



Alvin Independent School District

2019-2020 School Year

Financial Management Performance Report

“SUPERIOR ACHIEVEMENT”



Financial Integrity Rating System of Texas

2021

Presented December 14, 2021

**Alvin Independent School District
Financial Management Performance Report
for 2021 - Ratings of 2019-2020 Data**

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INTRODUCTION

The Schools FIRST (Financial Integrity Rating System of Texas) is an accountability rating system for Texas school districts developed by the Texas Education Agency as authorized by Senate Bill 218 of the 77th Legislature in 2001.

The primary goals of this rating system are to:

- Efficiently assess the quality of financial management in Texas public schools
- Measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes
- Implement a rating system that fairly and equitably evaluates the quality of financial management decisions
- Improves the management of school districts' financial resources
- Increase financial accountability within Texas' public education system

School Districts are rated on various performance “indicators” relating to financial management. These indicator ratings inform the district of how well they are doing financially, and where the district should focus efforts for improvement. In addition to the rating of each indicator, districts receive an overall “passed” or “failed” rating. These ratings are based on an analysis of staff and student data reported for the 2019-2020 school year, and budgetary and actual financial data for the 2020 fiscal year. The information that determines the School's FIRST rating is submitted to the Texas Education Agency (TEA) via the Public Education Information Management System (PEIMS) and the Annual Financial Report (AFR).

The Schools FIRST accountability rating system assigns 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.” Districts with serious data quality problems may receive the additional rating of “Suspended-Data Quality.” Districts that receive the “Substandard Achievement” or “Suspended-Data Quality” ratings must file a corrective action plan with the Texas Education Agency.

In addition to the fifteen indicators in the 2019-2020 rating, public school districts are also required to disclose information regarding the Superintendent's employment contract, reimbursements received by the Superintendent and School Board Members, outside compensation and fees received by the Superintendent for personal services, gifts received by Executive Officers and Board Members, business transactions between the school district and Board Members and any other information the Board of Trustees determines to be useful.

With this being the nineteenth year of the rating system, Alvin ISD has received the **“*Superior Achievement*”** rating under the Schools FIRST (Financial Accountability Rating System) for the school year ending 2020.

RATING YEAR

DISTRICT NUMBER

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Financial Integrity Rating System of Texas

2020-2021 RATINGS BASED ON SCHOOL YEAR 2019-2020 DATA - DISTRICT STATUS DETAIL

| | |
|---|--|
| Name: ALVIN ISD(020901) | Publication Level 1: 8/4/2021 2:00:38 PM |
| Status: Passed | Publication Level 2: 8/6/2021 11:10:55 AM |
| Rating: A = Superior Achievement | Last Updated: 8/6/2021 11:10:55 AM |
| District Score: 98 | Passing Score: 70 |

| # | Indicator Description | Updated | Score |
|---|---|---------------------------|------------------------------|
| 1 | <u>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?</u> | 6/8/2021 3:07:49 PM | Yes |
| 2 | <u>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.)</u> | 6/8/2021 3:07:49 PM | Yes |
| 3 | <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> | 6/8/2021 3:07:49 PM | Yes |
| 4 | <u>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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u> | 7/1/2021 8:58:25 AM | Yes Ceiling Passed |
| 5 | This indicator is not being scored. | | |

| | | | 1 Multiplier Sum |
|----|--|-----------------------------|------------------------|
| 6 | <u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u> | 6/28/2021 11:01:25 AM | Ceiling Passed |
| 7 | <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)? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:49 PM | 10 |
| 8 | <u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:49 PM | 10 |
| 9 | <u>Did the school district's general fund 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? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:49 PM | 10 |
| 10 | <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?</u> | 7/2/2021 1:00:13 PM | 10 |
| 11 | <u>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 increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:51 PM | 10 |
| 12 | <u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:51 PM | 8 |
| 13 | <u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:51 PM | 10 |
| 14 | <u>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.</u> | 6/8/2021 3:07:52 PM | 10 |
| 15 | <u>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's projections? See ranges below in the Determination of Points section.</u> | 6/8/2021 3:07:52 PM | 5 |
| 16 | <u>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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u> | 6/8/2021 3:07:52 PM | Ceiling Passed |
| 17 | <u>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</u> | 6/8/2021 3:07:52 PM | Ceiling Passed |

| | | | |
|----|--|------------------------|------------------------|
| | <u>compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u> | | |
| 18 | <u>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.)</u> | 6/8/2021 3:07:52 PM | 10 |
| 19 | <u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government 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?</u> | 6/8/2021 3:07:52 PM | 5 |
| 20 | <u>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u> | 6/8/2021 3:07:53 PM | Ceiling Passed |
| | | | 98 Weighted Sum |
| | | | 1 Multiplier Sum |
| | | | (100 Ceiling) |
| | | | 98 Score |

DETERMINATION OF RATING

A. Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is **F for Substandard Achievement** regardless of points earned.

B. Determine the rating by the applicable number of points.

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

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.

The school district receives an **F** if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3,

or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

| Determination of rating based on meeting ceiling criteria. | Maximum Points | Maximum Rating |
|---|----------------|--------------------------------|
| Indicator 4 (Timely Payments) - School district was issued a warrant hold. | 95 | A = Superior Achievement |
| Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> . | 89 | B = Above Standard Achievement |
| Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> . | 89 | B = Above Standard Achievement |
| Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> . | 79 | C = Meets Standard Achievement |
| Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> . | 89 | B = Above Standard Achievement |

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FIRST 5.11.6.0



Disclosures



ALVIN INDEPENDENT SCHOOL DISTRICT

School FIRST Annual Financial Management Report

Reporting requirements for the financial management report for Schools FIRST public hearing are found in Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(o). This rule describes requirements for the five disclosures explained below that are to be presented as appendices in the Schools FIRST financial management report.

1. Superintendent's Current Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2021. In lieu of publication in the Schools FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's website. If published on the Internet, the contract is to remain accessible for twelve months.

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2020

| For the Twelve-Month Period Ended June 30, 2020 | | Board | Board | Board | Board | Board | Board | Board |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Description of Reimbursements | Superintendent | Member 1 | Member 2 | Member 3 | Member 4 | Member 5 | Member 6 | Member 7 |
| Meals | \$ 335.35 | \$ 46.75 | \$ 16.39 | \$ 35.26 | \$ 39.71 | \$ 9.23 | \$ 37.77 | \$ 38.72 |
| Lodging | 2,017.32 | - | - | - | - | - | - | - |
| Transportation | 772.68 | - | - | - | - | - | - | - |
| Motor Fuel | - | - | - | - | - | - | - | - |
| Other | 3,267.33 | 130.37 | 130.37 | 130.37 | 130.37 | 130.37 | 130.37 | 250.37 |
| Total | \$ 6,392.68 | \$ 177.12 | \$ 146.76 | \$ 165.63 | \$ 170.08 | \$ 139.60 | \$ 168.14 | \$ 289.09 |

Note - All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order,

Items to be reported per category include:

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services for Fiscal Year 2020

| | |
|---|-----------------------|
| For the Twelve-Month Period Ended June 30, 2020 | |
| Name(s) of Entity(ies) | Amount Received \$ |
| Total | \$0.00 |

Note - Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

4. Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any) in Fiscal Year 2020 (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)

| | | | | | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| For the Twelve-Month Period Ended June 30, 2020 | | | | | | | | |
| | Superintendent #1 | Board Member 1 | Board Member 2 | Board Member 3 | Board Member 4 | Board Member 5 | Board Member 6 | Board Member 7 |
| Total | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

5. Business Transactions Between School District and Board Members for Fiscal Year 2020

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| For the Twelve-Month Period Ended June 30, 2020 | | | | | | | |
| | Board Member 1 | Board Member 2 | Board Member 3 | Board Member 4 | Board Member 5 | Board Member 6 | Board Member 7 |
| Amounts | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by Board Members