

FIRST Indicators (Financial Integrity Rating System of Texas)

Public Hearing



October 18, 2022

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Weslaco Independent School District

**Financial Integrity Rating System of Texas (FIRST)
Public Hearing
October 18, 2022**

**Fiscal Year 2020 – 2021
Superior Achievement Rating**



Dr. Dino Coronado, Superintendent of Schools



Financial Integrity Rating System of Texas (FIRST)

- The primary goal of FIRST is to achieve improved performance in the management of school districts. The Texas Education Agency (TEA) requires a Public Hearing.
- The Texas Education Agency (TEA) ranks School Districts in four rating categories: Superior, Above Standard, Meets Standard & Substandard Achievement.
- School FIRST is a financial accountability rating system that holds school districts accountable for the quality of their financial management practices.
- School FIRST 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.
- School FIRST is a tool that creates transparency and discloses the quality of local management and decision-making processes that the school district uses concerning the financial resources the school district receives.
- A Financial accountability rating system should include processes for anticipating the future financial solvency of each school district and open-enrollment charter schools including analysis of revenues and expenditures.



Financial Integrity Rating System of Texas (FIRST)

- Weslaco ISD has received a Superior Achievement Rating for the past twenty (20) years (since the inception of the program): fiscal years 2001-2002 through 2019-2020 plus fiscal year 2020-2021.
- Critical indicators – Failure to meet the requirements of any critical indicator (below) would cause a failure of FIRST:
 - ✓ Fiscal year 2019-2020 – Indicators 1, 2, 3, 4 & 5 (Indicator 5 was not rated.)
 - ✓ Fiscal year 2020-2021 – Indicators 1, 2, 3, 4 & 5 (Indicator 5 was not rated.)
- Financial) Solvency Indicators – Each indicator focuses on the solvency of the entity:
 - ✓ Fiscal year 2019-2020 – Indicators 6, 7, 8, 9, 10, 11, 12, 13, & 14
 - ✓ Fiscal year 2020-2021 – Indicators 6, 7, 8, 9, 10, 11, 12, 13, & 14 (Indicator 10 was not rated.)
- Financial Competence Indicators – Each indicator identifies serious deficiencies in financial management:
 - ✓ Fiscal year 2019-2020 – Indicators 15, 16, 17, 18, 19, 20
 - ✓ Fiscal year 2020-2021 – Indicators 15, 16, 17, 18, 19, 20 (Indicator 15 was not rated.)
- Weslaco ISD obtained a Superior Achievement Rating with a PERFECT SCORE of 100 points out of a maximum 100 points for fiscal years 2015-2016 through 2018-2019 and Fiscal Year 2020-2021.
- This is one of the two report cards the District receives in finance. The other report card is the Annual Financial (Audit) Report.
- This public hearing was advertised in The Monitor on Wednesday, October 5, 2022 as required.



2021-2022 FIRST Ratings (FY 2020-2021 Data)

How Ratings are Assessed

- Based upon indicators
 - 20 for School Districts
 - 21 for Charter Schools
- Failure to pass any of the CRITICAL indicators will result in an automatic failing grade
- Determine the rating by the applicable number of points

RATING	POINTS EARNED
A = Superior Achievement	90 - 100
B = Above Standard Achievement	80 - 89
C = Meets Standard Achievement	70 - 79
F = Substandard Achievement	< 70



2021-2022 FIRST Ratings (FY 2020-2021 Data)

Critical Indicators

- Indicator 1: Timely Filing of the Annual Financial Report (AFR)
- Indicator 2: Unmodified Opinion in the AFR
- Indicator 3: Compliance with Debt Agreements
- Indicator 4: Timely Payments to Government Agencies
- Indicator 5: Unrestricted Net Position Balance (not being scored)

2021-2022 Ratings (FY 2020-2021 Data)

Solvency Indicators

- Indicator 6: 3 Year Change in Fund Balance
- Indicator 7: Number of Days of Cash on Hand
- Indicator 8: Current Assets to Current Liabilities Ratio
- Indicator 9: General Fund Revenues Equal or Exceed Expenditures
- Indicator 10: Budgeted to Actual Revenues 3 Year Comparison (not being scored)
- Indicator 11: Long-Term Liabilities to Total Assets Ratio
- Indicator 12: Debt per \$100 of Assessed Property Value
- Indicator 13: Administrative Cost Ratio
- Indicator 14: Student to Staff Ratio over 3 Year Period



2021-2022 Ratings (FY 2020-2021 Data)

Financial Competency Indicators

- Indicator 15: Enrollment Variance (**not being scored**)
- Indicator 16: PEIMS to AFR Data Quality
- Indicator 17: Material Weakness in Internal Controls over Financial Reporting
- Indicator 18: Material Noncompliance Disclosed on AFR
- Indicator 19: Transparency – Required Financial Postings
- Indicator 20: Property Values and Funding Lag Discussion with the Board of Trustees



The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator for Fiscal Years 2020-2021 and 2019-2020

No.	2020-2021 INDICATOR DESCRIPTION	SCORE 2020-21/2019-20
1	<p>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?</p> <p style="color: red;">2020-2021 Audit Report was Filed in Time (January 25, 2022)</p>	YES / YES
2	<p>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.)</p> <p style="color: red;">Weslaco received an Unmodified Opinion for fiscal year 2020-2021 (Clean Audit).</p>	YES / YES
3	<p><u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?</u> (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.)</p> <p style="color: red;">There were no disclosures in the annual financial report and/or other sources of information concerning default on debt agreements.</p>	YES / YES
4	<p>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?</p> <p style="color: red;">The district made timely payments to the TRS, TWC, IRS, and other government agencies.</p>	YES / YES
5	<p>This indicator was not scored for fiscal years 2019-2020 & 2020-2021.</p>	Not Applicable for Both Years

The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator for Fiscal Years 2020-2021 and 2019-2020 (Continued)

No.	2020-2021 INDICATOR DESCRIPTION	SCORE 2020-21/2019-20
6	<p><u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25% decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operations expenditures?</u> Weslaco ISD average change in fund balances was 15.13 % increase</p>	YES / YES
7	<p><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)? (Maximum Points 10)</u> <u>The # of days of cash in hand needed to obtain 10 points is 90 days or more.</u> Weslaco ISD had enough cash in hand for 123 days.</p>	YES / YES 10 / 10
8	<p><u>Was the <u>measure of current assets to current liabilities ratio</u> for the school district <u>sufficient to cover short-term debt?</u> (Maximum Points 10)</u> Weslaco ISD's Measure was 3.86 times. <u>It needed to be 3 times to obtain all 10 points.</u></p>	YES / YES 10 / 10
9	<p><u>Did the school district's general fund (GF) 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? (Maximum Points 10)</u> General Fund revenues exceeded expenditures by \$13,768,854.</p>	YES / YES 10 / 10
10	<p><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? (Maximum Points 10)</u> This indicator was not scored for fiscal year 2020 - 2021</p>	Not Applicable / YES NA / 10

The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator for Fiscal Years 2020-2021 and 2019-2020 (Continued)

No.	2020-2021 INDICATOR DESCRIPTION	SCORE 2020-21/2019-20
11	<p>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 change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (Maximum Points 10)</p> <p>The ratio needed to obtain 10 points is less than or equal to 0.60. Weslaco ISD's ratio is 0.298.</p>	<p>YES / YES 10 / 10</p>
12	<p>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? (Maximum Points 10) The ratio needed to obtain all 10 points is less than 4. Weslaco ISD's ratio is 1.2606. ↓</p>	<p>YES / YES 10 / 10</p>
13	<p>Was the school district's administrative cost ratio equal to or less than the threshold ratio? <u>Ratio needed to obtain 10 points is less than or equal to .0855.</u> (Maximum Points 10)</p> <p>Weslaco ISD's ratio is .0679.</p>	<p>YES / YES 10 / 10</p>
14	<p>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.) (Maximum Points 10)</p> <p>Weslaco ISD's decline in the students to staff ratio over 3 years was only -0.55 %.</p>	<p>YES / YES 10 / 10</p>
15	<p>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 projections? (Maximum Points 5)</p> <p>This indicator was not scored for fiscal year 2020 - 2021</p>	<p>Not Applicable / YES NA / 5</p>

The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator for Fiscal Years 2020-2021 and 2019-2020 (Continued)

No.	2020-2021 INDICATOR DESCRIPTION	SCORE 2020-21/2019-20
16	<p>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR (audit financial report) result in a <u>total variance of less than 3 percent</u> of all expenditures by function?</p> <p style="color: red;">Weslaco ISD's variance was only 0.000009% (variance on 157 out of 169,720,406 records)</p>	YES / YES
17	<p>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.)</p> <p style="color: red;">No Material Weaknesses in Internal Controls were Reported.</p>	YES / YES
18	<p>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.) (Maximum Points 10)</p> <p style="color: red;">There were <u>no instance(s) of material noncompliance</u> for grants, contracts, and laws related to local, state, or federal funds fpr FY 2020-2021.</p>	YES / NO 10 / 0
19	<p>Did the school district post the required financial information on its website in accordance with Government Code, Local 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? (Maximum Points 5)</p> <p style="color: red;">Weslaco ISD posted all required financial information in accordance with the various codes.</p>	YES / YES 5 / 5
20	<p>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget?</p> <p style="color: red;">Weslaco ISD's school board discussed the district's property values before the district adopted its budget.</p>	YES / YES

SUPERINTENDENT'S CONTRACT

- It is Published in the School District's Website.
- It is located at the bottom of the Financial Transparency Section.



Travel Expenditures of Superintendent and Board Trustees

Fiscal Year 2020-2021

DESCRIPTION	Superintendent Dr. Priscilla Canales	Board President Armando Cuellar, Jr.	Board Vice President Dr. Jaime Rodriguez	Board Secretary Jesse Treviño	Board Trustee Marcos De Los Santos	Board Trustee Andrew Gonzalez	Board Trustee Isidoro Nieto	Board Trustee Jackie Sustaita
Meals & Mileage				\$ 135.36	\$ 135.36		\$ 558.24	\$ 135.36
Lodging	\$ 216.46			\$ 629.60	\$ 629.60		\$ 1,335.14	\$ 629.60
Transport & Other/Air Fare								
Conference Registration	\$ 345.00	\$ 600.00	\$ 1,200.00	\$ 150.00	\$ 150.00	\$ 425.00	\$ 1,010.00	\$ 150.00
TOTAL	\$ 561.46	\$ 600.00	\$ 1,200.00	\$ 914.96	\$ 914.96	\$ 425.00	\$ 2,903.38	\$ 914.96

Trustee Patrick Kennedy: \$425.00 Conference Registration, Sep. 30-Oct. 2, 2021

Total Travel Expenditures for FY 2020-2021 Superintendent and Board: \$ 8,434.72

Outside Compensation Received by Superintendent

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2020-2021

✓ Dr. Priscilla Canales – None



Gifts Accepted by Weslaco ISD Superintendent, Board Trustees and/or Any of Their Family Members with an Aggregate Value of \$100 or more from Any District Vendors for Fiscal Year 2020-2021

	Superintendent Dr. Priscilla Canales	Board President Armando Cuellar	Board Vice President Dr. Jaime Rodriguez	Board Secretary Jesse Treviño	Board Trustee Marcos De Los Santos
Description of Gift	None Reported	None Reported	None Reported	None Reported	None Reported

	Board Trustee Andrew Gonzalez	Board Trustee Mr. Isidoro Nieto	Board Trustee Jackie Sustaita
Description of Gift	None Reported	None Reported	None Reported

Per Local Government Code § 176.001(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.



Employment, Business or Family Relationships of Weslaco ISD Superintendent or Board Trustees with Any District Vendors for Fiscal Year 2020-2021

	Superintendent Dr. Priscilla Canales	Board President Armando Cuellar	Board Vice President Dr. Jaime Rodriguez	Board Secretary Jesse Treviño
Business Transactions	None	None	See below	See below

	Board Trustee Andrew Gonzalez	Board Trustee Mr. Isidoro Nieto	Board Trustee Jackie Sustaita
Business Transactions	None	None	None

Board Vice President Dr. Jaime Rodriguez's clinic provided services for one WISD student late in 2020-2021.

Board Secretary Jesse Treviño is married to district vendor Dr. Edith Trevino, owner of Dr. ET and Company, LLC.

