

BEAUMONT INDEPENDENT SCHOOL DISTRICT
Beaumont, Texas

ANNUAL FINANCIAL MANAGEMENT REPORT

INTRODUCTION

Introduction

The Texas Administrative Code requires each school district to prepare an annual financial management report to report information and financial accountability ratings to parents and taxpayers.

The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

Many business-related issues are covered in this report. The primary reporting tool, however, is the Financial Accountability Ratings Worksheet. This worksheet was developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC) and the Texas Association of School Business Officials (TASBO). It is administered by TEA and calculated on information submitted to the Agency via our PEIMS submission each year and other documentation procured by TEA.

The worksheet consists of 15 criteria. Currently, the District has a rating of ***“Failed.”*** This rating stems from the district not receiving an unqualified opinion on the 2014-15 Annual Financial Report.

FIRST
(Financial Integrity Rating System of Texas)
2015-2016 Ratings Based on 2014-15
School Year Data



Financial Integrity Rating System of Texas

2015-2016 RATINGS BASED ON SCHOOL YEAR 2014-2015 DATA - DISTRICT STATUS DETAIL

Name: BEAUMONT ISD(123910)		Publication Level 1: 8/8/2016 6:20:16 PM	
Status: Failed		Publication Level 2: 8/8/2016 6:20:16 PM	
Rating: F = Substandard Achievement		Last Updated: 8/8/2016 6:20:16 PM	
District Score: 0		Passing Score: 31	
#	Indicator Description	Updated	Score
1	<u>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?</u>	8/8/2016 10:15:46 AM	Yes
2	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.		
2.A	<u>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.)</u>	8/8/2016 10:15:46 AM	No
2.B	<u>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.)</u>	8/8/2016 10:15:46 AM	No
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in</u>	8/8/2016 10:15:46	Yes

	<u>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.)</u>	AM	
4	<u>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?</u>	8/8/2016 10:15:47 AM	Yes
5	<u>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.)</u>	8/8/2016 10:15:47 AM	Yes
			0 Multiplier Sum
6	<u>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.)</u>	8/8/2016 10:15:47 AM	6
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	8/8/2016 10:15:47 AM	2
8	<u>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.)</u>	8/8/2016 10:15:48 AM	6
9	<u>Did the school district's general fund revenues equal or exceed</u>	8/8/2016	10

	<u>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?</u>	10:15:48 AM	
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/8/2016 10:15:48 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	8/8/2016 10:15:48 AM	6
12	<u>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.)</u>	8/8/2016 10:15:50 AM	10
13	<u>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?</u>	8/8/2016 10:15:50 AM	10
14	<u>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.)</u>	8/8/2016 10:15:50 AM	0
15	<u>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?</u>	8/8/2016 10:15:50 AM	10
			70 Weighted Sum
			0 Multiplier Sum
			0 Score

DETERMINATION OF RATING

A. Did the district answer '**No**' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is **F for Substandard Achievement** regardless of points earned.

B. Determine the rating by the applicable number of points. (Indicators 6-15)

A = Superior

70-100

B = Above Standard

50-69

C = Meets Standard

31-49

F = Substandard Achievement

<31

FIRST
(Financial Integrity Rating System of Texas)
2014-2015 Ratings Based on 2013-14
School Year Data



Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA - DISTRICT STATUS DETAIL

Name: BEAUMONT ISD(123910)		Publication Level 1: 8/20/2015 11:24:40 AM	
Status: Failed		Publication Level 2: 8/20/2015 11:24:40 AM	
Rating: Substandard Achievement		Last Updated: 8/20/2015 11:24:40 AM	
District Score: 0		Passing Score: 16	
#	Indicator Description	Updated	Score
1	<u>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?</u>	4/6/2015 2:57:27 PM	Yes
2	<u>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.)</u>	4/6/2015 2:57:28 PM	No
3	<u>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.)</u>	4/6/2015 2:57:28 PM	Yes
4	<u>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.)</u>	7/30/2015 12:23:41 PM	Yes
			0 Multiplier Sum
5	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	7/15/2015 11:57:19 AM	6
6	<u>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?</u>	8/17/2015 5:53:20 PM	0

7	<u>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.)</u>	4/6/2015 2:57:30 PM	0
			6 Weighted Sum
			0 Multiplier Sum
			0 Score

DETERMINATION OF RATING

A.	Did The District Answer ' No ' To Indicators 1, 2, 3, Or 4? If So, The District's Rating Is Substandard Achievement .	
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)	
	Pass	16-30
	Substandard Achievement	<16

SUMMARY SCHEDULE OF
TOTAL REIMBURSEMENTS RECEIVED BY
SUPERINTENDENT AND BOARD OF MANAGERS
FISCAL YEAR AUGUST 31, 2016

Summary Schedule of Total Reimbursements Received by the Superintendent and Board of Managers

Fiscal Year Ending August 31, 2016

Name	Meals	Lodging	Registration	Transportation/ Motor Fuel	Misc.	Total
Dr. John Frossard	-	-	-	-	423.65	423.65
Dr. Jimmy Simmons	33.00	221.83	-	266.76	-	521.59
Joe Domino	-	-	-	-	-	-
Robert Turner	-	-	-	-	-	-
A.B. Bernard	-	-	-	-	-	-
Lenny Caballero	-	-	-	-	-	-
Jack Carroll	-	-	-	-	-	-
Vernice Monroe	-	-	-	-	-	-

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

Gifts Received by Executive Officers and Board of Managers..... \$0

Business Transactions Between School District and Board of Managers..... \$0