

Weslaco Independent School District

Public Hearing

Financial Integrity Rating System of Texas (FIRST)

**2015 – 2016 Fiscal Year
Superior Achievement Rating**

October 9, 2017

Priscilla Canales, Ph.D., Superintendent

Financial Integrity Rating System of Texas (FIRST)

- The primary goal of FIRST is to achieve improved performance in the management of school districts and TEA requires a Public Hearing.
- The Texas Education Agency (TEA) used to rank 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 school
 - Including analysis of revenues and expenditures

Financial Integrity Rating System of Texas (FIRST)

- Weslaco ISD has also received a Superior Achievement Rating for the past fourteen years (since the inception of the program): (2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-006, 2006–2007, 2007–2008, 2008–2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014 and 2014-15).
- Critical indicators – Failure to meet the requirements of any critical indicator (below) would cause a failure of FIRST:
 - ✓ Fiscal year 2014-2015 – Indicators 1, 2, 3, 4 & 5
 - ✓ Fiscal year 2015-2016 – Indicators 1, 2A, 3, 4 & 5
- (Financial) Solvency Indicators – Each indicator focuses on the solvency of the entity:
 - ✓ Fiscal year 2014-2015 – Indicators 6, 7, 8, 9, 10, 11 & 12
 - ✓ Fiscal year 2015-2016 – Indicators 6, 7, 8, 9, 10, 11 & 12
- Financial Competence Indicators – Each indicator identifies serious deficiencies in financial management:
 - ✓ Fiscal year 2014-2015 – Indicators 13, 14 & 15
 - ✓ Fiscal year 2015-2016 – Indicators 13, 14 & 15
- Weslaco ISD obtained a Superior Achievement Rating with 98 points out of a maximum 100 points for fiscal year 2014-2015.
- Weslaco ISD obtained a Superior Achievement Rating with a PERFECT SCORE of 100 points out of a maximum 100 points for fiscal year 2015-2016.
- This is one of the two report cards the District receives in finance. The other report card is the Annual Financial (Audit) Report.

**The Following are the (15) FIRST Indicators and the Results Obtained
on Each Indicator for Fiscal Year 2015-2016**

No.	2015-2016 INDICATOR DESCRIPTION	SCORE 2014-15 / 2015-16
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>2015-2016 Audit Report was Filed in Time (January 27, 2016)</p>	YES / YES
2-A	<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>Weslaco received an Unmodified Opinion for fiscal year 2015-2016 (Clean Audit).</p>	YES / YES
2-B	<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.) No Material Non-compliance Was Disclosed.</p>	YES / YES
3	<p><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></p> <p>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 Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.)</p> <p>The district made timely payments to the TRS, TWC, IRS, and other government agencies.</p>	YES / YES

**The Following are the (15) FIRST Indicators and the Results Obtained
on Each Indicator for Fiscal Year 2015-2016 (Continued)**

No.	2015-2016 INDICATOR DESCRIPTION	SCORE 2014-15 / 2015-16
5	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	YES / YES
6	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>The # of days of cash in hand needed to obtain 10 points is 90 days or more.</u> Weslaco ISD's had enough cash in hand for 90.06 days.	YES / YES 10 / 10
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (Maximum Points 10) Weslaco ISD's Measure was 4.6293 . <u>It needed to be 3 times to obtain all 10 points.</u>	YES / YES 10 / 8
8	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 10 percent or more, then the school district passes this indicator.) (Maximum Points 10) <u>The ratio to obtain 10 points is less than or equal to 0.60 . Weslaco ISD's ratio is 0.3346 .</u>	YES / YES 10 / 10
9	Did the school district's <u>general fund (GF) revenues equal or exceed expenditures (excluding facilities acquisition and construction)</u> ? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? GF revenues exceeded expenditures by \$15,979,409. (Maximum Points 10)	YES / YES 10 / 10
10	Was the debt service coverage ratio sufficient to meet the required debt service? (Maximum Points 10) <u>Ratio needed to pass was 1.20 or higher.</u> Weslaco ISD's ratio is 3.6872.	YES / YES 10 / 10

**The Following are the (15) FIRST Indicators and the Results Obtained
on Each Indicator for Fiscal Year 2015-2016 (Continued)**

No.	2015-2016 INDICATOR DESCRIPTION	SCORE 2014-15 / 2015-16
11	<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 8.55%.</u> (Maximum Points 10) Weslaco ISD's ratio is 6.55%.</p>	<p align="center">YES / YES 10 / 10</p>
12	<p><u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years</u> (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.) (Maximum Points 10) Weslaco ISD's decline in the students to staff ratio over 3 years was only 1.05 %.</p>	<p align="center">YES / YES 10 / 10</p>
13	<p>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a <u>total variance of less than 3 percent</u> of all expenditures by function? (Maximum Points 10) Weslaco ISD's variance was only 0.61%</p>	<p align="center">YES / YES 10 / 10</p>
14	<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) There were no instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds.</p>	<p align="center">YES / YES 10 / 10</p>
15	<p>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship? (Maximum Points 10) Weslaco ISD did not receive an adjusted repayment schedule.</p>	<p align="center">YES / YES 10 / 10</p>

Superintendent's Contract

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

Travel Expenses of Superintendents and Board Members

Fiscal Year 2015-2016

Description	Superintendent Dr. Ruben Alejandro	Interim Superintendent Dr. Filomena Leo	Board President David Fuentes	Board Vice President Erasmus Lopez	Board Secretary Oscar Caballero	Board Trustee Dr. Richard Rivera	Board Trustee Adrian Gonzalez	Board Trustee Andrew Gonzalez	Board Trustee Isidoro Nieto
Meals & Mileage	\$ 1,778	\$ 0	\$ 693	\$ 1,057	\$ 1,812	\$ 147	\$ 351	\$ 543	\$ 521
Lodging	\$ 3,250	\$ 0	\$ 955	\$ 809	\$ 4,189	\$ 1,921	\$ 1,489	\$ 2,271	\$ 1,799
Transport & Other (Air Fare)	\$ 40	\$ 0	\$ 707	\$ 0	\$ 559	\$ 1,227	\$ 888	\$ 643	\$ 1,152
Conference Registration	\$ 1,905	\$ 0	\$ 1,610	\$ 920	\$ 1,760	\$ 1,760	\$ 1,215	\$ 1,385	\$ 1,215
TOTAL	\$ 6,973	\$ 0	\$ 3,965	\$ 2,786	\$ 8,320	\$ 5,055	\$ 3,943	\$ 4,842	\$ 4,687

Outside Compensation Received by Superintendent

- **Outside Compensation &/or Fees Received by the Superintendents for Professional Consulting &/or Other Personal Services in Fiscal Year 2015-2016**

✓ **Dr. Ruben Alejandro – None**

✓ **Dr. Filomena Leo – None**

Gifts received by Superintendents and Board Members

Gifts received in excess of \$ 250 by Superintendents and Board Members (and First Degree Relatives), if any, in Fiscal Year 2015-2016.

	Superintendent	Interim Superintendent	Board President	Board Vice President	Board Secretary	Board Trustee	Board Trustee	Board Trustee	Board Trustee
	Dr. Ruben Alejandro	Dr. Filomena Leo	David Fuentes	Erasmus Lopez	Oscar Caballero	Dr. Richard Rivera	Adrian Gonzalez	Andrew Gonzalez	Isidoro Nieto
Gift Description	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

Business Transactions Between District and Board Members

- **Business Transactions between Weslaco ISD and Board Members for Fiscal Year 2015-2016**

Description	Board President David Fuentes	Board Vice-President Erasmio Lopez	Board Secretary Oscar Caballero	Board Trustee Dr. Richard Rivera	Board Trustee Adrian Gonzalez	Board Trustee Andrew Gonzalez	Board Trustee Isidoro Nieto
Business Between District & Board Trustees	Spouse Worked as a Co-Broker with the GL Group / Gallagher Benefits Services	NONE	Worked as an Employee of Oak Farms Dairy (Hygeia)	NONE	NONE	NONE	NONE

- The spouse of Mr. David Fuentes worked as a co-broker with Non-Weslaco ISD accounts of the GL Group/ Gallagher Benefits Services. The GL Group/Gallagher Benefits Services was an agent on some of the voluntary insurance products which WISD employees purchase through payroll deductions.
- Mr. Oscar Caballero worked for Southern Foods Group LLC, D/B/A Oak Farms Dairy (Hygeia). WISD's Food Service Department purchases dairy and juice products from the company to serve to students as part of breakfast & lunch. They are a vendor approved through the Region One ESC's Child Nutrition Program South Texas Purchasing Cooperative.