



# Annual Financial Accountability Management Report

November 17, 2016

Fiscal Year 2014-15

## Laredo ISD Receives Highest Rating of Superior



### 16-17 BOARD OF TRUSTEES



Dr. Cecilia May Moreno  
District 5, President



Hector J. Noyola  
District 3, Vice-President



Jesus Martinez  
District 2, Secretary



Jose A. Valdez  
District 1, Trustee



Ricardo Garza  
District 4, Trustee



Hector J. Garcia  
District 6, Trustee



Jose R. Perez,  
District 7, Trustee

The Laredo Independent School District has received the highest rating of Superior Achievement for the fourteenth time under the Texas School Finance Accountability Rating System for fiscal year 2014-15.

The School FIRST (Financial Integrity Rating System of Texas) is the financial accountability system for Texas school districts, developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999 and Senate Bill 218 of the 77th Legislature in 2001. The primary goal of School FIRST is to achieve quality performance in the management of school district's financial resources. Due to the complexity of accounting associated with the Texas school finance system, the goal is now more significant.

The School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest rating being Superior Achievement, followed by Above

Standard Achievement, Meets Standard, and lowest being Sub-standard Achievement.

In addition to the Superior FIRST rating, Laredo ISD has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). Laredo ISD also earned the Platinum Leadership Circle Award in April 2015 for meeting the highest standard for financial transparency online.



Texas Comptroller  
Leadership Circle

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## Overview

Senate Bill 875 of the 76th Legislature (1999) and Senate Bill 218 of the 77th Texas Legislature (2001) authorized the implementation of a financial accountability rating system, which is officially referred to as School FIRST. The primary goal of School FIRST is to 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.

School FIRST was developed in consultation with the Comptroller of Public Accounts. Its development was also initiated from the many comments that were received from school districts and regional education service center personnel. The school district's School FIRST rating is based upon an analysis of staff and student data reported for the 2014-15 school year, including financial data for the 2015 fiscal year. For the Laredo Independent School District, the fiscal period was September 1, 2014 to August 31, 2015.

Senate Bill 218 also requires each school district to prepare the Annual Financial Accountability Management Report. Many business-related issues are covered in this report; however, its focus is on the School FIRST rating worksheet. This worksheet was developed by representatives from the Texas Education Agency (TEA), the Texas Business & Educational Council (TBEC) and the Texas Association of School Business Officials (TASBO). The worksheet is used to rate the District in seven defined indicators. A negative response to any of the

first five critical indicators results in districts receiving a rating of Substandard Achievement.

Laredo ISD's rating under School FIRST for the fiscal year ending August 31, 2015 is Superior. This report briefly describes data used to calculate the rating and explains the meaning for each indicator. In addition, the Annual Financial Accountability Management Report complies with the requirement to report the reimbursements made to board members and to the superintendent for the 2014-2015 school year. The superintendent's current contract is posted on the District website, <http://www.laredoisd.org>.

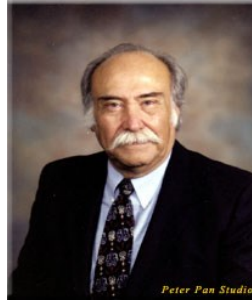
## Superintendent of Schools



## 2014-2015 Board of Trustees



Jesus Martinez  
District 2, President



Jose A. Valdez  
District 1, Vice-President



Ricardo Garza  
District 4, Secretary



Hector J. Noyola  
District 3, Trustee



Dr. Cecilia May Moreno  
District 5, Trustee



Hector J. Garcia  
District 6, Trustee



Jose R. Perez  
District 7, Trustee

Laredo ISD was 1 of 1,003 school districts in the state of Texas that received a Rating of Superior. The chart below presents Statewide and Region One results.

2014-2015 Ratings	Statewide		Region One	
	Count	% Total	Count	% Total
Superior Achievement	1,003	98.05%	35	94.59%
Above Standard Achievement	16	1.56%	2	5.41%
Meet Standard Achievement	0	0.00%	0	0.00%
Substandard Achievement	4	0.39%	0	0.00%
<b>Total</b>	<b>1,023</b>	<b>100%</b>	<b>37</b>	<b>100%</b>



**Financial Integrity Rating System of Texas**

2014-15 DATA - DISTRICT STATUS DETAIL

Name: <b>LAREDO ISD(240901)</b>	Publication Level 1: 8/8/2016 6:20:16 PM
Status: <b>Passed</b>	Publication Level 2: 8/8/2016 6:20:16 PM
Rating: A = Superior	Last Updated: 8/8/2016 6:20:16 PM
District Score: 100	Passing Score: 31

#	Indicator Description	Updated	Score
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>Response: Laredo ISD's Annual Financial Report for the fiscal year ending August 31, 2015, was filed with the Texas Education Agency within one month of the deadline date of January 28, 2016. The Annual Financial Report for the fiscal year ended August 31, 2014 was also timely filed.</p> <p>This indicator seeks the timely filing of the Annual Financial Report.</p>	3/16/2016 4:56:48 PM	Yes
2	<p>Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.</p>		
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>Response: Yes, the opinion expressed by our independent auditors on the August 31, 2015 and August 31, 2014 audit report was an Unmodified Opinion.</p> <p>A "qualification" on the financial report means that the Districts needs to correct some of the reporting data or financial controls. A district's goal, therefore, is to receive an "unmodified" or "unqualified opinion" on its Annual Financial Report.</p>	3/16/2016 4:56:49 PM	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.)</p> <p>Response: Yes, our independent auditors reported that the August 31, 2015 and August 31, 2014 AFR was free of any instance(s) of material weakness in internal controls..</p> <p>This indicator will be considered PASSED if the external auditor reported no material weaknesses in the audit report.</p>	3/16/2016 4:56:49 PM	Yes

#	Indicator Description	Updated	Score
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>Response: Laredo ISD had no instances of default on bonded indebtedness obligations for fiscal year ending 2015 and 2014.</p> <p>This indicator seeks compliance with laws, rules, and regulations.</p>	3/16/2016 4:56:49 PM	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?</p> <p>Response: Laredo ISD made timely payments to government agencies for the fiscal year ending 2015.</p> <p>This indicator will be considered PASSED if the district made timely payments to the TRS, TWC, IRS, and other government agencies.</p>	3/16/2016 4:56:50 PM	Yes
5	<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>Response: Laredo ISD's total unrestricted net asset balance (net of accretion of interest) in the Governmental Activities in the Statement of Net Assets was greater than zero. The net asset balance for 2015 was \$88,520,100 and \$77,388,446 for 2014.</p> <p>This indicator seeks to make certain that LISD paid bills/obligations on bonds issued to pay for school construction, etc.</p>	3/16/2016 4:56:50 PM	Yes
6	<p>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)?</p> <p>Response: Laredo ISD's number of days of cash on hand is 146.176 days for 2015 and 130.047 days for 2014.</p> <p>This indicator focuses on the solvency of the entity by calculating days cash on hand and assigns points based on greater than or equal to 90 days being worth 10 points.</p>	8/4/2016 2:05:32 PM	10 of 10
7	<p>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?</p> <p>Response: Laredo ISD's measure of current assets to current liabilities ratio was 4.4931 for 2015 and 7.9577 for 2014.</p> <p>This indicator is a standard ratio used in commercial lending that calculates the district's current ratio and assigns points based on greater than or equal to 3 being worth 10 points.</p>	6/30/2016 1:43:20 PM	10 of 10

#	Indicator Description	Updated	Score
8	<p>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.)</p> <p>Response: Laredo ISD's ratio of long-term liabilities to total assets was 0.5042 for 2015 and not available for 2014 due GASB 68 implementation starting in 2015.</p> <p>This indicator calculates the district's ratio of long-term liabilities to total assets and assigns points based on less than or equal to 0.60 being worth 10 points.</p>	8/4/2016 2:05:33 PM	10 of 10
9	<p>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?</p> <p>Response: Laredo ISD's ratio for the 2015 school year was 3.484%. For the 2014 school year, the ratio was 4.588%.</p> <p>This indicator seeks to prove that general fund revenues equal or exceed expenditures and assigns points based on greater or equal to 0.00% being worth 10 points.</p>	8/4/2016 2:05:33 PM	10 of 10
10	<p>Was the debt service coverage ratio sufficient to meet the required debt service?</p> <p>Response: Laredo ISD's ratio for the 2015 school year was 1.482%. For the 2014 school year, the ratio was 1.567%</p> <p>This indicator calculates the debt service coverage ratio and assigns points based on greater or equal to 1.20 being worth 10 points.</p>	8/4/2016 2:05:33 PM	10 of 10
11	<p>Was the school district's administrative cost ratio equal to or less than the threshold ratio?</p> <p>Response: Laredo ISD's administrative cost ratio was 6.85 for 2015 and 7.05 for 2014 below the 8.55 ratio for school districts with an ADA above 10,000.</p> <p>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 Laredo ISD's category, the administrative cost ratio should fall below 8.55% to be awarded the 10 points.</p>	3/16/2016 4:56:52 PM	10 of 10
12	<p>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.)</p> <p>Response: Laredo ISD had an 11.5% decline in students to staff ratio over 3 years</p> <p>This indicator calculates the student to staff ratio over 3 year period and assigns 10 points if district has less than 15% decline.</p>	3/16/2016 4:56:52 PM	10 of 10

#	Indicator Description	Updated	Score
13	<p><b>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?</b></p> <p>Response: Laredo ISD's data quality measure was 0.00 for 2015 and 0.00 for 2014 far below the allowable three percent variation.</p> <p>This indicator measures the quality of data reported to PEIMS and in the Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is more than three percent, the district "fails" this measure and receives zero points.</p>	3/16/2016 4:56:53 PM	10 of 10
14	<p><b>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.)</b></p> <p>Response: Laredo ISD's external auditors indicated the AFR was free of material non-compliance for 2015 and 2014.</p> <p>This indicator covers material noncompliance in local, state, and federal funds in the AFR and awards points based on free of any instances being worth 10 points.</p>	3/25/2016 2:16:12 PM	10 of 10
15	<p><b>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?</b></p> <p>Response: Laredo ISD did not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program funds as a result of a financial hardship during 2015 and 2014.</p> <p>This indicator identifies school districts that cannot repay FSP funds without requesting an adjustment to their current repayment plan of FSP funds with the TEA and awards 10 points for not receiving an adjusted repayment schedule.</p>	3/24/2016 4:43:06 PM	10 of 10

## REIMBURSEMENTS, OUTSIDE COMPENSATION, GIFTS AND OTHER TRANSACTIONS

### Board Members' Reimbursements

For the Twelve-Month Period

Ended August 31, 2015

Description	Hector J. Garcia	Dr. Cecilia May Moreno	Hector J. Noyola	Jose A. Valdez	Jesus Martinez	Ricardo Garza	Jose R. Perez
Meals	\$ 601.41	\$ 0.00	\$ 0.00	\$ 117.32	\$ 587.62	\$ 306.94	\$ 0.00
Lodging	3,440.43	0.00	0.00	846.27	2,758.61	1,738.44	0.00
Transportation	1,593.31	0.00	0.00	769.84	1,276.40	1,783.42	0.00
Motor Fuel	0.00	0.00	0.00	13.83	0.00	0.00	0.00
Other	1,629.00	0.00	0.00	485.00	2,034.90	850.00	0.00
<b>Total</b>	<b>\$ 7,264.15</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 2,232.26</b>	<b>\$ 6,657.53</b>	<b>\$ 4,678.80</b>	<b>\$ 0.00</b>

### Superintendent's Reimbursements

For the Twelve-Month Period

Ended August 31, 2015

Description	Dr. A. Marcus Nelson Superintendent
Meals	\$ 141.32
Lodging	2,828.25
Transportation	4,064.07
Motor Fuel	0.00
Other	<u>1,562.64</u>
<b>Total</b>	<b><u>\$ 8,596.28</u></b>

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

Name(s) of Entity(ies)	Amount Received
None	\$ 0.00
<b>Total</b>	<b><u>\$ 0.00</u></b>

### Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

Name(s) of Entity(ies)	Amount Received
University of Oklahoma	\$ 2,500.00
Region 19 ESC	2,500.00
TAHPERD	<u>2,500.00</u>
<b>Total</b>	<b><u>\$ 7,500.00</u></b>

### Business Transactions Between School District and Board Members

Name(s) of Entity(ies)	Amount Received
None	\$ 0.00
<b>Total</b>	<b><u>\$ 0.00</u></b>



# LISD COMPLETES CONSTRUCTION OF CAMPUSES IN 2014-15



**J.W. Nixon High School**



**Vidal M. Trevino School  
of Communications and Fine Arts**

# Annual Financial Accountability Management Report



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## For additional information, please contact:

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