



DRIPPING SPRINGS
Independent School District

**Annual Financial
Accountability Management
Report**

**2013-2014 Rating
2012-2013 Fiscal Year Data**

**Rating: Superior
Achievement**

Dripping Springs Independent School District Annual Financial Accountability Management Report

Introduction

This is the 12th year of the School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. 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. Legislative rules require the district to present a FIRST management report, which covers any business-related issues. The district must hold a public meeting to discuss the report. The district's School FIRST rating is based upon an analysis of staff and student data reported for the 2012-2013 school year as well as budgetary and actual financial data for the 2013 fiscal year. This information is submitted through the district's annual PEIMS (Public Education Information Management System) submissions.

The financial accountability rating of the district is based on its overall performance on certain financial measurements, ratios, and other indicators established by the commissioner of education with the financial accountability rating worksheet.

For the 12th consecutive year, Dripping Springs ISD continues its financial excellence with a rating of **"Superior Achievement"** for the 2012-2013 fiscal year, scoring positive responses on 20 of 20 indicators on the worksheet with a score of 70 out of 70. This report briefly focuses on how this Superior rating was achieved.

Schools FIRST
Financial Integrity Rating System of Texas
Dripping Springs Independent School District
2012 - 2013

State Indicator	Indicator Background	State Yes or Points Avail.	DSISD 12-13 Result
<p>1. Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?</p> <p>Additional Information: <i>The Total Fund Balance less the Nonspendable and Restricted Fund Balance is the amount available to the governmental entity for commitment to specific projects. Unassigned Fund Balance is intended to serve as a measure of the financial resources available to meet a school district's operational needs. The Unassigned Fund Balance is the amount available for spending. The adequacy of Unassigned Fund Balance in the General Fund should be assessed based upon a school district's own specific circumstances. DSISD's Unreserved Fund Balance as of June 30, 2013 was \$20.4 million or 64% of the General Fund expenditures.</i></p>	<p>School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that the District has a positive amount of fund balance cash (savings) that is not designated or "reserved" for a specific purpose.</p>	Yes	Yes
<p>2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)</p> <p>Additional Information: <i>The District's Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) was \$20.6 million as of June 30, 2013.</i></p>	<p>This indicator seeks to make certain that the District has a positive asset balance to cover liabilities.</p>	Yes	Yes
<p>3. Were There NO Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</p> <p>Additional Information: <i>Dripping Springs ISD has never defaulted on any of its bond indebtedness obligations.</i></p>	<p>This indicator seeks to make certain that the District has made payments for obligations on bonds issued to pay for school construction, etc.</p>	Yes	Yes

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State Indicator	Indicator Background	State Yes or Points Avail.	DSISD 12-13 Result
<p>4. Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?</p> <p>Additional Information: <i>Dripping Springs ISD's Fiscal Year end date is June 30. The November deadline is applicable to Dripping Springs ISD. TEA received the audit report on November 19, 2013 which was within one month of the December 28th date.</i></p>	<p>Was your Annual Financial Report filed with TEA by the deadline?</p>	Yes	Yes
<p>5. Was There An Unqualified Opinion in Annual Financial Report?</p> <p>Additional Information: <i>Padgett Stratemann & Co., the District's external auditors, issued an unqualified opinion for the year ending June 30, 2013.</i></p>	<p>A "qualification" on the financial report means the District needs to correct some of the reporting or financial controls. A district's goal, therefore, is to receive an "unqualified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.</p>	Yes	Yes
<p>6. Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</p> <p>Additional Information: <i>Padgett Stratemann & Co., the District's external auditors, reported no material weaknesses in the 2012-2013 audit.</i></p>	<p>A clean audit of the Annual Financial Report would state the District has no material weaknesses in the internal controls. Any internal weaknesses create a risk of the District not being able to properly account for its use of public funds, and should be immediately addressed.</p>	Yes	Yes

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2012 - 2013

State Indicator	Indicator Background	State Yes or Points Avail.	DSISD 12-13 Result								
<p>7. Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</p> <p>Additional Information: <i>DSISD's tax collection rate for 2012-2013 was 99.85%. The District's three-year average was 100.34%. This history is depicted in the following table.</i></p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">% Total Tax Collections</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2010 - 2011</td> <td style="text-align: center;">100.68%</td> </tr> <tr> <td style="text-align: center;">2011 - 2012</td> <td style="text-align: center;">100.48%</td> </tr> <tr> <td style="text-align: center;">2012 - 2013</td> <td style="text-align: center;">99.85%</td> </tr> </tbody> </table>	Year	% Total Tax Collections	2010 - 2011	100.68%	2011 - 2012	100.48%	2012 - 2013	99.85%	<p>This indicator measures the District's success in collecting property taxes, placing a 98% minimum collections standard. The District must collect 98 percent or more of taxes, including any delinquent taxes owed from past years.</p>	5	5
Year	% Total Tax Collections										
2010 - 2011	100.68%										
2011 - 2012	100.48%										
2012 - 2013	99.85%										
<p>8. Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?</p> <p>Additional Information: <i>There were no significant differences between the Annual Financial Report and the PEIMS financial data.</i></p>	<p>This indicator measures the quality of data reported to PEIMS and in the Annual Financial Report 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 percent, the District "fails" this measure.</p>	5	5								
<p>9. Were Debt Related Expenditures (Net Of IFA And/OR EDA Allotment) < \$350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$200,000 Per Student)</p> <p>Additional Information: <i>The District's debt-related expense per student was \$2,277.21. However, the five-year percent change in students was 15.43% and the property taxes collected per penny of tax effort was \$263,247, satisfying the two alternate tests.</i></p>	<p>This indicator shows how much the District spends on debt-related expenditures in relation to change in student population.</p>	5	5								

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<p>10. Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</p> <p>Additional Information: <i>Padgett Stratemann & Co., the District's external auditors, noted no material non-compliance in the 2012-2013 audit.</i></p>	<p>The Annual Audit Report includes no disclosure indicating that the school district failed to comply with laws, rules, and regulations for a government entity.</p>	5	5
<p>11. Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</p> <p>Additional Information: <i>DSISD had full accreditation status for Fiscal Year 2012-2013.</i></p>	<p>TEA did not take control of the district due to financial issues such as fraud or having a negative fund balance.</p>	5	5
<p>12. Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</p> <p>Additional Information: <i>The District's fund balance was sufficient to cover the \$161,833 budget deficit at June 30, 2013.</i></p>	<p>The District will receive a negative rating on this measure if total expenditures and other uses for the fiscal year exceeded total funds available.</p>	5	5
<p>13. If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)</p> <p>Additional Information: <i>The District's aggregate fund balances in the General Fund and Capital Projects Fund was \$18,477,126 at the beginning of the 2012-2013 fiscal year.</i></p>	<p>This indicator measures the District's ability to construct facilities without damaging Fund Balance.</p>	5	5

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<p>14. Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)</p> <p>Additional Information: <i>The District's General Fund had cash and investments of \$26 million at June 30, 2013. Deferred revenues at this same point in time were \$665,400 thus exceeding the 1:1 ratio requirement.</i></p>	<p>This indicator measures whether or not the District has sufficient cash and investments to balance Fund Balance monies such as TEA overpayments (deferred revenues).</p>	5	5
<p>15. Was The Administrative Cost Ratio Less Than The Threshold Ratio?</p> <p>Additional Information: <i>The State of Texas establishes limits on the amount of money school districts are allowed to spend on administrative costs. The limit is set as a ratio of administrative costs to instructional costs and is titled the "Administrative Cost Ratio". Administrative costs are defined as Instructional Leadership and General Administration. Instructional Leadership includes costs to provide leadership for staff and all instructional services. This excludes campus leadership. General Administration includes costs for managing the school district as an overall entity. The District's administrative cost ratio for 2012-2013 was 9.91%, well below the state limit of 14.01%.</i></p>	<p>TEA and state law set a cap on the percentage of the budget that Texas school districts can spend on administrative costs.</p>	5	5
<p>16. Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</p> <p><i>District Size - No. of Students Between 1,000 - 4,999. Ranges for Ratios: Low 11.5 - High 22</i></p> <p>Additional Information: <i>The District's ratio of students per teacher was 17.5765 for fiscal year 2012-2013. Any ratio between 11.5 and 22 students per teacher meets the state standard.</i></p>	<p>This indicator measures the District's pupil-teacher ratio to ensure that it is within TEA recommended ranges for the District's student population range. For example, districts with a student population between 1,000 and 4,999 should have no more than 22 students per teacher and no fewer than 11.5 students per teacher.</p>	5	5

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State Indicator	Indicator Background	State Yes or Points Avail.	DSISD 12-13 Result
<p>17. Was the Ratio of Students to Total Staff within the ranges shown below according to district size?</p> <p><i>District Size - No. of Students Between 1,000 - 4,999. Ranges for Ratios: Low 6.3 - High 14</i></p> <p>Additional Information: <i>The District's ratio of students to total staff was 8.6266 for fiscal year 2012-2013. Any ratio between 6.3 and 14 students to total staff meets the state standard.</i></p>	<p>This indicator measures the District's pupil-staff ratio to ensure that it is within TEA-recommended ranges for the District's population range. For example, districts with a student population between 1,000 and 4,999 should have no more than 14 students per staff member and no fewer than 6.3 students per district employee.</p>	5	5
<p>18. Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years? (If Total Revenues > Operating Expenditures In The General Fund, Then District Receives 5 Points)</p> <p>Additional Information: <i>There was not a decrease in undesignated unreserved fund balance exceeding 20% over the two fiscal years.</i></p>	<p>This indicator notes rapid decreases in the District's undesignated fund balance (those dollars not designated as a "land fund" or "construction fund" or emergency fund).</p>	5	5
<p>19. Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</p> <p>Additional Information: <i>The District's General Fund had cash and investments of \$26 million as of June 30, 2013.</i></p>	<p>Does your district have cash in the bank and/or investments?</p>	5	5
<p>20. Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?</p> <p>Additional Information: <i>Investment earnings for fiscal year 2012-2013 equated to a return of .2336%. The 3-month T-bill rate for this period was .07167%.</i></p>	<p>Is the District investing cash or reserve fund balance monies wisely?</p>	5	5
Total Points Available/Earned		70	70

**Required Disclosures for
Dripping Springs Independent School District
2013-2014 FIRST Rating
October 27, 2014**

Required Supplementary Information

The District's annual financial management report must include specific disclosures regarding the superintendent's contract, reimbursements received by the superintendent and board members and other compensation and gifts received. This information is being presented below to comply with the requirements.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's internet site. If published on the internet, the contract is to remain accessible for twelve months.

A copy of the superintendent's current employment contract is published on the district's internet site.

Reimbursements Received by the Superintendent and Board Members

A summary schedule for the twelve-month period of total reimbursements received by the superintendent and each board member is to be included in the annual financial management report. All reimbursement expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. The summary schedule is to report separately items per category including:

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

Lodging – Hotel charges;

Transportation – Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls); Motor fuel – Gasoline;

Other – Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

The disclosure of reimbursements received by the Superintendent and Board Members is provided at the end of this report.

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

A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services is to be reported.

The disclosure of outside compensation received by the Superintendent for professional consulting and/or other personal services is provided at the end of this report.

Gifts Received by Executive Officers and Board Members

An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials. A summary schedule for the fiscal year of the total dollar amount of gifts that had an economic value of \$250 or more in the aggregate is to be reported for the executive officers and board members of the district. This reporting requirement only applies to gifts received by the school district's executive officers and board member from an outside entity that received payments from the school district in the prior fiscal year and gifts from competing vendors that were not awarded contracts in the prior fiscal year.

The disclosure of gifts received by Executive Offices and Board Members is provided at the end of this report.

Business Transactions Between School District and Board Members

Finally, a summary schedule for the fiscal year of the dollar amount by board member for the aggregate amount of business transactions with the school district is to be included. This reporting requirement is not to duplicate the items disclosed in the schedule of reimbursements.

The disclosure of business transactions between the school district and Board Members is provided at the end of this report.



Dripping Springs Independent School District

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2012-2013

For the Twelve-Month Period Ended June 30, 2013	Superintendent			Tim				
Description of Reimbursements	Bruce Gearing	Alan Atwood	Carrie Kroll	Kurpiewski	Caroline Pekarek	Shelly Reeves	Barbara Stroud	Jon Thompson
Meals	\$ 458.80	\$ 71.37	\$ 71.37	\$ 86.32	\$ 71.37	\$ 71.37	\$ 99.57	\$ 92.37
Lodging	1,395.50	-	-	299.04	252.89	252.89	252.89	-
Transportation	90.40	-	-	79.10	-	-	90.40	91.31
Motor Fuel	-	-	-	-	-	-	-	-
Other-Registrations & Parking	3,147.00	-	-	50.00	-	-	-	16.24
Total	\$ 5,091.70	\$ 71.37	\$ 71.37	\$ 514.46	\$ 324.26	\$ 324.26	\$ 442.86	\$ 199.92



Dripping Springs Independent School District

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2012-2013

For the Twelve-Month Period Ended June 30, 2013	Superintendent Bruce Gearing
Name of Entity	
	\$ -
Total	\$ -



Dripping Springs Independent School District

Gifts Received by the Executive Officer and Board Members (and first degree relatives, if any) in the Fiscal Year 2012-2013

For the Twelve-Month Period Ended June 30, 2013	Superintendent Bruce Gearing	Alan Atwood	Carrie Kroll	Tim Kurpiewski	Caroline Pekarek	Shelly Reeves	Barbara Stroud	Jon Thompson
Summary Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	- \$	- \$	-



Dripping Springs Independent School District

Business Transactions Between School District and board Members for Fiscal Year 2012-2013

For the Twelve-Month Period Ended June 30, 2013	Superintendent Bruce Gearing	Alan Atwood	Carrie Kroll	Tim Kurpiewski	Caroline Pekarek	Shelly Reeves	Barbara Stroud	Jon Thompson
Summary Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	- \$	- \$	-