



Financial Integrity Rating System of Texas



Earned a

SUPERIOR

Rating

In 2015/2016

For the

2014-2015 School Year

Financial Management Performance Report

INTRODUCTION

The financial accountability rating report issued by the Texas Education Agency (TEA) is called the *Financial Integrity Rating System of Texas*, or School **FIRST**. Senate Bill (SB) 218 of the 77th Legislature (2001) authorized the implementation of a School FIRST.

Senate Bill 218 also requires each school district to prepare an Annual Financial Accountability Management Report. This report primarily focuses on the School FIRST rating worksheet but other data is presented as well.

Districts must report financial accountability ratings and other information to parents, taxpayers, and other stakeholders through the preparation and distribution of an annual financial management report. The report must include a description of the district's financial management performance based on a comparison of its performance on the indicators. The report must also contain information about state-established standards and the district's performance on each indicator for the current and previous year's ratings.

Financial Disclosures: In addition, the annual financial management report must include the following disclosures of board member and superintendent financial information:

- **Superintendent's contract**
- **Reimbursements by the district**
- **Outside compensation and fees to superintendent**
- **Gifts from vendors**
- **Business transactions**
- **Other Information**

SCHOOL FIRST REPORT

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 the Texas' school finance system. It is

designed to encourage Texas public schools to manage their financial resources in such a way to provide the maximum allocation possible for direct instructional purposes. School FIRST is also a tool that creates transparency and discloses the quality of local management and decision-making processes that the school district uses concerning the financial resources the school district receives.

The school district's School FIRST rating is based upon an analysis of staff and student data reported for the 2014-2015 school year and budgetary and actual financial data for the 2015 school year (for Nacogdoches ISD, the fiscal period ended June 30, 2015).

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, as follows:

Determination of School District Rating	
Did the school district fail any of the critical indicators 1, 2a, 3, 4, or 5? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
Determine the rating by the applicable number of points	Points
A = Superior	70 through 100
B = Above Standard	50 through 69
C = Meets Standard	31 through 49
F = Substandard Achievement (The school district receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2a, 3, 4, or 5, 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.)	0 through 30

#	Indicator Description	2013/14	2014/15
CRITICAL INDICATORS			
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 deadline? <i>2013/14 AFR was submitted on 11/5/2014 and the 2014/15 AFR was submitted on 11/20/2015.</i>	Yes	Yes
		0 of 0	10 of 10

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>The opinion expressed by our independent financial auditors for 2013/14 and 2014/15 was an unqualified opinion. This means that our financial statements were fairly and appropriately presented.</p>	Yes	Yes
		0 of 0	10 of 10
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>No material weaknesses were found by our independent auditor for 2013/14 or 2014/15.</p>	Yes	Yes
		10 of 10	10 of 10
3	<p>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?</p>	Yes	Yes
		0 of 0	10 of 10
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>	N/A	Yes
		N/A	10 of 10
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>2013/14 unrestricted net asset balance was \$20,312,965 and 2014/15 balance was \$24,144,282.</p>	Yes	Yes
		0 of 0	10 of 10

SOLVENCY INDICATORS															
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)? (See ranges below) This indicator was not used in 2013/14.</p> <p>Cash & Cash Equivalents + Current Investments \$17,885,032 Divided by (Total Expend – Fac Acq & Constr) \$49,120,719 Multiplied by 365 days 132.8978</p> <table border="1"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td>>=90</td> <td><90>=75</td> <td><74>=60</td> <td><60>=45</td> <td><45>=30</td> <td><30</td> </tr> </table>	10	8	6	4	2	0	>=90	<90>=75	<74>=60	<60>=45	<45>=30	<30	N/A	Yes
10	8	6	4	2	0										
>=90	<90>=75	<74>=60	<60>=45	<45>=30	<30										
		N/A	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? (See ranges below.) This indicator was not used in 2013/14</p> <p>Current Assets / Current Liabilities \$32,105,272 / \$8,402,382 = 3.821</p> <table border="1"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td>>=3</td> <td><3.00>=2.5</td> <td><2.5>=2</td> <td><2>=1.5</td> <td><1.5>=1</td> <td><1</td> </tr> </table>	10	8	6	4	2	0	>=3	<3.00>=2.5	<2.5>=2	<2>=1.5	<1.5>=1	<1	N/A	Yes
10	8	6	4	2	0										
>=3	<3.00>=2.5	<2.5>=2	<2>=1.5	<1.5>=1	<1										
		N/A	10 of 10												
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.) (See ranges below.) This indicator was not used in 2013/14</p> <p>(Long Term Liabilities – Net Pension Liab)/by Total Assets \$46,846,727 - \$7,695,897 / \$98,765,627 = 0.3964</p> <table border="1"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td><=.6</td> <td>>.6<=.7</td> <td>>.7<=.8</td> <td>>.8<=.9</td> <td>>.9<=1</td> <td>>1</td> </tr> </table>	10	8	6	4	2	0	<=.6	>.6<=.7	>.7<=.8	>.8<=.9	>.9<=1	>1	N/A	Yes
10	8	6	4	2	0										
<=.6	>.6<=.7	>.7<=.8	>.8<=.9	>.9<=1	>1										
		N/A	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? This indicator was not used in 2013/14</p> <p>(Total Revenue / (Total Expend – Fac Acq & Constr)) - 1 (\$51,769,552 / (51,013,038-1,892,319))-1 = 0.0539</p> <table border="1" data-bbox="440 520 943 594"> <tr> <td>10</td> <td>0</td> </tr> <tr> <td>>=0%</td> <td><0%</td> </tr> </table>	10	0	>=0%	<0%	N/A	Yes								
10	0														
>=0%	<0%														
		N/A	10 of 10												
10	<p>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.) This indicator was not used in 2013/14</p> <p>(Total Revenues – Total Expend + Debt Serv Exp + Debt Serv Fund Balance + Function Code 81) / Debt Serv Exp (\$55,784,773-56,478,458+6,359,768+2,180,801+1,892,319) / 6,359,768 = 1.5314</p> <table border="1" data-bbox="282 1035 1118 1098"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td>>=1.2</td> <td><1.2>=1.15</td> <td><1.15>=1.1</td> <td><1.1>=1.05</td> <td><1.05>=1</td> <td><1</td> </tr> </table>	10	8	6	4	2	0	>=1.2	<1.2>=1.15	<1.15>=1.1	<1.1>=1.05	<1.05>=1	<1	N/A	Yes
10	8	6	4	2	0										
>=1.2	<1.2>=1.15	<1.15>=1.1	<1.1>=1.05	<1.05>=1	<1										
		N/A	10 of 10												
11	<p>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below for ADA Size 5,000o to 9,999.)</p> <p>2013/14 Administrative Cost Ratio was 0.0975 2014/15 Administrative Cost Ratio was .1025 (Functions 21 & 41-6144) / (Functions 11,12,13 & 31-6144) 2,869,558-103,012 / 28,139,476-1,214,648 = .10275</p> <table border="1" data-bbox="282 1488 1118 1560"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td><=.1</td> <td>>.1<=.125</td> <td>>.125<=.15</td> <td>>.15<=.175</td> <td>>.175<=.2</td> <td>>.2</td> </tr> </table>	10	8	6	4	2	0	<=.1	>.1<=.125	>.125<=.15	>.15<=.175	>.175<=.2	>.2	Yes	Yes
10	8	6	4	2	0										
<=.1	>.1<=.125	>.125<=.15	>.15<=.175	>.175<=.2	>.2										
		10 of 10	8 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.) This indicator was not used in 2013/14</p> <p><i>((2014/15 Total Enrollment / 2014/15 Number of FTE Staff) / (2012/13 Total Enrollment / 2012/13 Number of FTE Staff))-1</i> <i>6,439 / 970.8777 = 6.632 Student to Staff Ratio 14/15</i> <i>6478 / 879.745 = 7.36349 Student to Staff Ratio 12/13</i> <i>(6.632 / 7.36349) – 1 = 0.0993 which is less than 15%</i></p>	N/A	Yes
		N/A	10 of 10
	FINANCIAL COMPETENCY INDICATORS		
13	<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 percent of all expenditures by function?</p> <p><i>Difference between District PEIMS data and AFR / all expenditures must be < 3%</i> <i>2013/14 ratio was 0.0000348</i> <i>2014/15 123 / 51,013,077 = 0.0000024</i> <i>This indicator measures the quality of data reported to PEIMS and in the AFR to make certain that the data reported in each case agrees. Each year we are far below the 3% maximum allowed.</i></p>	Yes	Yes
		10 of 10	10 of 10
14	<p>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.) This indicator was not used in 2013/14</p> <p><i>The District's Annual Audit Report ending June 30, 2015 had no disclosures of material noncompliance.</i></p>	N/A	Yes
		N/A	10 of 10

15	<p>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? This indicator was not used in 2013/14</p> <p>This District is not in financial hardship and did not receive an adjusted repayment schedule for any fiscal year for an over allocation of FSP.</p>	N/A	Yes
		N/A	10 of 10
	Total Score	30 of 30	98 of 100
		Pass	Superior

INTERIM SUPERINTENDENT'S CONTRACT FOR 2016/2017

\$ 151,200.00	Salary
<u>900.00</u>	Automobile Allowance
<u>\$ 152,100.00</u>	Total Compensation

226 days	Work Days
5 days	State Sick Leave
5 days	Local Leave
11 days	Non Duty Days (Days Earned in prior year that are available in 16/17 for pay or time off)

BUSINESS TRANSACTIONS

Reimbursements Received by the Superintendent and Board Members

For the Twelve Month Period Ended June 30, 2015

<u>Description</u>	<u>Fred Hayes</u>	<u>Tom Davis</u>	<u>James Ervin</u>	<u>Steve Green</u>	<u>T.D. Howarth</u>	<u>Zeke Martinez</u>	<u>Susan Rushing</u>	<u>Russell Smith</u>	<u>Ron Watson</u>
Meals	1,319.22	304.64	119.85	121.29	189.17	36.64	155.60	88.00	172.93
Lodging	4,117.10	456.20	228.10	456.20	602.72	-	683.43	767.16	684.30
Transportation	10,471.02	265.32	265.32	204.70	566.82	-	204.70	339.75	214.70
Other	<u>2,493.93</u>	<u>325.00</u>	<u>325.00</u>	<u>325.00</u>	<u>325.00</u>	<u>-</u>	<u>325.00</u>	<u>375.00</u>	<u>325.00</u>
Total	<u>\$18,401.27</u>	<u>\$1,351.16</u>	<u>\$938.27</u>	<u>\$1,107.19</u>	<u>\$1,683.71</u>	<u>\$36.64</u>	<u>\$1,368.73</u>	<u>\$1,569.91</u>	<u>\$1,396.93</u>

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

For the Twelve Month Period Ended June 30, 2015

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

No amounts reported

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 Ended June 30, 2015

	Fred Hayes	Tom Davis	James Ervin	Steve Green	T.D. Howarth	Zeke Martinez	Susan Rushing	Russell Smith	Ron Watson
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

No amounts reported

Business Transactions Between School District and Board Members

For the Twelve Month Period Ended June 30, 2015

	Fred Hayes	Tom Davis	James Ervin	Steve Green	T.D. Howarth	Zeke Martinez	Susan Rushing	Russell Smith	Ron Watson
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,063.95*	\$ -	\$ -

*Payments made to Burke Center where Ms. Rushing is employed as CEO and is not an owner.

OTHER DISCLOSURES

None