



Schools FIRST Performance Report
For the Year Ended June 30, 2015

North East Independent School District

Schools FIRST Performance Report For the Year Ended June 30, 2015

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North East Independent School District Introduction to Schools FIRST For the Year Ended June 30, 2015

The Texas Education Agency (TEA) has issued the Schools Financial Integrity Rating System of Texas (FIRST) ratings for fiscal year 2014-2015, which ended June 30, 2015. North East Independent School District (NEISD) has received a rating of “A” for “Superior Achievement.”

The Schools FIRST rating system was implemented in 1999 by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature. The primary goal of Schools 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. The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being “A” for “Superior Achievement,” followed by “B” for “Above Standard Achievement,” “C” for “Standard Achievement” and the lowest being “F” for “Substandard Achievement.”

Indicators one through five are pass/fail indicators; indicators one, three, four, five or 2.A must be passed to earn a rating above “F” for “Substandard Achievement.” The remaining indicators are scored on a sliding scale from zero to ten. To earn a rating of “A” for “Superior Achievement,” a district must earn a minimum of 70. The maximum possible points earned is 100 points.

There were significant changes to the rating system that began last year and additional changes will be phased over the next rating year. The rating system indicators have been changed to focus more on financial indicators.

The ratings for NEISD are available on the NEISD Web site at the following address:

<http://www.neisd.net/fina/first.html>

TEA maintains the listing for all school districts and the state as a whole at the following Web site:

<http://www.tea.state.tx.us/index4.aspx?id=3864>

The website lists school districts by their County ID number. NEISD’s county ID number is 015910.

North East Independent School District Schools FIRST Indicators & Results

- 1. Was the Comprehensive Annual Financial Report (CAFR) and data submitted to the TEA within 30 days of the November 27 deadline based on the school district's fiscal year end date of June 30?**

A simple indicator. Was the CAFR filed by the deadline?

NEISD Result:

CAFR filed timely every year.

- 2.A Was there an unmodified opinion in the CAFR on the financial statements as a whole?**

A "qualification" on your financial report means that a district needs to correct some of its reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its CAFR. This is a simple "Yes" or "No" indicator.

NEISD Result:

Yes - Unmodified opinion on the CAFR

- 2.B Did the independent external auditor report that the CAFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?**

A clean audit of the CAFR would state that the district has no material weaknesses in internal controls. Any internal weaknesses create a risk of NEISD not being able to properly account for its use of public funds and should be immediately addressed.

NEISD Result:

No material weaknesses in any fiscal year.

- 3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?**

NEISD Result:

The District had made all required payments on its debt agreements.

- 4. 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?**

NEISD Result:

The District made timely payments.

North East Independent School District Schools FIRST Indicators & Results

5. **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.)**

This indicator measures whether a district has more assets than liabilities. It focuses on unrestricted net assets, which removes the effect of large debt issuances on fast growing districts' net assets. If a school district has negative unrestricted net assets but has a 10% increase in enrollment over a five year period, this indicator is answered yes.

NEISD Result:

2014-2015	\$86,457,997
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6. **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)?**

This indicator measures how long in days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Did the district meet or exceed the target amount?

NEISD Result:

2014-2015	89.3582 days	8 points
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State Standard:

>=90	10 points
<90 to 75	8 points
<75 to 60	6 points
<60 to 45	4 points
<45 to 30	2 points
<30	0 points

7. **Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?**

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did the district meet or exceed the target amount?

NEISD Result:

2014-2015	2.7338	8 points
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State Standard:

>=3.00	10 points
<3.00 to 2.50	8 points
<2.50 to 2.00	6 points
<2.00 to 1.50	4 points
<1.50 to 1.00	2 points
<1.00	0 points

North East Independent School District Schools FIRST Indicators & Results

- 8. 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.)**

This question is like asking someone if their mortgage exceeds the market value of their home. Was the district below the cap for this ratio?

NEISD Result:

2014-2015	0.8307	4 points
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State Standard:

	<=.60	10 points
	>.60 to .70	8 points
	>.70 to .80	6 points
	>.80 to .90	4 points
	>.90 to 1.00	2 points
	>1.00	0 points

- 9. 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 simply asks, "Did the district spend more than earned?"

NEISD Result:

2014-2015	0.0076 or 89.3582 days	10 points
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State Standard:

	>0	10 points
	<0	0 points

- 10. Was the debt service coverage ratio sufficient to meet the required debt service?**

This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year. Did the district meet or exceed the target amount?

NEISD Result:

2014-2015	1.7771	10 points
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State Standard:

	>=1.20	10 points
	<1.20 to 1.15	8 points
	<1.15 to 1.10	6 points
	<1.10 to 1.05	4 points
	<1.05 to 1.00	2 points
	<1.00	0 points

North East Independent School District Schools FIRST Indicators & Results

11. Was the school district’s administrative cost ratio equal to or less than the threshold ratio?

TEA and state law sets a cap on the percentage of a school district’s budget that Texas school districts can spend on administration. Did NEISD exceed the cap for districts of its size?

NEISD Result:		
2014-2015	\$0.0485	10 points
State Standard:		
	<=0.0855	10 points
	>0.0855 to 0.1105	8 points
	>0.1105 to 0.1355	6 points
	>0.1355 to 0.1605	4 points
	>0.1605 to 0.1855	2 points
	>0.1855	0 points

12. 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.)

If the school district had a decline in students over three school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students.

NEISD Result:		
2014-2015	Yes	10 points
State Standard:		
	Yes	10 points
	No	0 points

13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district’s CAFR result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in the CAFR 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 3%, the district “fails” this measure.

NEISD Result:		
2014-2015	0.00% variance	10 points
State Standard:		
	<0.03%	10 points
	>0.03%	0 points

North East Independent School District Schools FIRST Indicators & Results

- 14. Did the external independent auditor indicate the CAFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?**

Did the District comply with laws, rules and regulations for a governmental entity?

NEISD Result:

2014-2015	Yes	10 points
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State Standard:

	Yes	10 points
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	No	0 points
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- 15. 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 asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

NEISD Result:

2014-2015	Yes	10 points
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State Standard:

	Yes	10 points
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	No	0 points
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North East Independent School District PRIOR YEAR Schools FIRST Indicators & Results

1. **Was the CAFR 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?**

A simple indicator. Was the CAFR filed by the deadline?

NEISD Result:

CAFR filed timely every year

2. **Was there an unmodified opinion in the CAFR on the financial statements as a whole?**

A "qualification" on your financial report means that a district needs to correct some of its reporting or financial controls. A district's goal, therefore, is to receive an "unqualified opinion" or "unmodified opinion" on its CAFR. This is a simple "Yes" or "No" indicator.

NEISD Result:

Yes - Unmodified opinion every year

3. **Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?**

NEISD Result:

The District had made all required payments on its debt agreements.

4. **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.)**

This indicator measures whether a district has more assets than liabilities. It focuses on unrestricted net assets, which removes the effect of large debt issuances on fast growing districts' net assets. If a school district has negative unrestricted net assets but has a 10% increase in enrollment over a five year period, this indicator is answered yes.

NEISD Result:

2013-2014	\$78,715,445
2012-2013	\$35,059,171
2011-2012	\$69,260,326

North East Independent School District PRIOR YEAR Schools FIRST Indicators & Results

5. Was the school district’s administrative cost ratio equal to or less than the threshold ratio?

TEA and state law sets a cap on the percentage of a school district’s budget that Texas school districts can spend on administration. Did NEISD exceed the cap for districts of its size?

NEISD Result:

2013-2014	NEISD Administrative Cost Ratio = \$0.0049
2012-2013	NEISD Administrative Cost Ratio = \$0.0047
2011-2012	NEISD Administrative Cost Ratio = \$0.0049

State Standard

All Years	Administrative Cost Ratio < \$0.1105
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6. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district’s CAFR result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in the CAFR 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 3%, the district “fails” this measure.

NEISD Result:

2013-2014	0.00% variance
2012-2013	0.00% variance
2011-2012	0.00% variance

7. Did the external independent auditor report that the CAFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?

A clean audit of the CAFR would state that the district has no material weaknesses in internal controls. Any internal weaknesses create a risk of NEISD not being able to properly account for its use of public funds and should be immediately addressed.

NEISD Result:

No material weaknesses in any fiscal year

North East Independent School District

Appendix A: Superintendent's Contract

The current contract for Dr. Brian Gottardy, NEISD Superintendent, is posted on the NEISD web site @

<http://www.neisd.net/regs/documents/SuperintendentEmploymentContract.pdf>

North East Independent School District

Appendix B: Reimbursable Expenditures to Board Members and the Superintendent For the Year Ended June 30, 2016

	Meals	Lodging	Transportation	Fuel	Other	Total
Dr. Brian Gottardy	\$ 96.08	1,937.07	731.35	1,019.23	872.13	\$ 4,655.86
Mrs. Letti Bresnahan	63.26	716.13	51.00	88.23	392.70	1,311.32
Mrs. Sandy Hughey	56.90	716.13	-	91.32	67.70	932.05
Mr. Edd White	30.47	976.17	126.18	399.34	542.70	2,074.86
Mrs. Brigitte Perkins	-	238.71	-	90.86	392.70	722.27
Mrs. Sandi Wolff	31.24	716.13	-	-	3,034.37	3,781.74
Mrs. Shannon Grona	34.52	477.42	48.04	84.44	392.70	1,037.12
Mr. Jim Wheat	33.54	716.13	72.06	83.19	392.70	1,297.62
Mr. Tony Jaso	-	650.73	-	-	425.00	1,075.73
	<u>\$ 346.01</u>	<u>\$ 7,144.62</u>	<u>\$ 1,028.63</u>	<u>\$ 1,856.61</u>	<u>\$ 6,512.70</u>	<u>\$ 16,888.57</u>

Note: Reimbursements include amounts paid by the District on-behalf of the individuals listed above as well as actual reimbursements. The category “Other” includes registration for seminars and meetings and amounts provided for benefits not specified in the Superintendent’s Employment Contract. The “Meals” category excludes meals purchased for Board of Trustee meetings.

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Appendix C: Business Transactions Between Board and/or Related Family Members and NEISD For the Year Ended June 30, 2016

Board Member	Amount of Business Transactions
Mrs. Letti Bresnahan	\$ -
Mrs. Sandy Hughey	-
Mrs. Brigitte Perkins	-
Mr. Edd White	-
Mrs. Sandi Wolff	-
Mrs. Shannon Grona	-
Mr. Jim Wheat	-
Mr. Tony Jaso	-
Total	\$ -

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Appendix D: Superintendent's Outside Income For the Year Ended June 30, 2016

Source	Superintendent's Outside Income
Dr. Brian Gottardy	\$ -
Total	\$ -

North East Independent School District

Appendix E: Gifts to Superintendent Or Board Members For the Year Ended June 30, 2016

	<u>Gifts</u>
Dr. Brian Gottardy	\$ -
Mrs. Brigitte Perkins	-
Mrs. Sandy Hughey	-
Mrs. Sandi Wolff	-
Mr. Edd White	-
Mrs. Letti Bresnahan	-
Mrs. Shannon Grona	-
Mr. Jim Wheat	-
Mr. Tony Jaso	-
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	\$ -
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Note: State law requires disclosure of gifts with an aggregate value of \$250 or greater by a vendor or by an entity that proposed on a bid to provide goods or services to the District.