

Weslaco Independent School District

Public Hearing

Financial Integrity Rating System of Texas (FIRST)

**2013 – 2014 Fiscal Year
Superior Achievement Rating**

November 9, 2015

Dr. Ruben Alejandro, 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 categories: Superior Achievement, Above Standard Achievement, Standard Achievement & Substandard Achievement.
- Weslaco ISD received a Superior Achievement Rating for the past twelve years (since the inception of the program): (2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006–2007, 2007–2008, 2008–2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013).
- TEA revamped the FIRST Indicators to include financial solvency in the evaluation of school districts. The new indicators will go into effect in the 2014-2015 fiscal year.
- For Fiscal Year 2013-2014, a Transition Year, the FIRST Ratings were measured with only seven (7) indicators instead of twenty (20) like in prior years. The seven indicators are classified as follows:
 - * Critical Indicators – Indicators 1, 2, 3 & 4
 - * Solvency Indicators – Indicator 5
 - * Financial Competence Indicators – Indicators 6 & 7
- Weslaco ISD obtained 30 points out of a maximum 30 points.
- 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 Seven (7) FIRST Indicators for Fiscal Year 2013-2014

No.	2013-2014 INDICATOR DESCRIPTION	SCORE
	Critical Indicators	
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="text-align: center;">2013-2014 Audit Report was Filed in Time (January 20, 2015).</p>	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="text-align: center;">Unmodified Opinion (Clean Audit)</p>	Yes
3	<p>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.)</p> <p style="text-align: center;">The District Was Able to Make All Bonds and Maintenance Tax Notes Payments Timely.</p>	Yes
4	<p>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.)</p> <p style="text-align: center;">Yes, Net Assets Balance was \$ 40,694,713</p>	Yes

**The Following are the Seven (7) FIRST Indicators for Fiscal Year 2013-2014
(Continued)**

No.	2013-2014 INDICATOR DESCRIPTION	SCORE
Solvency Indicators		
5	<p>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (Threshold Ratio is .1105)</p> <p>(Maximum Points 10)</p> <p align="center">Yes, District Ratio Is .0683</p>	10 Points

No.	2013-2014 INDICATOR DESCRIPTION	SCORE
Financial Competence		
6	<p>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 (.03) percent of all expenditures by function?</p> <p>(Maximum Points 10)</p> <p align="center">Yes, Differences = \$146 out of \$146,570,980 (.00000099)</p>	10 Points
7	<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>(Maximum Points 10)</p> <p align="center">There were No Material Weaknesses Disclosed.</p>	10 Points
TOTAL POINTS – ALL SEVEN (7) INDICATORS (30 OUT OF 30 POSSIBLE POINTS)		30 Points

**The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator
for Fiscal Year 2012-2013**

No.	2012-2013 INDICATOR DESCRIPTION	SCORE
1	<p>Was the Total Fund Balance Less Non-Spendable & Restricted Fund Balance Greater Than Zero in The General Fund?</p> <p align="center">Yes, Fund Balance was \$ 19,604,229</p>	YES
2	<p>Was the Total Unrestricted Net Assets Balance (Net of Accretion of Interest on Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets Greater Than Zero? (If The District's 5 Year % Change In Students was 10% More)</p> <p align="center">Yes, Net Assets Balance was \$ 38,892,701</p>	YES
3	<p>Were There No Disclosures in the Annual Financial Report And/Or Other Sources of Information Concerning Default on Bonded Indebtedness Obligations?</p> <p align="center">The District Was Able to Make All Bond Payments Timely</p>	YES
4	<p>Was The Annual Financial Report <u>Filed Within One Month After November 27th</u> (December 27th) or <u>January 28th</u> (February 28th) Deadline Depending Upon The District's Fiscal Year End Date (June 30th Or August 31st)?</p> <p align="center">2012-2013 Audit Report was Filed in Time (February 20, 2014)</p>	YES
5	<p>Was There An Unqualified Opinion In Annual Financial (Audit) Report?</p> <p align="center">Unqualified Opinion (Clean Audit)</p>	YES
6	<p>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</p> <p align="center">There were No Material Weaknesses Disclosed.</p>	YES

**The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator
for Fiscal Year 2012-2013 (Continued)**

No.	2012-2013 INDICATOR DESCRIPTION	SCORE
7	<p>Was the Three-year Average Percent of Total Tax Collections (Including Delinquent) Greater Than 98% ? (Maximum Points 5) Yes, Collections Average = 99.67 %</p>	5
8	<p>Did the Comparison of PEIMS Data to Like Information in Annual (Audit) Financial Report Result in an Aggregate Variance of <u>Less Than 3 Percent of Expenditures Per Fund Type</u> (Data Quality Measure?) (Maximum Points 5) Yes, the difference between PEIMS and Financial Audit Report is 0.24%.</p>	5
9	<p>Were Debt Related Expenditures (Net of IFA and/or EDA Allotment) < \$350.00 per Student? (If the District's Five-Year Percent Change in Students = Or > 7% , Or If Property Taxes Collected Per Penny of Tax Effort > \$200,000 Per Student) ? (Maximum Points 5) <u>7% Threshold</u> The 5-Year <u>% Change</u> In Student Growth Is 7.84% Debt Related Expenditures (Net of IFA and/or EDA Allotment) = \$ 182.33 Per Student</p>	5
10	<p>Was There No Disclosure in the Annual Audit Report of Material Noncompliance? (Maximum Points 5) No Material Non-compliance Was Disclosed.</p>	5
11	<p>Did the District Have Full Accreditation Status in Relation to Financial Management Practices? (No Conservator or Monitor Assigned)? (Maximum Points 5) Full Accreditation Status</p>	5
12	<p>Was the Aggregate of Budgeted Expenditures and Other Uses Less Than the Aggregate of Total Revenues, Other Resources and Fund Balance in General Fund? (Maximum Points 5) Yes, By \$ 31,398,788</p>	5

**The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator
for Fiscal Year 2012-2013 (Continued)**

No.	2012-2013 INDICATOR DESCRIPTION	SCORE
13	<p>If The District's Aggregate Fund Balance in the General Fund and Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating or Adding to the Fund Balance Deficit Situation, if any) (Maximum Points 5) The District Adequately Financed Construction Projects</p>	5
14	<p>Was the Ratio of Cash and Investments to Deferred Revenues (Excluding Amount Equal to Net Delinquent Taxes Receivable) In the General Fund Greater Than Or Equal to 1:1? (If Deferred Revenues are Less Than Net Delinquent Taxes Receivable) (Maximum Points 5) Yes, Ratio Is Greater Than 1:1</p>	5
15	<p>Was the Administrative Cost Ratio Less Than the Threshold Ratio? (Threshold Ratio is .1105) (Maximum Points 5) Yes, District Ratio Is .0683</p>	5
16	<p>Was the Ratio of Students to Teachers Within the Ranges Shown Below According to District Size? (Maximum Points 5) (Ratio 13.5 To 22) Yes, District Ratio Is 16.4841 Students Per Teacher</p>	5
17	<p>Was the Ratio of Students to Total Staff Within the Ranges Shown Below According to District Size? (Maximum Points 5) (Ratio 7 to 14) Yes, District Ratio is 7.6722 Students per Staff</p>	5

**The Following are the (20) FIRST Indicators and the Results Obtained on Each Indicator
for Fiscal Year 2012-2013 (Continued)**

No.	2012-2013 INDICATOR DESCRIPTION	SCORE
18	<p>Was the Decrease in Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years? Or If Total Revenues > Operating Expenditures in the General Fund, Then District Receives 5 Points?)</p> <p><u>2012-2013 Revenues \$151,244,332 / 2012-2013 Expenditures \$137,558,991 ***</u></p> <p><u>2011-2012 Undesignated Unreserved Fund Balance \$ 19,009,349</u> <u>2012-2013 Undesignated Unreserved Fund Balance \$ 15,500,000 – Decrease of \$ 3,509,349</u> <u>2012-2013 Undesignated Unreserved Fund Balance \$ 19,009,349 X 20% = \$ 3,801,870</u></p> <p><u>\$ 3,509,349 is less than \$ 3,801,870</u></p> <p>The Decrease in Undesignated/Unreserved was Less Than 20% (18.46%) (Maximum Points 5)</p>	5
19	<p>Was the Aggregate Total of Cash and Investments in the General Fund More Than \$ 0?</p> <p>(Maximum Points 5) Yes, \$ 31,433,425</p>	5
20	<p>Did Investment Earnings in All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet Or Exceed the 3-month Treasury Bill Rate (0.10 %)?</p> <p>(Maximum Points 5) Yes, 16.87 % (2012-2013)</p>	5

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 Superintendent and Board Members

Fiscal Year 2013-2014

Description	Superintendent Dr. Ruben Alejandro	Board President Dr. Robert Sepulveda	Board Vice President Dr. Richard Rivera	Board Secretary Adrian Gonzalez	Board Trustee David Fuentes	Board Trustee Erasmus Lopez	Board Trustee Oscar Caballero	Board Trustee Jeffrey Everitt
Meals & Mileage	\$ 2,330	\$ 285	\$ 401	\$ 512	\$ 471	\$ 507	\$ 449	\$ 899
Lodging	\$ 2,877	\$ 241	\$ 545	\$ 786	\$ 760	\$ 651	\$ 1,641	\$ 2,336
Transport & Other (Air Fare)	\$ 2,273	\$ 0	\$ 182	\$ 909	\$ 76	\$ 0	\$ 1,057	\$ 959
Conference Registration	\$ 1,195	\$ 445	\$ 350	\$ 1,510	\$ 500	\$ 500	\$ 1,510	\$ 1,890
TOTAL	\$ 8,675	\$ 971	\$ 1,478	\$ 3,717	\$ 1,807	\$ 1,658	\$ 4,657	\$ 6,084

Outside Compensation Received by Superintendent

- **Outside Compensation &/or Fees Received by the Superintendent for Professional Consulting &/or Other Personal Services in Fiscal Year 2013-2014**

✓ **None**

Gifts received by Superintendent and Board Members

Gifts received in excess of \$ 250 by Superintendent and Board Members (and First Degree Relatives, if any) in Fiscal Year 2013-2014.

	Superintendent	Board President	Board President	Board Secretary	Board Trustee	Board Trustee	Board Trustee	Board Trustee
	Dr. Ruben Alejandro	Dr. Robert Sepulveda	Dr. Richard Rivera	Adrian Gonzalez	David Fuentes	Erasmio Lopez	Oscar Caballero	Jeffrey Everitt
Gift Description	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 2013-2014**

	Board President	Board Vice-President	Board Secretary	Board Trustee	Board Trustee	Board Trustee	Board Trustee
Description	Dr. Robert Sepulveda	Dr. Richard Rivera	Adrian Gonzalez	David Fuentes	Erasmus Lopez	Oscar Caballero	Jeffrey Everitt
Business Between District & Board Trustees	NONE	NONE	Employee of Guardian Emergency Medical Services	Spouse Works as a Co-Broker with the GL Group / Gallagher Benefits Services	NONE	Employee of Oak Farms Dairy (Hygeia)	NONE

- The spouse of Mr. David Fuentes works as a co-broker with Non-Weslaco ISD accounts of the GL Group/Gallagher Benefits Services. The GL Group/Gallagher Benefits Services is an agent on some of the voluntary insurance products which WISD employees purchase through payroll deductions.
- Mr. Oscar Caballero works 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.

Mr. Adrian Gonzalez worked during fiscal year 2013-2014 for Guardian Emergency Medical Services by providing ambulance services for our football games of junior varsity, freshman and middle schools student athletes.