

2019-2020 Financial Integrity Rating System of Texas (FIRST)

October 20, 2020

Carmen Arrieta-Candelaria, CPA, CGFM, MBA
Deputy Superintendent of Finance & Operations
Maria D. Pineda, CPA, RTSBA
Executive Director, Financial Services

EL PASO INDEPENDENT
SCHOOL DISTRICT



Purpose



Primary goal of School FIRST:

- 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



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Authority



- Developed by TEA as a response to Senate Bill 875 of the 76th Texas Legislature in 1999
- Ratings issued in 2020 cover fiscal year 2019 (July 1, 2018 – June 30, 2019)
- Based on analysis of staff and student data, as well as budgetary and actual financial data



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Schools FIRST Transition



- Major changes to the Commissioner's Rule for School FIRST indicators were finalized in August 2018
- School FIRST system changes are being phased-in over three years by TEA for rating years 2017-2018, 2018-2019 and 2019-2020
- Under the statute and adopted rules, TEA will take into consideration a district's School FIRST rating when assigning a final accreditation status



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2020 Available Ratings



- Superior Achievement 90 - 100
- Above Standard Achievement 80 - 89
- Meets Standard 60 - 79
- Substandard Achievement <60

(If district answer is “No” to indicators 1, 3, 4, or 2a, the district’s rating is F for Substandard Achievement regardless of points earned)



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Fifteen Indicators



The School FIRST Rating System
contains 15 indicators for 2019-2020.



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Fifteen Indicators



- 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? **Passed-Submitted November 20, 2019**



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- 2.) Review the AFR for an unmodified opinion and material weaknesses (This indicator has two parts and must pass 2a to pass this indicator.)

Passed

- 2a.) Was there an unmodified opinion in the AFR on the financial statements as a whole?

Passed

- 2b.) 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?

Passed



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

Passed

- 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?

Passed



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- 5.) Was the total unrestricted net asset balance in the governmental activities column in the Statement of Net Assets greater than zero?

TEA did not score this indicator for school districts in this reporting period due to the impact of accounting changes implemented by the Governmental Accounting Standards Board.

- 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?

10 out of 10, 94.65 days of cash on hand



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- 7.) Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?
10 out of 10 – Current Assets/Current Liabilities = 4.88 to 1
- 8.) Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? 8 out of 10 - Long-term Liabilities/Total Assets = .63 to 1



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- 9.) Did the school district's general fund revenues equal or exceed expenditures? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

10 out of 10 – Revenues exceeded expenditures and a total of 94.65 days of cash on hand

- 10.) Was the debt service coverage ratio sufficient to meet the required debt service?

10 out of 10 – 1.965 to 1



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

10 out of 10 – 5.34%

Up from 4.91% in 2018



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El Paso Independent School District Administrative Cost Ratio Comparison Fiscal Year 2018



<u>El Paso County School Districts</u>	Average Daily Attendance	Administrative Cost Ratio (%)	State Standard (%)
El Paso ISD	51,960	5.34%	8.55%
Socorro ISD	43,248	5.90%	8.55%
Ysleta ISD	37,745	6.88%	8.55%
Clint ISD	10,536	9.05%	8.55%
Fabens ISD	2,089	10.08%	11.51%
Canutillo ISD	5,776	10.53%	10.00%
San Elizario ISD	3,295	12.00%	11.51%
Anthony ISD	765	17.40%	13.11%
Tornillo ISD	954	19.53%	11.51%



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El Paso Independent School District Administrative Cost Ratio Comparison Fiscal Year 2018



<u>Peer Districts in Texas</u>	Average Daily Attendance	Administrative Cost Ratio (%)	State Standard (%)
Conroe ISD	59,356	4.16%	8.55%
Plano ISD	49,847	4.20%	8.55%
Arlington ISD	54,759	5.22%	8.55%
El Paso ISD	51,960	5.34%	8.55%
North East ISD	60,585	5.51%	8.55%
Lewisville ISD	48,946	6.71%	8.55%
Aldine ISD	60,700	6.86%	8.55%
Garland ISD	52,153	7.58%	8.55%
Austin ISD	72,688	7.79%	8.55%
San Antonio ISD	42,747	8.23%	8.55%



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12.) Did the school district not have a 15 percent decline in the students to staff ratio over 3 years?

10 out of 10 – 1.29% Decline in Student to Staff Ratio

13.) 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?

10 out of 10 - 0% Error Rate



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14.) 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?

10 out of 10

15.) 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?

10 out of 10



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2020 School FIRST Rating



Superior Rating!

Score 98/100



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2020 School FIRST Rating



**EPISD has received the
Highest Rating of Superior
Achievement
for 17 years and Above Standard
Rating for 2018.**



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