

## 2020-2021 Financial Integrity Rating System of Texas



School FIRST (Financial Accountability Rating System of Texas), a financial accountability system developed by the Texas Education Agency in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999 and amendments under House Bill 5, 83<sup>rd</sup> Texas Legislature, Regular Session, 2013.

The primary goal of School FIRST is the achieve quality performance in the management of school districts' financial resources, a goal significant to the complexity of accounting associated with Texas, Schools finance System:

### **Texas Education Assigned Rating (Fiscal year 2020 Data)**

Name: NEW FRONTIERS PUBLIC SCHOOLS INC (015805)

Status: **PASSED**

Rating: B – Above Standard Achievement

Charter School Score: 84



New Frontiers Public Schools

## **2020-2021 Financial Management Report**

- 12/6/2021 FIRST rating Publishing to announce public meeting date and location.

### **PUBLIC NOTICE**

#### **NEW FRONTIERS PUBLIC SCHOOLS**

Is having a public meeting on Wednesday  
December 15, 2021, at 3:30 pm  
at the District Office located at 901 NE Loop  
410 Suite 711, San Antonio, Texas 78209.

The Final 2019-2020 Financial Integrity  
Rating System of Texas (FIRST) will be presented.

- Review First Report and indicators used in TEA's analysis for the current year year's financial accountability rating:
- Disclosures
  1. Superintendent Contract / NFPS Website
  2. Reimbursement received by the Superintendent and board members for fiscal year 2020
  3. Outside compensation and/or fees received by the superintendent
  4. Gifts received by the executive officer and board members in fiscal year 2020



## New Frontiers Public Schools Charter FIRST Annual Financial Management Report

The **2021** Financial Management Report is based on financial data from the **2019-2020** fiscal year.

**Title 19** Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, **Section 109.1001(q)**.

### 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 provided.

In lieu of publication in the annual School FIRST financial management report, the charter school may choose to publish the superintendent's employment contract on the charter school's Internet site.

If published on the Internet, the contract is to remain accessible for twelve months.

### Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period

August 31, 2020

<u>Description of Reimbursements</u>	Segura Superintendent	Rodriguez Member 1	Oliver Member 2	Pena Member 3	Madla Member 4	Jimenez Member 5
Meals	\$34	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Motor Fuel	74	74	74	74	-	-
Other	30	-	-	-	-	-
Total	\$138	\$74	\$74	\$74	\$0	\$0

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported.

Items to be reported per category include:

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

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.

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

For the Twelve-Month Period

**August 31, 2020**

Name(s) of Entity(ies)	Amount Received
	<u>\$0</u>
Total	<u><u>\$0</u></u>

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

## 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)

For the Twelve-Month Period

**August 31, 2020**

	Segura Superintendent	Rodriguez Member 1	Oliver Member 2	Pena Member 3	Madla Member 4	Jimenez Member 5
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

## Business Transactions Between Charter School and Board Members

For the Twelve-Month Period

**August 31, 2020**

	Rodriguez Member 1	Oliver Member 2	Pena Member 3	Madla Member 4	Jimenez Member 5
Amounts	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**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.

# Financial Integrity Rating System of Texas 2021

Based on FY 2020 Data



# School FIRST?

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School First is “the financial accountability rating system codified in the Texas Administrative Code (TAC), Title 19, § 109.1001. The system was designed to ensure that school districts and open enrolment charter schools are held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. The system is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes.”

# Requirement

In order to comply with the requirements given in Title 19 of the Texas Administrative Code (TAC), §109.1001(q), all Local Education Agencies (LEA's) are required to report information and financial accountability ratings to parents and taxpayers by implementing specific reporting procedures, including the following:

Within two months after receipt of its final FIRST rating, each LEA must announce and hold a public meeting to distribute a financial management report that explains the LEA's rating and its performance under each of the indicators used in TEA's analysis for the current year and each of the indicators used in TEA's analysis for the prior year.

# FIRST Goals

- Designed to expand public education accountability system in Texas
- Comprised of indicators at the district level
- Includes a “financial transparency” component
- Uses a “point” system
- Achieve improved performance in the management of school districts’ financial resources, by focusing on areas that have financial consequences
- Facilitate better uses of financial resources
- Demonstrate increased district financial performance



# FIRST Objectives

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- Assess the quality of a school's financial management
- Publicly report the rating
- Provides a management tool to evaluate financial efficiency
- Assure the maximum allocation possible for direct instructional purposes
- Implement a rating system that fairly and equitably evaluates the quality of financial management decisions

# Data Used

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- Annual financial reports filed by school district
- Public Education Information Management System (PEIMS)
- Academic Rating System
- Supplementary Information from local districts

# District Rating

For 2019-2020 reporting period School FIRST ratings were comprised of 21 indicators. Five of these indicators are referred to as critical indicators. Failure to meet any one results in automatic failure. The five critical indicators are:

1. Was the Charter holder's annual financial audit filed prior to deadline? (January 28 for NFPS) **PASSED**
2. Was there an unmodified opinion on the Charter School's annual audit? **PASSED**
3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? **PASSED**
4. Did the charter school make timely payments to TRS, TWC and other government agencies? **PASSED**
5. Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? **PASSED**

# District Ratings – cont.

The remaining 16 indicators are assigned point values with 10 points being the maximum for each. The Indicators are:

6. Was the average change in net assets over 3 years less than 25% decrease or did the current year total net asset balance exceed 75 days of operational expenditures? **10 Points**
7. Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? **10 Points**
8. Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt? **5 Points**
9. Did the charter school's revenue equal or exceed expenses, excluding depreciation? If not, was the school's number of days of cash on hand greater than or equal to 40 days? **10 Points**
10. Did the charter school average less than a 10% variance when comparing budgeted revenues to actual revenues for the last three years? **10 Points**
11. Was the ratio of LT liabilities to total assets sufficient to support LT solvency (if change of students over 5 years was 7% or more, school passes indicator? **10 Points**
12. Was the debt service coverage ratio sufficient to meet the required debt service? **0 Points**
13. Did the charter school have a debt to capitalization % that was reasonable to continue operations? **5 Points**
14. Was the charter schools administrative cost ratio equal to or less than the threshold? **4 Points**

# District Ratings – cont.

15. Did the charter school not have a 15% decline in the students to staff ratio over 3 years?  
(Total enrollment to total staff) **10 Points**
16. Was the charter school's actual average daily attendance (ADA) within 10 percent of the charter schools estimated ADA? **5 Points**
17. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in a variance of less than 3 percent of all expense by function? **PASSED**
18. 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**
19. 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 Points**
20. Did the charter school post the required financial information on its website in accordance with Government code, Local Government Code, Texas Education Code, Ts Administrative Code and other Statutes, laws and rules that were in effect at the charter school at year end? **5 points**
21. Not being scored

# Summary

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- Overall ***positive*** result on FIRST rating
- ***Sound*** financial management
- ***Strong*** financial position
- ***Compliant*** with State and Federal guidelines



User: barbara.flores2

User Role: District

Rating Year: 2020-2021

CDN: 015805

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## 2020-2021 Ratings Based on Fiscal Year 2020 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

Size-Dependent Indicators

### NEW FRONTIERS PUBLIC SCHOOLS INC (015805)

Status	Indicator Num	Indicator Description	Updated	Score
P	+1 1	<a href="#">Was the complete annual financial report (AFR) and charter school financial data submitted to TEA within 30 days of the November 27 or January 28 deadline depending on the charter school's fiscal year end date of June 30 or August 31, respectively?</a>	7/13/2021 10:01:25 AM	YES
P	+1 2	<a href="#">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.)</a>	7/13/2021 10:01:25 AM	YES
P	+1 3	<a href="#">Was the charter school in compliance with the payment terms of all debt agreements at fiscal year end? (If the charter school was in default in a prior fiscal year, an exemption applies in following years if the charter school 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.)</a>	7/13/2021 10:01:25 AM	YES
P	+1 +2 4	<a href="#">Did the charter school make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</a>	7/13/2021 10:01:25 AM	YES, Ceiling Not Activated
P	+1 +2 5	<a href="#">Was the total net asset balance in the Statement of Financial Position for the charter school</a>	7/13/2021 10:01:25 AM	YES, Ceiling Not Activated

		<a href="#">greater than zero? (If the charter school's change of students in membership over 5 years was 7 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have an average of 7 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 7 percent increase in 5 years.)</a>		
+2	6	<a href="#">Was the average change in total net assets over 3 years less than a 25 percent decrease or did the current year total net asset balance exceed 75 days of operational expenditures [(total expenditures less depreciation) /365]*75 days?</a>	7/13/2021 10:01:25 AM	Passed
	7	<a href="#">Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? The calculation will use expenses, excluding depreciation.</a>	7/13/2021 10:01:25 AM	10
	8	<a href="#">Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?</a>	7/13/2021 10:01:25 AM	10
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	10	<a href="#">Did the charter school average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?</a>	7/13/2021 10:01:25 AM	10
	11	<a href="#">Was the ratio of long-term liabilities to total assets for the charter school sufficient to support long-term solvency? (If the charter school's change of students in membership over 5 years was 7 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have an average of 7 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 7 percent increase in 5 years.)</a>	7/13/2021 10:01:25 AM	10
	12	<a href="#">Was the debt service coverage ratio sufficient to meet the required debt service?</a>	7/13/2021 10:01:25 AM	0
	13	<a href="#">Did the charter school have a debt-to-capitalization percentage that was reasonable for the charter school to continue operating?</a>	7/13/2021 10:01:25 AM	5
	14	<a href="#">Was the charter school's administrative cost ratio equal to or less than the threshold ratio?</a>	7/13/2021 10:01:25 AM	4
	15	<a href="#">Did the charter school 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 charter school will automatically pass this indicator.)</a>	7/13/2021 10:01:25 AM	10
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			<a href="#">result in a total variance of less than 3 percent of all expenses by function?</a>		
	+2	18	<a href="#">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.)</a>	7/13/2021 10:01:25 AM	Passed
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					84 Weighted Sum
					1 Multiplier Sum
					(100 Ceiling)
					84 Score

**†1: must pass 5 total**  
**†2: ceiling indicator**

## Options

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CDN: 015805

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