FIRST

Financial Integrity Rating System of Texas

New Braunfels ISD

Based on School Year

2014-2015

October 17, 2016

New Braunfels ISD
Financial Integrity Rating System of Texas

Determination Of Rating

- A. There are 15 Indicators on the FIRST Rating
- B. Did The District Answer 'No' To Indicators 1, 2A, 3, 4 or 5?
  If So, The District's Rating Is **F** for Substandard Achievement regardless of points earned.
- C. Determine rating by applicable number of points (Indicators 6-15)
  - **A** = Superior Achievement 70-100
  - **B** = Above Standard Achievement 50-69
  - **C** = Meets Standard 31-49
  - **F** = Substandard Achievement <31

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The NBISD received a rating of

Superior Achievement

with a score

of 92 out of 100

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- Indicator #1
- Was The Annual Financial Report (AFR) and data submitted to the TEA within 30 days of the November 27th Or January 28th deadline depending on the school district's fiscal year end date of June 30th or August 31st respectively?

- YES

Date Received	11/17/2015
Due Date	12/28/2015

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- Indicator #2
- Review the AFR for an unmodified opinion and material weakness. The school district must pass 2.A to pass this indicator. The school district fails indicator 2 if it responds “No” to indicator 2.A and 2.B

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- Indicator #2A
- Was there an unmodified opinion in the 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.
- YES

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- Indicator #2B
- Did the external independent auditor report that the AFR was free of any instance(s) of material weakness in internal controls over financial reporting and compliance for local, state or federal funds? The (AICPA) defines material weakness.
- YES

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- Indicator #3
- 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 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 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.)
- YES

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- Indicator #4
- Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue System (IRS), and other government agencies?
- YES.

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- Indicator #5
- Was the total unrestricted net asset balance (Net of accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If The District's 5 Year % Change of students in membership was 10% more, then the district passes this indicator.)
- YES

2014-15 Total Students	8,441
2010-11 Total Students	7,926
Change in Enrollment	6.5%

Total Unrestricted Net Asset Balance	$27,979,569
Accretion of Interest for Capital Appreciation Bonds	$11,774,107
Pension Expense	$ 1,672,697
Net Pension Liability	$ 7,339,032
Total	$48,583,504

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- Indicator # 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)?

- YES

Cash and Investments	+$768,456
Current Investments	+$44,269,835 /
Total Expenditures	+$57,037,789
Facilities Acquisition & Construction	+$64,023 (x365)
NBISD >= 90 Days - Score 10 Points	

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

- YES

Current Assets	$67,484,033
/Current Liabilities	$14,337543
NBISD Ratio >=3 - Score 10 Points	

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- Indicator #8
- Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the district's change in membership over 5 years was 10% or more, then the district passes this indicator.)
- Yes

Long Term Liabilities	$153,236,900
Less Net Pension Liabilities	($7,339,032)
	$145,897,868
/ Total Assets	$188,361,750
NBISD Ratio <=1 or .7746 = 6 Points	
2011 Total Students	7,926
2015 Total Students	8,441
NBISD 5 Year Membership Growth <10% - at 6.5%	

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- Indicator #9
- Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the district's number of days of cash on hand greater than or equal to 60 days?
- YES

Total Revenue	$60,410,283 /
Total Expenses	$57,037,789
Less Facilities Acquisition & Construction	- $64,023
-1	0.0603>=0
Days of cash on hand > 60	
0.0603>=0 and 288.5359>60 NBISD Scored = 10 Points	

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- Indicator #10
- Were the debt service coverage ratio sufficient to meet the required debt service?
- YES

Total Revenue	$72,186,229
Less Total Expenditures	$74,503,414
+Debt Service (Function Codes 71, 72 & 73)	$17,477,548
+Debt Service Fund Balance Fund Code 599	$4,228,622
+ Function Code 81	$64,023
/ Debt Service (Function Codes 71, 72 & 73)	$17,477,548
1.113>1.00 - NBISD = 6 Points	

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- Indicator #11
- Was the school district's administrative cost ratio equal to or less than the threshold ratio?

- YES

Acceptable Admin Cost Ratio	<=10%
NBISD Admin Cost Ratio	6.92%
Score = 10 Points	

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- Indicator #12
- Did the school district not have a 15% decline in the student to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass the indicator.)

- YES

2014-2015 Total Enrollment	8,463
2014-2015 # Staff FTE	/1,002.16
2012-2013 Total Enrollment	8,104
2012-2013 # Staff FTE	/928.84
Threshold for 3-Year Ratio Change	-0.15
NBISD Ratio > -0.15	-0.0321
NBISD Score = 10	

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- Indicator #13
- Did the comparison of PEIMS data to like information in the school district's annual financial report result in a total variance of less than 3% of expenditures by function?
- YES

0% Total Variance

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- Indicator #14
- Did the external auditor indicate the annual financial report 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.)

- YES
- NBISD Score = 10 Points

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- Indicator #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?

- YES
- NBISD Score = 10 Points

Conclusion

- NBISD is financially sound
- Reporting data is accurate with respect to PEIMS and financial audit.
- The district is operating an efficient staff management program, based on student to teacher/staff ratios
- Admin cost are lower than state parameters
- NBISD has a sound and conservative investment strategy.