https://www.southsanisd.net/Finance>



Question?

Please ask question



Discussion

Wrap-up Discussion

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