



**Burkburnett ISD**

**Financial Management Report**

**FIRST**

**2016-17**

**(Based on Fiscal Year 2015-16 Data)**

The purpose of the financial accountability rating system is to ensure that school districts will be 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. The system will also disclose the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools. An evaluation of the long-term effectiveness of the system should disclose a measurable improvement in the quality of Texas public schools' financial decision-making processes. (Texas Administrative Code, Chapter 109)



**Financial Integrity Rating System of Texas**

**2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-2016 DATA - DISTRICT STATUS DETAIL**

Name: <b>BURKBURNETT ISD(243901)</b>	Publication Level 1: 8/8/2017 2:29:29 PM
Status: <b><u>Passed</u></b>	Publication Level 2: 8/8/2017 2:29:29 PM
Rating: <b><u>A = Superior</u></b>	Last Updated: 8/8/2017 2:29:29 PM
District Score: <b><u>92</u></b>	Passing Score: <b><u>60</u></b>

#	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>	3/28/2017 12:34:10 PM	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>	3/28/2017 12:34:11 PM	Yes
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>	3/28/2017 12:34:11 PM	Yes
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</u>	3/28/2017 12:34:11 PM	Yes

	<u>between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>		
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>	3/28/2017 12:34:11 PM	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>	3/28/2017 12:34:12 PM	Yes
			1 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>	3/28/2017 12:34:12 PM	10
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>	3/28/2017 12:34:12 PM	10
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>	3/28/2017 12:34:14 PM	10
9	<u>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?</u>	3/28/2017 12:34:14 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u> The District had an ending debt service fund balance of \$946,134 for 2016. TEA would like to see our debt service fund balance higher based on our amount of debt. To accomplish this we would have to tax at a higher I & S rate to pad the debt service fund balance. The mathematical breakdown is $1.0293$ , which is $\frac{\text{Total General Fund Revenues} - \text{General Fund Total Expenditures} + \text{General Fund Debt Service Expenditures} + 599 \text{ Fund Balance} + \text{Function 81 Expense}}{\text{Debt Service Expenditures}}$ .	5/18/2017 12:39:48 PM	2

<b>Determination of Points:</b>					
10	8	6	4	2	0
>=1.20	<1.20 >=1.15	<1.15 >=1.10	<1.10 >=1.05	<1.05 >=1.00	<1.00
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/28/2017 12:34:15 PM	10		
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>	6/21/2017 8:33:43 PM	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>	3/28/2017 12:34:15 PM	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>	3/28/2017 12:34:16 PM	10		
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>	3/28/2017 12:34:16 PM	10		
			92 Weighted Sum		
			1 Multiplier Sum		
			<b><u>92</u></b> <b><u>Score</u></b>		

## 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 <b>F for Substandard Achievement</b> regardless of points earned.
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**B.** Determine the rating by the applicable number of points. (Indicators 6-15)

<b>A = Superior</b>	<b>90-100</b>
<b>B = Above Standard</b>	80-89
<b>C = Meets Standard</b>	60-79
<b>F = Substandard Achievement</b>	<60



**Financial Integrity Rating System of Texas**

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

Name: <b>BURKBURNETT ISD(243901)</b>	Publication Level 1: 8/8/2016 6:20:16 PM
Status: <b><u>Passed</u></b>	Publication Level 2: 8/8/2016 6:20:16 PM
Rating: <b><u>A = Superior</u></b>	Last Updated: 8/8/2016 6:20:16 PM
District Score: <b><u>88</u></b>	Passing Score: <b><u>31</u></b>

#	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>	3/16/2016 4:58:03 PM	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>	3/16/2016 4:58:04 PM	Yes
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>	3/16/2016 4:58:04 PM	Yes
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</u>	3/16/2016 4:58:04 PM	Yes

	<u>between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>														
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>	3/16/2016 4:58:04 PM	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>	3/16/2016 4:58:05 PM	Yes												
			1 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>	8/4/2016 2:06:04 PM	10												
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> <b>The district's current assets to current liabilities ratio for 2014-15 was 2.67; which receives a score of 8 out of 10. The ratio is determined by dividing the district's current assets by its current liabilities reported in the Annual Financial Report (AFR) (See attached 2014-15 Current Assets and Liabilities from the 2014-15 AFR).</b> <b><u>Determination of Points:</u></b>	6/30/2016 1:43:41 PM	8												
	<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>&gt;=3.00</td> <td>&lt;3.00 &gt;=2.50</td> <td>&lt;2.50 &gt;=2.00</td> <td>&lt;2.00 &gt;=1.50</td> <td>&lt;1.50 &gt;=1.00</td> <td>&lt;1.00</td> </tr> </table>	10	8	6	4	2	0	>=3.00	<3.00 >=2.50	<2.50 >=2.00	<2.00 >=1.50	<1.50 >=1.00	<1.00		
10	8	6	4	2	0										
>=3.00	<3.00 >=2.50	<2.50 >=2.00	<2.00 >=1.50	<1.50 >=1.00	<1.00										
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>	8/4/2016 2:06:04 PM	10												



9	<p><u>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?</u></p>	8/4/2016 2:06:05 PM	10												
10	<p><u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u> The district had a Debt Service Fund Balance of \$519,466, however the district had a deficit in operations of \$1,350,377, therefore, there are no excess funds for debt service per TEA's definition. The mathematical breakdown is 0.4471, which is Total General Fund Revenues – General Fund Total Expenditures + General Fund Debt Service Expenditures + 599 Fund Balance + Function 81 Expense/Debt Service Expenditures (See attached for TEA's Formula, which excludes our Fund 599 Fund Balance, and the 2014-15 AFR Data for this indicator).</p> <p><b><u>Determination of Points:</u></b></p> <table border="1" data-bbox="297 804 1073 940"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td>&gt;=1.20</td> <td>&lt;1.20 &gt;=1.15</td> <td>&lt;1.15 &gt;=1.10</td> <td>&lt;1.10 &gt;=1.05</td> <td>&lt;1.05 &gt;=1.00</td> <td>&lt;1.00</td> </tr> </table>	10	8	6	4	2	0	>=1.20	<1.20 >=1.15	<1.15 >=1.10	<1.10 >=1.05	<1.05 >=1.00	<1.00	8/4/2016 2:06:05 PM	0
10	8	6	4	2	0										
>=1.20	<1.20 >=1.15	<1.15 >=1.10	<1.10 >=1.05	<1.05 >=1.00	<1.00										
11	<p><u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u></p>	3/16/2016 4:58:07 PM	10												
12	<p><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></p>	3/16/2016 4:58:07 PM	10												
13	<p><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></p>	3/16/2016 4:58:08 PM	10												
14	<p><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></p>	3/25/2016 2:16:28 PM	10												
15	<p><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></p>	3/24/2016 4:43:22 PM	10												

		88 Weighted Sum
		1 Multiplier Sum
		<b><u>88</u></b> <b><u>Score</u></b>

## DETERMINATION OF RATING

<b>A.</b>	Did the district answer ' <b>No</b> ' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine the rating by the applicable number of points. (Indicators 6-15)	
	<b>A = Superior</b>	<b>70-100</b>
	<b>B = Above Standard</b>	50-69
	<b>C = Meets Standard</b>	31-49
	<b>F = Substandard Achievement</b>	<31