

**Edinburg Consolidated Independent School District**

**School FIRST Ratings  
Based on 2013-2014 School Year**



**Public Hearing  
November 10, 2015**

# **FIRST Requirements**

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**Prepare and distribute an Annual Financial Accountability Management Report that must include the following:**

- ▶ **The districts' financial management performance rating provided by the Texas Education Agency based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System.**
- ▶ **The districts' financial management performance under each indicator for the current and previous years' financial accountability ratings.**

# **FIRST Requirements**

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**Certain required disclosures in accordance with Title 19,  
Texas Administrative Code Chapter 109**

- A. A copy of the Superintendent's current employment contract.**
- B. A summary schedule of the reimbursements received by the Superintendent and each board member for the fiscal year.**
- C. A summary schedule for the fiscal year of the dollar amount of outside compensation and/or fees received by the superintendent.**
- D. A summary schedule of the total dollar amount of gifts received by executive officer(s) and board members of gifts that had an economic value of \$ 250 or more in the aggregate in the fiscal year.**
- E. A summary schedule for the fiscal year of the total dollar amount by board members for the aggregate amount of business transactions with the school district.**

# School FIRST Rating System

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## Background:

- ▶ Senate Bill 218 of the 77<sup>th</sup> Legislature (2001) authorized the implementation of a financial accountability rating system referred to as **School FIRST**.

# **School FIRST Rating System**

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## **Purpose of Financial Integrity Rating System of Texas:**

- ▶ Ensures that school districts will be held accountable for the quality of their financial management practices
- ▶ Achieve improved performance in the management of their financial resources

# School FIRST Rating System

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- ▶ Major changes to the School FIRST system were implemented by the Texas Education Agency in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5, 83rd Texas Legislature, and Regular Session 2013.
- ▶ These major changes amended Section 39.082 Texas Education Code to require the commissioner of education to include processes in the financial accountability rating system for anticipating the future financial solvency of each school district and open-enrollment charter school.
- ▶ The Texas Education Agency converted Schools FIRST to a two-tier rating system of either “P” for “Pass” or “F” for “Substandard Achievement” for the 2014-2015 rating year.

# School FIRST Rating System

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- ▶ The changes to the School FIRST system implemented by the Texas Education Agency in August 2015 are being phased-in over three years. During the phase-in period, the new School FIRST system has separate worksheets for rating years 2014-2015, 2015-2016, and 2016-2017 and subsequent years.
- ▶ The worksheet for rating year 2014-2015 contains only 7 indicators and the worksheets for rating years 2015-2016 and 2016-2017 contain 15 indicators.
- ▶ The worksheet for rating year 2016-2017 requires higher scores for select ratings compared to the worksheet for rating year 2015-2016.
- ▶ The ratings and indicators for the first year is different than following years to allow a transition year.

# School FIRST Rating System

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- ▶ Rating for the transition 2014-2015 rating year is determined by seven (7) defined indicators, each weighed equally, except for the first four critical indicators.
- ▶ A negative response to any of the first four critical indicators results in the district receiving a rating of “**Substandard Achievement**”

# School FIRST Rating System

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The Edinburg Consolidated Independent School District has received a rating of:

**“PASSED”**

under the Texas Schools FIRST financial accountability rating system. The “Passed” rating is the state’s highest, demonstrating the quality of Edinburg CISD’s financial management and reporting system.

Edinburg CISD was one of the 22 school districts in the Region One area that received a perfect score of 30 on their Schools FIRST rating for the fiscal year 2013-2014.

Prior to the 2014-2015 rating year, the Schools FIRST accountability rating assigned one of four financial accountability ratings to Texas school districts with the highest being “Superior Achievement” followed by “Above Standard Achievement”, “Standard Achievement” and “Substandard Achievement”.

Edinburg CISD achieved the rating of “**Superior Achievement**” for the 2013-2014 rating year and eleven prior years.

# School FIRST - Indicator #1

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Was the complete Annual Financial Report (AFR) and data submitted to the Texas Education Agency 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.

YES, Our Annual Financial Report for the fiscal year August 31, 2014, was filed with the Texas Education Agency before the deadline of January 28, 2015.

	<b>FY 2013-2014</b>
<b>Result</b>	<b>Yes</b>

# School FIRST - Indicator #2

Was there an Unmodified Opinion in the Annual Financial Report 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,** The opinion expressed by our independent auditors on the August 31, 2014 Annual Financial Report was an Unmodified Opinion.

*A “modified” version of the auditor’s opinion on our annual financial report would have meant that corrections were needed in some of our reporting or financial controls. A district’s goal, therefore, is to receive an “unmodified opinion” on its Annual Financial Report.*

	<b>FY 2013-2014</b>
<b>Result</b>	<b>Yes</b>

# School FIRST - Indicator #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, Edinburg CISD was in compliance with the payment terms of all debt agreements for fiscal year ended August 31, 2014.**

	<b>FY 2013-2014</b>
<b>Result</b>	<b>Yes</b>

# School FIRST - Indicator #4

Was the total Unrestricted Net Asset Balance (Net of Accretion of Interest for Capital Appreciation Bonds) in the Government Articles column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over five years was 10 percent or more then the school district passes this indicator.)

YES, Edinburg CISD's total unrestricted net assets balance in the Government Activities in the Statement of Net Assets is greater than zero. The net asset balance for the fiscal year ended August 31, 2014 is \$99,239,178.

	<b>FY 2013-2014</b>
<b>Result</b>	<b>Yes</b>

# School FIRST - Indicator #5

Was the school district's Administrative Cost Ratio equal to or less than the threshold ratio?

Yes, Edinburg CISD's ratio for the 2013-2014 school year was 5.04 percent, well below the state cap.

*TEA and state law sets a cap on the percentage of their budget that Texas school districts can spend on administration based on district size. For districts in the Edinburg CISD's category, the administrative cost ratio should fall below 8.55 percent.*

	<b>FY 2013-2014</b>
<b>Result</b>	<b>5</b>

# School FIRST - Indicator #6

Did the comparison of Public Education Information Management System (PEIMS) data to like information in the Annual Financial Report result in a total variance of less than 3 percent of all expenditures by function (Data Quality Measure)?

Yes, Edinburg CISD's data quality measure was 0 for fiscal year ended August 31, 2014 far below the allowable 3 percent variation.

	<b>FY 2013-2014</b>
<b>Result</b>	<b>5</b>

# School FIRST - Indicator #7

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Did the external independent auditor report that the Annual Financial Report was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The American Institute of Certified Public Accountants defines material weakness.)

YES, Edinburg CISD had no material weaknesses in internal control controls over financial reporting and compliance for local, state, or federal reported in the 2013-2014 audit report.

	<b>FY 2013-2014</b>
<b>Result</b>	<b>Yes</b>

# Texas Administrative Code

## Chapter 109 Disclosures

### Disclosure A

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Copy of Superintendent's Current Employment Contract:

*A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be in the publication in the annual School FIRST financial management report.*

**Copy of Superintendent's Current Employment Contract is included in the handout.**

# Texas Administrative Code

## Chapter 109 Disclosures

### Disclosure B

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Reimbursements Received by the Superintendent and Board Members for the Twelve-Month Ended August 31, 2014.

Summary Schedule for the fiscal year ended August 31, 2014 of total reimbursements received by the superintendent and each board member. The summary schedule reports reimbursements for meals, lodging, transportation, motor fuel, and other items separately. It does not include reimbursements for supplies and materials that were purchased for the operation of the school district.

# Disclosure B

The summary schedule reports reimbursements for meals, lodging, transportation, motor fuel, and other items separately. It does not include reimbursements for supplies and materials that were purchased for the operation of the school district.

## Board Member's Reimbursements

<u>Name</u>	<u>Meals</u>	<u>Lodging</u>	<u>Transportation</u>	<u>Motor Fuel</u>	<u>Other - Dues and Registration Fees</u>	<u>Total</u>
Dr. Martin Castillo	\$ 366.00	\$ 1,495.16	\$ 3,007.35	\$ -	\$ 2,065.00	\$ 6,933.51
Jaime Chavana	227.00	2,151.72	1,284.45	-	970.00	4,633.17
Carmen Gonzalez	294.00	1,215.33	1,509.33	-	1,245.00	4,263.66
Juan "Sonny" Palacios, Jr.	445.00	1,743.63	2,462.57	-	2,225.00	6,876.20
Robert Peña, Jr.	278.00	2,290.68	2,257.99	-	825.00	5,651.67
Jaime R. Solis	274.00	1,372.42	2,343.31	-	2,065.00	6,054.73
David Torres	347.00	1,983.02	2,172.89	-	2,065.00	6,567.91
<b>Totals</b>	<b>\$ 2,231.00</b>	<b>\$ 12,251.96</b>	<b>\$ 15,037.89</b>	<b>\$ -</b>	<b>\$ 11,460.00</b>	<b>\$ 40,980.85</b>

## Superintendent's Reimbursements

<u>Name</u>	<u>Meals</u>	<u>Lodging</u>	<u>Transportation</u>	<u>Motor Fuel</u>	<u>Other - Dues and Registration Fees</u>	<u>Total</u>
Superintendent, Dr. Réne Gutiérrez	\$ 155.00	\$ 2,740.79	\$ 1,967.69	\$ -	\$ 675.00	\$ 5,538.48
<b>Totals</b>	<b>\$ 155.00</b>	<b>\$ 2,740.79</b>	<b>\$ 1,967.69</b>	<b>\$ -</b>	<b>\$ 675.00</b>	<b>\$ 5,538.48</b>

# Texas Administrative Code

## Chapter 109 Disclosures

### Disclosure C

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Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2014.

Summary Schedule for the fiscal year ended August 31, 2014 of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services. Compensation does not include business revenues generated from family business (farming, ranching, etc.) that has no relation to district business.

**No Amounts Reported**

# Texas Administrative Code

## Chapter 109 Disclosures

### Disclosure D

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Gifts Received by the Executive Officer (s) and Board Members in Fiscal Year 2014

A Summary Schedule for the fiscal year ended August 31, 2014 of the dollar amount of gifts that had an economic value of \$ 250 or more in the aggregate in the fiscal year. This reporting requirement only applies to gifts received by the executive officers and board members (and their immediate family). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had an aggregate economic value of less than \$250 per executive officer or board member.

**No Amounts Reported**

# **Texas Administrative Code**

## **Chapter 109 Disclosures**

### **Disclosure E**

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Business transactions between School District and Board Members for the fiscal year ended August 31, 2014

A summary Schedule for the fiscal year ended August 31, 2014 of the dollar amount received by board members for the aggregate amount of business transactions with the school district. This reporting requirement is not duplicate the items disclosed in the summary of schedule of reimbursements received by board members.

**No Amounts Reported**

**Edinburg Consolidated Independent School District**

# **School First Ratings**

## **QUESTIONS & ANSWERS**



**Non-discrimination Statement**

It is the policy of Edinburg CISD not to discriminate on the basis of sex, age, handicap, religion, race, color, or national origin in its educational programs.

Es póliza del Distrito Escolar de Edinburg el no discriminar por razones con base en sexo, edad, discapacidad, religión, raza, color, ni origen nacional dentro de sus programas educacionales.