

**IRVING  
INDEPENDENT SCHOOL DISTRICT**

**Annual Financial Management Report**  
(A report on the School FIRST Accountability Rating System)

**For the 2011-2012 School Year**

Prepared by Debbie Cabrera  
Associate Superintendent for Business Services

## TABLE OF CONTENTS

- Overview of School FIRST ..... 1
- Irving Independent School District's Rating ..... 2
- 2011-2012 District Status Detail..... 3
- Overall Statistics 2011-2012 Status Counts..... 7
- 2010-2011 District Status Detail..... 12
- Overall Statistics 2010-2011 Status Counts..... 16
- Disclosures..... 21
- Glossary ..... 30

## **Overview of School FIRST (Financial Integrity Rating System of Texas)**

This is the eleventh year of Schools FIRST, a financial accountability system for Texas school districts developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. Every school district in Texas is required to prepare an annual financial management report to disclose the district's financial management performance rating provided by TEA based on its comparison with financial measurements, ratios, and other indicators established by the Commissioner of Education for the state's Financial Accountability System. The rating is based on financial data for the 2011-2012 school year.

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. Its purpose is also to ensure that school districts will be held accountable for the quality of their financial management practices. 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.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement," followed by "Above-Standard Achievement," "Standard Achievement" and "Substandard Achievement." Districts with serious data quality problems may receive the additional rating of "Suspended – Data Quality." Those districts that receive a substandard or data quality rating must file a corrective action plan with TEA and could face sanctions by the Commissioner of Education.

In order to achieve a superior achievement rating the district must have a score of 64-70. Above Standard Achievement would require a score of 58-63. Standard Achievement would be for a score of 52-57 and Substandard is less than 52 or "No" to any one Indicator 1, 2, 3, or 4, or "No" to both 5 and 6.

Irving ISD's 2011-2012 School FIRST rating: **Superior Achievement**

Of the 20 indicators for the financial period ended August 31, 2012 the district had all "Yes" answers on questions 1 through 6 and received the score of 70 out of 70 points on questions 7 through 20. The report generated by TEA for the Irving ISD based on 2011-2012 district data follows along with the overall result for all districts in the state. A copy of the district's report for 2010-2011 is included for comparative purposes.



**Financial Integrity Rating System of Texas**

**2011-2012 DISTRICT STATUS DETAIL**

<b>Name: IRVING ISD(057912)</b>		<b>Publication Level 1:</b> 6/21/2013 3:05:18 PM	
<b>Status: Passed</b>		<b>Publication Level 2:</b> None	
<b>Rating: Superior Achievement</b>		<b>Last Updated:</b> 6/21/2013 3:05:18 PM	
<b>District Score: 70</b>		<b>Passing Score: 52</b>	
#	Indicator Description	Updated	Score
1	Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?	4/26/2013 4:46:44 PM	Yes
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)	4/26/2013 4:46:45 PM	Yes
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	4/26/2013 4:46:45 PM	Yes
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)?	4/26/2013 4:46:45 PM	Yes
5	Was There An Unqualified Opinion in Annual Financial Report?	4/26/2013 4:46:46 PM	Yes
6	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	4/26/2013 4:46:46 PM	Yes
			1 Multiplier Sum

7	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?	4/26/2013 4:46:46 PM	5
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)?	4/26/2013 4:46:47 PM	5
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)	4/26/2013 4:46:48 PM	5
10	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	4/26/2013 4:46:48 PM	5
11	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)	4/26/2013 4:46:48 PM	5
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?	4/26/2013 4:46:49 PM	5
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)	4/26/2013 4:46:49 PM	5
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)	4/26/2013 4:46:49 PM	5
15	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	4/26/2013 4:46:50 PM	5
16	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?	4/26/2013 4:46:50 PM	5
17	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?	4/26/2013 4:46:51 PM	5
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)	4/26/2013 4:46:51 PM	5
19	Was The Aggregate Total Of Cash And Investments In The General Fund	4/26/2013	5

	More Than \$0?	4:46:51 PM	
20	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?	4/26/2013 4:46:52 PM	5
			70 Weighted Sum
			1 Multiplier Sum
			70 Score

### **DETERMINATION OF RATING**

<b>A.</b>	Did The District Answer ' <b>No</b> ' To Indicators 1, 2, 3 Or 4? <b>OR</b> Did The District Answer ' <b>No</b> ' To Both 5 and 6? If So, The District's Rating Is <b>Substandard Achievement</b> .	
<b>B.</b>	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-20)	
	<b>Superior Achievement</b>	64-70
	<b>Above Standard Achievement</b>	58-63
	<b>Standard Achievement</b>	52-57
	<b>Substandard Achievement</b>	<52

## INDICATOR 16 & 17 RATIOS

<b>Indicator 16</b>	Ranges for Ratios	
	Low	High
District Size - Number of Students Between		
< 500	7	22
500-999	10	22
1000-4999	11.5	22
5000-9999	13	22
=> 10000	13.5	22

<b>Indicator 17</b>	Ranges for Ratios	
	Low	High
District Size - Number of Students Between		
< 500	5	14
500-999	5.8	14
1000-4999	6.3	14
5000-9999	6.8	14
=> 10000	7.0	14





**Financial Integrity Rating System of Texas**

**OVERALL STATISTICS  
2011-2012 STATUS COUNTS**

<b>Status</b>	<b>Count</b>	<b>% Total</b>	<b>Enrollment</b>	<b>% Total Enrollment</b>
Passed	1,015	98.64 %	4,806,432	99.64 %
Failed	14	1.36 %	17,410	0.36 %
<b>Total</b>	<b>1,029</b>	<b>100.00 %</b>	<b>4,823,842</b>	<b>100.00 %</b>

**2011-2012 RATING COUNTS**

<b>Ratings</b>	<b>Count</b>	<b>% Total</b>	<b>Enrollment</b>	<b>% Total Enrollment</b>
Superior Achievement	904	87.85 %	4,623,461	95.85 %
Above Standard Achievement	92	8.94 %	168,176	3.49 %
Standard Achievement	19	1.85 %	14,795	0.31 %
Substandard Achievement	14	1.36 %	17,410	0.36 %
<b>Total</b>	<b>1,029</b>	<b>100.00 %</b>	<b>4,823,842</b>	<b>100.00 %</b>

**2011-2012 ALL RESULTS BY INDICATOR**

<b>Indicator</b>	<b>Result</b>	<b>Count</b>	<b>% of Districts</b>	<b>Enrollment</b>	<b>% Total Enrollment</b>
1	Yes	1025	99.61 %	4814620	99.81 %
	No	4	0.39 %	9222	0.19 %
2	Yes	1026	99.71 %	4822753	99.98 %
	No	3	0.29 %	1089	0.02 %
3	Yes	1029	100.00 %	4823842	100.00 %

	No	0	0.00 %	0	0.00 %
4	Yes	1024	99.51 %	4816884	99.86 %
	No	5	0.49 %	6958	0.14 %
5	Yes	1028	99.90 %	4823795	100.00 %
	No	1	0.10 %	47	0.00 %
6	Yes	998	96.99 %	4620562	95.79 %
	No	31	3.01 %	203280	4.21 %
7	5	889	86.39 %	4550561	94.33 %
	4	122	11.86 %	242225	5.02 %
	3	14	1.36 %	14922	0.31 %
	2	2	0.19 %	8231	0.17 %
	1	1	0.10 %	7685	0.16 %
	0	1	0.10 %	218	0.00 %
8	5	1013	98.45 %	4812477	99.76 %
	0	16	1.55 %	11365	0.24 %
9	5	620	60.25 %	4223772	87.56 %
	4	135	13.12 %	209338	4.34 %
	3	90	8.75 %	144745	3.00 %
	2	66	6.41 %	118040	2.45 %
	1	40	3.89 %	66531	1.38 %
	0	78	7.58 %	61416	1.27 %
10	5	995	96.70 %	4606277	95.49 %
	0	34	3.30 %	217565	4.51 %

11	5	1025	99.61 %	4802931	99.57 %
	0	4	0.39 %	20911	0.43 %
12	5	1021	99.22 %	4728298	98.02 %
	0	8	0.78 %	95544	1.98 %
13	5	1029	100.00 %	4823842	100.00 %
14	5	1027	99.81 %	4815397	99.82 %
	0	2	0.19 %	8445	0.18 %
15	5	954	92.71 %	4733912	98.14 %
	0	75	7.29 %	89930	1.86 %
16	5	983	95.53 %	4784780	99.19 %
	4	23	2.24 %	32142	0.67 %
	3	5	0.49 %	2984	0.06 %
	2	6	0.58 %	2590	0.05 %
	1	4	0.39 %	282	0.01 %
	0	8	0.78 %	1064	0.02 %
17	5	817	79.40 %	4462655	92.51 %
	4	82	7.97 %	260156	5.39 %
	3	52	5.05 %	59936	1.24 %
	2	24	2.33 %	15197	0.32 %
	1	20	1.94 %	17329	0.36 %
	0	34	3.30 %	8569	0.18 %
18	5	1007	97.86 %	4698779	97.41 %
	3	1	0.10 %	1076	0.02 %

	0	21	2.04 %	123987	2.57 %
19	5	1025	99.61 %	4822363	99.97 %
	0	4	0.39 %	1479	0.03 %
20	5	1008	97.96 %	4791992	99.34 %
	0	21	2.04 %	31850	0.66 %

## 2011-2012 ANSWERS BY INDICATOR

Indicator	Yes	No	5	4	3	2	1	0	Total
1	1025	4	x	x	x	x	x	x	1029
2	1026	3	x	x	x	x	x	x	1029
3	1029	x	x	x	x	x	x	x	1029
4	1024	5	x	x	x	x	x	x	1029
5	1028	1	x	x	x	x	x	x	1029
6	998	31	x	x	x	x	x	x	1029
7	x	x	889	122	14	2	1	1	1029
8	x	x	1013	x	x	x	x	16	1029
9	x	x	620	135	90	66	40	78	1029
10	x	x	995	x	x	x	x	34	1029
11	x	x	1025	x	x	x	x	4	1029
12	x	x	1021	x	x	x	x	8	1029
13	x	x	1029	x	x	x	x	x	1029
14	x	x	1027	x	x	x	x	2	1029
15	x	x	954	x	x	x	x	75	1029
16	x	x	983	23	5	6	4	8	1029

17	x	x	817	82	52	24	20	34	1029
18	x	x	1007	x	1	x	x	21	1029
19	x	x	1025	x	x	x	x	4	1029
20	x	x	1008	x	x	x	x	21	1029



**Financial Integrity Rating System of Texas**

**2010-2011 DISTRICT STATUS DETAIL**

<b>Name: IRVING ISD(057912)</b>		<b>Publication Level 1: 6/28/2012 12:33:14 PM</b>	
<b>Status: Passed</b>		<b>Publication Level 2: 9/20/2012 3:18:39 PM</b>	
<b>Rating: Superior Achievement</b>		<b>Last Updated: 9/20/2012 3:18:39 PM</b>	
<b>District Score: 70</b>		<b>Passing Score: 52</b>	
#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?</u>	6/15/2012 3:06:37 PM	Yes
2	<u>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)</u>	6/15/2012 3:06:38 PM	Yes
3	<u>Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	6/15/2012 3:06:38 PM	Yes
4	<u>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)?</u>	6/15/2012 3:06:38 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	6/15/2012 3:06:38 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	6/15/2012 3:06:39 PM	Yes
			1 Multiplier Sum

7	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	6/15/2012 3:06:39 PM	5
8	<u>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)?</u>	6/15/2012 3:06:40 PM	5
9	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) &lt; \$350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or &gt; 7%, Or If Property Taxes Collected Per Penny Of Tax Effort &gt; \$200,000 Per Student)</u>	6/15/2012 3:06:40 PM	5
10	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	6/15/2012 3:06:40 PM	5
11	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	6/15/2012 3:06:41 PM	5
12	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</u>	6/15/2012 3:06:41 PM	5
13	<u>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)</u>	6/15/2012 3:06:41 PM	5
14	<u>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)</u>	6/15/2012 3:06:42 PM	5
15	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	6/15/2012 3:06:42 PM	5
16	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	6/15/2012 3:06:42 PM	5
17	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	6/15/2012 3:06:43 PM	5
18	<u>Was The Decrease In Undesignated Unreserved Fund Balance &lt; 20% Over Two Fiscal Years?(If Total Revenues &gt; Operating Expenditures In The General Fund,Then District</u>	6/15/2012 3:06:43 PM	5

	<u>Receives 5 Points)</u>		
19	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	6/15/2012 3:06:43 PM	5
20	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?</u>	6/15/2012 3:06:44 PM	5
			70 Weighted Sum
			1 Multiplier Sum
			70 Score

### **DETERMINATION OF RATING**

<b>A.</b>	Did The District Answer 'No' To Indicators 1, 2, 3 Or 4? <b>OR</b> Did The District Answer 'No' To Both 5 and 6? If So, The District's Rating Is <b>Substandard Achievement</b> .	
<b>B.</b>	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-20)	
	<b>Superior Achievement</b>	64-70
	<b>Above Standard Achievement</b>	58-63
	<b>Standard Achievement</b>	52-57
	<b>Substandard Achievement</b>	<52



## INDICATOR 17 & 18 RATIOS

<b>Indicator 17</b>	<b>Ranges for Ratios</b>		<b>Indicator 18</b>	<b>Ranges for Ratios</b>	
District Size - Number of Students Between	Low	High	District Size - Number of Students Between	Low	High
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13	22	5000-9999	6.8	14
=> 10000	13.5	22	=> 10000	7.0	14



**Financial Integrity Rating System of Texas**

**OVERALL STATISTICS  
2010-2011 STATUS COUNTS**

Status	Count	% Total	Enrollment	% Total Enrollment
Passed	1,008	97.96 %	4,721,785	98.81 %
Failed	21	2.04 %	56,903	1.19 %
<b>Total</b>	<b>1,029</b>	<b>100.00 %</b>	<b>4,778,688</b>	<b>100.00 %</b>

**2010-2011 RATING COUNTS**

Ratings	Count	% Total	Enrollment	% Total Enrollment
Superior Achievement	900	87.46 %	4,573,892	95.71 %
Above Standard Achievement	86	8.36 %	137,676	2.88 %
Standard Achievement	22	2.14 %	10,217	0.21 %
Substandard Achievement	21	2.04 %	56,903	1.19 %
<b>Total</b>	<b>1,029</b>	<b>100.00 %</b>	<b>4,778,688</b>	<b>100.00 %</b>

**2010-2011 ALL RESULTS BY INDICATOR**

Indicator	Result	Count	% of Districts	Enrollment	% Total Enrollment
1	Yes	1025	99.61 %	4769322	99.80 %
	No	4	0.39 %	9366	0.20 %
2	Yes	1023	99.42 %	4750362	99.41 %

	No	6	0.58 %	28326	0.59 %
3	Yes	1029	100.00 %	4778688	100.00 %
	No	0	0.00 %	0	0.00 %
4	Yes	1020	99.13 %	4769041	99.80 %
	No	9	0.87 %	9647	0.20 %
5	Yes	1026	99.71 %	4760732	99.62 %
	No	3	0.29 %	17956	0.38 %
6	Yes	984	95.63 %	4509801	94.37 %
	No	45	4.37 %	268887	5.63 %
7	5	868	84.35 %	4326389	90.54 %
	4	142	13.80 %	422076	8.83 %
	3	16	1.55 %	16219	0.34 %
	2	1	0.10 %	6625	0.14 %
	1	1	0.10 %	7173	0.15 %
	0	1	0.10 %	206	0.00 %
8	5	1003	97.47 %	4700161	98.36 %
	0	26	2.53 %	78527	1.64 %
9	5	636	61.81 %	4214645	88.20 %
	4	139	13.51 %	197212	4.13 %
	3	87	8.45 %	144082	3.02 %

	2	63	6.12 %	106823	2.24 %
	1	37	3.60 %	54764	1.15 %
	0	67	6.51 %	61162	1.28 %
10	5	1008	97.96 %	4576692	95.77 %
	0	21	2.04 %	201996	4.23 %
11	5	1023	99.42 %	4764396	99.70 %
	0	6	0.58 %	14292	0.30 %
12	5	1021	99.22 %	4769505	99.81 %
	0	8	0.78 %	9183	0.19 %
13	5	1028	99.90 %	4778519	100.00 %
	0	1	0.10 %	169	0.00 %
14	5	1027	99.81 %	4777661	99.98 %
	0	2	0.19 %	1027	0.02 %
15	5	983	95.53 %	4723952	98.85 %
	0	46	4.47 %	54736	1.15 %
16	5	945	91.84 %	4647349	97.25 %
	4	46	4.47 %	101888	2.13 %
	3	18	1.75 %	25033	0.52 %
	2	7	0.68 %	2168	0.05 %
	1	7	0.68 %	1664	0.03 %

	0	6	0.58 %	586	0.01 %
17	5	707	68.71 %	4065585	85.08 %
	4	118	11.47 %	440892	9.23 %
	3	77	7.48 %	174970	3.66 %
	2	55	5.34 %	52434	1.10 %
	1	24	2.33 %	15673	0.33 %
	0	48	4.66 %	29134	0.61 %
18	5	1007	97.86 %	4690514	98.15 %
	2	1	0.10 %	791	0.02 %
	0	21	2.04 %	87383	1.83 %
19	5	1028	99.90 %	4777830	99.98 %
	0	1	0.10 %	858	0.02 %
20	5	1005	97.67 %	4707998	98.52 %
	0	24	2.33 %	70690	1.48 %

## 2010-2011 ANSWERS BY INDICATOR

Indicator	Yes	No	5	4	3	2	1	0	Total
1	1025	4	x	x	x	x	x	x	1029
2	1023	6	x	x	x	x	x	x	1029
3	1029	x	x	x	x	x	x	x	1029

4	1020	9	x	x	x	x	x	x	1029
5	1026	3	x	x	x	x	x	x	1029
6	984	45	x	x	x	x	x	x	1029
7	x	x	868	142	16	1	1	1	1029
8	x	x	1003	x	x	x	x	26	1029
9	x	x	636	139	87	63	37	67	1029
10	x	x	1008	x	x	x	x	21	1029
11	x	x	1023	x	x	x	x	6	1029
12	x	x	1021	x	x	x	x	8	1029
13	x	x	1028	x	x	x	x	1	1029
14	x	x	1027	x	x	x	x	2	1029
15	x	x	983	x	x	x	x	46	1029
16	x	x	945	46	18	7	7	6	1029
17	x	x	707	118	77	55	24	48	1029
18	x	x	1007	x	x	1	x	21	1029
19	x	x	1028	x	x	x	x	1	1029
20	x	x	1005	x	x	x	x	24	1029

**School FIRST Annual Financial Management Report**

**IRVING INDEPENDENT SCHOOL DISTRICT**

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA,  
Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1005. Effective 2/3/11.

The template has been established to help the districts in gathering their data and presenting it at their School FIRST hearing.  
The template may not be all inclusive.

**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 chose 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.

**AGREEMENT FOR  
INTERIM SUPERINTENDENT**

This Agreement is entered into by and between the Board of Trustees (the "Board") acting on behalf of the Irving Independent School District (the "District"), and Weldon Hafley ("Hafley" or the "Interim Superintendent").

**WHEREAS**, the Board of Trustees (the "Board") and the District are in need of, and are required by law to have, a duly appointed and qualified Superintendent of Schools to manage the financial and educational affairs of the District and on behalf of the Board of Trustees; and,

**WHEREAS**, Weldon Hafley is a duly certified public school administrator certified and qualified to assume the duties of Interim Superintendent of Schools until a permanent Superintendent of Schools is located and employed;

**NOW, THEREFORE, KNOW ALL BY THESE PRESENTS:**

That, for and in consideration of the mutual covenants, promises and agreements contained herein, the District and Hafley hereby agree to the following Terms and Conditions:

**1. TERM.**

1.1 Weldon Hafley is hereby employed as Interim Superintendent, and agrees to perform the duties of Interim Superintendent, beginning effective July 22, 2013. Unless this Agreement is sooner terminated as provided for herein, the Interim Superintendent will serve in this capacity until such time as the person selected by the Board as Superintendent of Schools assumes that position.

**2. EMPLOYMENT.**

2.1 The Interim Superintendent shall faithfully perform the duties of Interim Superintendent for the District, as assigned by the District's Board, Board Policy, all lawful directives of the Board, state and federal law, and all laws, rules, and regulations, as they currently exist, or may hereafter be adopted or amended.

2.2 The Interim Superintendent shall perform the duties of Superintendent of Schools for the District with reasonable care, skill, and expertise and in a thorough, prompt, and efficient manner. Interim Superintendent agrees to devote his time, skill, labor, and attention to performing his duties.

2.3 This Agreement is conditioned on the Interim Superintendent providing the necessary certification, experience records, and other records required



for personnel files or payroll purposes. Failure to provide necessary certification shall render this Agreement void. Any misrepresentation may be grounds for termination of this Agreement.

- 2.4 At the beginning of this Contract, and at any time during this Contract, the Interim Superintendent specifically agrees to submit to a review of his national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Interim Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract. The Interim Superintendent also agrees that, during the term of this Contract, the Interim Superintendent will notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Interim Superintendent. The Interim Superintendent agrees to provide such notification in writing within seven calendar days of the event or any shorter period specified in Board policy.

### **3. COMPENSATION.**

- 3.1 The District shall pay the Interim Superintendent for all contract days worked a daily rate of \$1,098.3183. These wages shall be paid to the Interim Superintendent in installments consistent with the Board's policies. Standard deductions shall be deducted from payments as required by law or requested by Interim Superintendent.
- 3.2 The District agrees to pay the Interim Superintendent the actual monthly amount necessary to secure housing within the boundaries of the District, with such amount not to exceed \$2,000.00 per month.
- 3.3 The District agrees to reimburse or pay Interim Superintendent for actual and incidental costs incurred by him for reasonable expenses directly incurred by the Interim Superintendent in the performance of his duties under this Agreement. The District agrees to pay the actual and incidental costs incurred by Interim Superintendent for out-of-District travel. Such costs may include, without limitation, gasoline, hotels, meals, car rental, and other expenses reasonably incurred in the performance of District business. The Interim Superintendent shall comply with all policies, procedures, and documentation requirements of the District in accordance with Board policies, practices, and regulations.
- 3.4 The District shall pay or reimburse the Interim Superintendent for attendance at business and professional seminars, training, conventions, or other professional meetings deemed necessary and appropriate by the Board and Interim Superintendent.

#### **4. TERMINATION OF EMPLOYMENT CONTRACT.**

- 4.1 This Agreement may be terminated at any time by the mutual agreement in writing of the Interim Superintendent and the Board, and shall be upon such terms and conditions as may be mutually agreed upon.
- 4.2 This Agreement shall be unilaterally terminated upon the resignation, retirement, incapacity or death of the Interim Superintendent. In the event that Interim Superintendent voluntarily terminates the agreement by resignation or retirement, Interim Superintendent shall give at least 30 days' written notice to the President of the Board of that decision to terminate.
- 4.3 Interim Superintendent and District agree that this Agreement is not governed by Chapter 21 of the Texas Education Code and that the Interim Superintendent has no Chapter 21 contract rights as Interim Superintendent. The Board retains the right to unilaterally terminate this Agreement without good cause. It is further agreed that the Board shall have the right to unilaterally terminate this Agreement upon the Board's hiring and employment of a new Superintendent for the District. In the event that the Board unilaterally decides to terminate this Agreement without good cause, the Board shall provide at least five days' written notice to the Interim Superintendent of the termination. In that event, Interim Superintendent will receive his daily compensation rate up to the date of termination. Additionally, the District shall compensate or reimburse the Interim Superintendent for any outstanding expenses arising from the terms of this Agreement prior to the termination. It is agreed by the Interim Superintendent that in the event of such unilateral termination by the Board, Interim Superintendent shall not be entitled to procedural due process and shall receive only the payments specified in this section. It is further understood and agreed that the payments provided by this section will be in full satisfaction of the District's obligation under this Agreement upon such unilateral termination and Interim Superintendent will fully release and discharge the District, its trustees, employees, and agents of all claims and liabilities relating to the Interim Superintendent's employment duties or termination from those duties under this Agreement upon the tender of such payments by the District to the Interim Superintendent.

#### **5. MISCELLANEOUS.**


- 5.1 This Agreement shall be governed by the laws of the State of Texas and is fully performable in Dallas County, Texas. Venue for any dispute arising out of this Agreement shall exclusively be in state courts in Dallas County, Texas.

- 5.2 In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision thereof. This Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 5.3 All existing agreements and terms, both verbal and written, between the parties hereto regarding the employment of the Interim Superintendent have been superseded by this Agreement, and this Agreement contains and constitutes the entire agreement between the parties unless amended pursuant to the terms of this Agreement. The parties acknowledge and warrant that: (1) There are no other agreements, whether oral or written, express or implied, relating to the subject matter of this Agreement; and (2) Neither party is entering into this Agreement in reliance on any promises or representations that are not contained herein. This Agreement cannot be amended except by written agreement of the parties.
- 5.4 The waiver of either party for breach or violation of any provision of this Agreement will not operate as or be construed to be a waiver of any other or subsequent breach or violation.
- 5.5 The rights and interests of the Interim Superintendent under this Agreement, including the Interim Superintendent's right to receive compensation hereunder, are personal to the Interim Superintendent and may not be assigned, sold, transferred, or pledged, nor may the duties and obligations of the Interim Superintendent be delegated, except as expressly provided for in this Agreement, Board policy, or state or federal laws, unless such assignments are mutually agreed upon in writing by the District and the Interim Superintendent.
- 5.6 Captions and headings used in this Agreement are for convenience only and are not to be construed in interpreting the Agreement.
- 5.7 This Agreement may be signed and delivered in two or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.
- 5.8 To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify the Interim Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against the Interim Superintendent for any claims made or occurrences in the Interim Superintendent's individual or official capacity as the Interim Superintendent of the District, providing the incident(s),

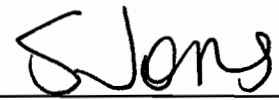
which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of the Interim Superintendent as an employee of the District, acting within the legitimate course and scope of the Interim Superintendent's employment with the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that the Interim Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by the Interim Superintendent. The selection of Interim Superintendent's legal counsel shall be determined by the District if such legal counsel is not also District's legal counsel. A legal defense may be provided through insurance coverage, in which right to agree to select counsel will depend on the terms of the applicable insurance contract. This provision shall not be construed to exceed the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102.

EXECUTED this 23rd day of July, 2013.


**INTERIM SUPERINTENDENT:**

  
\_\_\_\_\_  
Weldon Hafley

**IRVING ISD:**

  
\_\_\_\_\_  
Dr. Steven Jones, President  
Irving ISD  
Board of Trustees

**ATTEST:**

  
\_\_\_\_\_  
Norma C. Gonzales, Secretary  
Irving ISD  
Board of Trustees

### Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended August 31, 2012

Description of Reimbursements	Superintendent Dana Bedden	Board Member Heaheer Ashley	Board Member Ronda Huffstetler	Board Member Jerry Christian	Board Member Gwen Craig
Meals	\$88.17	\$0.00	\$71.51	\$66.32	\$70.37
Lodging	2,807.13	202.76	1,017.28	1,212.73	1,433.15
Transportation	2,746.50	231.65	617.90	508.94	895.45
Motor Fuel	0.00	0.00	0.00	0.00	0.00
Other	9,557.44 *	0.00	895.00	0.00	895.00
<b>Total</b>	<b>\$15,199.24</b>	<b>\$434.41</b>	<b>\$2,601.69</b>	<b>\$1,787.99</b>	<b>\$3,293.97</b>

Description of Reimbursements	Board Member Steven Jones	Board Member Valerie Jones	Board Member Gail Conder Wells	Board Member Larry Stipes
Meals	\$0.00	\$13.00	\$0.00	\$0.00
Lodging	1,094.25	1,142.70	433.86	0.00
Transportation	427.40	0.00	805.15	0.00
Motor Fuel	0.00	0.00	0.00	0.00
Other	0.00	0.00	920.00	0.00
<b>Total</b>	<b>\$1,521.65</b>	<b>\$1,155.70</b>	<b>\$2,159.01</b>	<b>\$0.00</b>

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

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.

\* Includes a reimbursement of \$4,169.85 for attorney fees approved by Board Resolution No. 11-12-89.

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

For the Twelve-Month Period Ended August 31, 2012

Name(s) of Entity(ies)	Amount Received
Non-Responsive	\$

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)**  
**(gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period ended August 31, 2012

Superintendent Dana Bedden	Board Member Heaher Ashley	Board Member Ronda Huffstetler	Board Member Jerry Christian	Board Member Gwen Craig
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Board Member Steven Jones	Board Member Valerie Jones	Board Member Gail Conder Wells	Board Member Larry Stipes
\$0.00	\$0.00	\$0.00	\$0.00

**Note** – 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.

**Business Transactions Between School District and Board Members**

For the Twelve-Month Period ended August 31, 2012

Board Member Heaher Ashley	Board Member Ronda Huffstetler	Board Member Jerry Christian	Board Member Gwen Craig
\$0.00	\$0.00	\$0.00	\$0.00

Board Member Steven Jones	Board Member Valerie Jones	Board Member Gail Conder Wells	Board Member Larry Stipes
\$0.00	\$0.00	\$0.00	\$0.00

**Note** - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

**Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822**

General Fund - First-Quarter Expenditures By Object Code

Report 2011-2012 first-quarter (first three months of fiscal year 2011-2012) GENERAL FUND expenditures by object code using whole numbers.

<b>Payroll-</b> Expenditures for payroll costs	object codes 6110-6149	<u>\$51,062,330</u>
<b>Contract Costs-</b> Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	<u>\$2,112,389</u>
<b>Supplies and Materials-</b> Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds and facilities	object code series 6300	<u>\$2,869,289</u>
<b>Other Operating-</b> Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	<u>\$1,213,941</u>
<b>Debt Service-</b> Expenditures for debt service	object code series 6500	<u>-</u>
<b>Capital Outlay-</b> Expenditures for land, buildings, and equipment	object code series 6600	<u>\$208,688</u>

Additional Financial Solvency Questions

1) Districts with a September 1- August 31 fiscal year:

Within the last two years, did the school district

- 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive and
- 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?

Yes	No
_____	_____ X _____
_____	_____ X _____
_____ X _____	_____

2) Has the school district declared financial exigency within the past two years?  
(For the 2011-12 school year due to loss of state funds of \$12,000,000.

3) Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Fund balances, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the school district's financial solvency.

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll-to-Teacher Ratio</u>	<u>School District Size</u>
8.30	7.05	Under 100
9.54	8.11	100 to 249
10.80	9.18	250 to 499
11.54	9.81	500 to 999
12.65	10.75	1,000 to 1,599
13.65	11.60	1,600 to 2,999
14.43	12.26	3,000 to 4,999
14.97	12.73	5,000 to 9,999
15.12	12.86	10,000 to 24,999
15.27	12.98	25,000 to 49,999
15.44	13.12	50,000 and Over

The District's ratio of students to teacher is 15.2 which is in the acceptable range for our size 25,000 to 49,999.

4) How many superintendents has your school district had in the last five years?

\_\_\_\_\_ 3 \_\_\_\_\_

5) How many business managers has your school district had in the last five years?

\_\_\_\_\_ 1 \_\_\_\_\_



## Glossary

**Accounting:** A standard school fiscal accounting system must be adopted and installed by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

**Ad Valorem Property Tax:** Literally the term means "according to value." Ad valorem taxes are based on a fixed proportion of the value of the property with respect to which the tax is assessed. They require an appraisal of the taxable subject matter's worth. General property taxes are almost invariably of this type. Ad valorem property taxes are based on ownership of the property, and are payable regardless of whether the property is used or not and whether it generates income for the owner (although these factors may affect the assessed value).

**Adopted Tax Rate:** The tax rate set by the school district to meet its legally adopted budget for a specific calendar year.

**All Funds:** A school district's accounting system is organized and operated on a fund basis where each fund is a separate fiscal entity in the school district much the same as various corporate subsidiaries are fiscally separate in private enterprise. All Funds refers to the combined total of all the funds listed below:

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds for the National School Breakfast and Lunch Program

**Assessed Valuation:** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**Auditing:** Accounting documents and records must be audited annually by an independent

auditor. Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

**Beginning Fund Balance:** The General Fund balance on the first day of a new school year. For most school districts this is equivalent to the fund balance at the end of the previous school year.

**Budget:** The projected financial data for the current school year. Budget data are collected for the general fund, food service fund, and debt service fund.

**Budgeting:** Not later than August 20 of each year, the superintendent (or designee) must prepare a budget for the school district if the fiscal year begins on September 1. (For those districts with fiscal years beginning July 1, this date would be June 20.) The legal requirements for funds to be budgeted are included in the Budgeting module of the TEA Resource Guide. The budget must be adopted before expenditures can be made, and this adoption must be prior to the setting of the tax rate for the budget year. The budget must be itemized in detail according to classification and purpose of expenditure, and must be prepared according to the rules and regulations established by the state board of education. The adopted budget, as necessarily amended, shall be filed with TEA through the Public Education Information Management System (PEIMS) as of the date prescribed by TEA.

**Capital Outlay:** This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under Object 6600. The amount spent on acquisitions, construction, or major renovation of school district facilities are reported under Function 80.

**Capital Project Funds:** Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds.)

**Cash:** The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes





## Glossary

---

deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**Chapter 41:** A key "equity" chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 41 must make a choice among several options in order to reduce their property wealth and share financial resources.

**Comptroller Certified Property Value:** The district's total taxable property value as certified by the Comptroller's Property Tax Division (Comptroller Valuation).

**Debt Service Fund:** Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Services:** Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services." Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71. Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object 6500 covers all expenditures for debt service.

**Deferred Revenue:** Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**Designated Fund Balance:** The designated fund balance represents tentative plans for the future use of financial resources. Designations require Board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time.

**Effective Tax Rate:** Provides the unit with approximately the same amount of revenue it had the year before on properties taxes in both years. A comparison of the effective tax rate to the taxing unit's proposed tax rate shows if there will be a tax increase.

**Ending Fund Balance:** The amount of unencumbered surplus fund balance reported by the district at the end of the specified school year. For most school districts this will be equivalent to the fund balance at the beginning of the next school year.

**Excess (Deficiency):** Represents receivables due (excess) or owed (deficiency) at the end of the school year. This amount is recorded as Asset Object 1200.

**Existing Debt Allotment (EDA):** Is the amount of state funds to be allocated to the district for assistance with existing debt.

**Federal Revenues:** Revenues paid either directly to the district or indirectly through a local or state government entity for Federally-subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

**Fiscal Year:** A period of 12 consecutive months legislatively selected as a basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

**Foundation School Program (FSP) Status:** The Foundation School Program (FSP) is the shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special



## Glossary

Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

**FTE: Full-Time Equivalent** measures the extent to which one individual or student occupies a full-time position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

**Function:** Function codes identify the expenditures of an operational area or a group of related activities. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function. The major functional areas are:

- Instruction and Instructional-Related Services
- Instructional and School Leadership
- Support Services - Student
- Administrative Support Services
- Support Services; Non-Student Based
- Ancillary Services
- Debt Service
- Capital Outlay
- 90 Intergovernmental Charges

**Fund Balance:** The difference between assets and liabilities reported in a governmental fund.

**General Administration:** The amount spent on managing or governing the school district as an overall entity. Expenditures associated with this functional area are reported under Function 41.

**General Fund:** This fund finances the fundamental operations of the district in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.

**I&S Tax Rate:** The tax rate calculated to provide the revenues needed to cover Interest and Sinking (I&S) (also referred to as Debt Service). I&S includes the interest and principal on bonds and other debt secured by property tax revenues.

**Incremental Costs:** The amount spent by a school district with excess wealth per WADA on the purchase of attendance credits either from the state or from other school district(s). Expenditures associated with this functional area are reported under Function 92.

**Instruction:** The amount spent on direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students regardless of location or medium. Expenditures associated with this functional area are reported under Function 11.

**Instructional Facilities Allotment (IFA):** (State Aid) Provides assistance to school districts in making debt service payments on qualifying bonds and lease-purchase agreements. Proceeds must be used for the construction or renovation of an instructional facility.

**Intergovernmental Charges:** "Intergovernmental" is a classification used when one governmental unit transfers resources to another. In particular, when a Revenue Sharing District purchases WADA or where one school district pays another school district to educate transfer students. Expenditures associated with this functional area are reported under Function 90.

**Investments in Capital Assets, Net of Related Debt:** One of three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

**Local & Intermediate Revenues:** All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 5700.

**Local Tax:** This is all revenues from local real and personal property taxes, including



## Glossary

recaptured funds from 1) Contracted Instructional Services Between Public Schools (Function 91) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

**M&O Tax Rate:** The tax rate calculated to provide the revenues needed to cover Maintenance & Operations (M&O). M&O includes such things as salaries, utilities, and day-to-day operations.

**Object:** An object is the highest level of accounting classification used to identify either the transaction posted or the source to which the associated monies are related. Each object is assigned a code that identifies in which of the following eight major object groupings it belongs:

- 1000 Assets
- 2000 Liabilities
- 3000 Fund Balances
- 5000 Revenue
- 6000 Expenditures/Expenses
- 7000 Other Resources/NonOperating Revenue/Residual Equity Transfers In
- 8000 Other Uses/NonOperating Revenue/Residual Equity Transfers Out

**Operating Expenditures:** A wide variety of expenditures necessary to a district's operations fall into this category with the largest portion going to payroll and related employee benefits and the purchase of goods and services.

**Operating Expenditures/Student:** Total Operating Expenditures divided by the total number of enrolled students.

**Operating Revenues and Expenses:** Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

**Other Local & Intermediate Revenues:** All local and intermediate revenues NOT from local real and personal property taxes including:

- Revenues Realized as a Result of Services Rendered to Other School Districts
- Tuition and Fees
- Rental payments, interest, investment income
- Sale of food and revenues from athletic and extra/co-curricular activities
- Revenues from counties, municipalities, utility districts, etc.

**Other Operating Costs:** Expenditures necessary for the operation of the school district that are NOT covered by Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Services, and Capital Outlay fall into this category and include travel, insurance and bonding costs, election costs, and depreciation. This amount is recorded as Expenditure/Expense Object 6400.

**Other Resources:** This amount is credited to total actual other resources or non-operating revenues received or residual equity transfers in. This amount is recorded under Object 7020.

### Payments for Shared Services

**Arrangements:** Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

**Payroll:** Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. *(NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

**PEIMS:** A state-wide data management system for public education information



## Glossary

---

in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the PEIMS Data Standards.

**Plant Maintenance & Operations:** The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

**Property /Refined ADA:** The district's Comptroller Certified Property Value divided by its total Refined ADA.

**Property/WADA:** The district's Comptroller Certified Property Value divided by its total WADA.

**Qualified Opinion:** Term used in connection with financial auditing. A modification of the independent auditor's report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor's general assertion that the financial statements are fairly presented.

**Refined ADA:** Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible days attendance is divided by the number of days of instruction to compute the refined average daily attendance.

**Reserve Fund Balance:** This is that portion of fund equity which is not available for appropriation or has been legally separated for a specific purpose.

**Revenues:** Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges,

grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate; State; and Federal.

**Robin Hood Funds:** See Wealth Equalization Transfer.

**Rollback Tax Rate:** Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the M&O portion of the rollback tax rate allows school districts to add four cents (\$0.04) to the lesser of the prior tax year compressed operating tax rate or the effective M&O rate to generate operating funds. School districts will get to add to the compressed operating rate any additional cents approved by voters at a 2006 or subsequent rollback election, not 8 percent. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

**School Year:** The twelve months beginning September 1 of one year and ending August 31 of the following year or beginning July 1 and ending June 30. Districts now have two options.

**Special Revenue Fund:** A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

**State Revenues:** Revenues realized from the Texas Education Agency, other state agencies, shared services arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

**Undesignated Fund Balance:** This is that portion of fund equity that is currently available to finance expenditures not already approved by the Board of Trustees.



## Glossary

---

**Undesignated Unreserved Fund Balances:** Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., designations). One primary criterion of rating agencies for school bonds is the relative amount of undesignated unreserved fund balance. Bond rating agencies view undesignated unreserved fund balances as a reflection of the financial strength of school districts and show concern when district fund balances decrease.

**Unqualified Opinion:** An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**Unrestricted Net Asset Balance:** The term net asset refers to the amount of total assets less total liabilities. Unrestricted net asset balance refers to the portion of total net assets that is neither invested in capital assets nor restricted.

**WADA:** A Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA in effect converts all of a school district's students with their different weights to a calculated number of regular students required to raise the same amount of revenue. The greater the number of students eligible for special entitlements, the greater a school district's WADA will be.

**Wealth Equalization Transfer:** The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (Function 91). Sometimes referred to as Robin Hood Funds.

### DISCLAIMER

All of the information provided is believed to be accurate and reliable; however, TASBO and TSPRA assume no responsibility for any errors, appearing in this information or otherwise. Further, TASBO and TSPRA assume no responsibility for the use of the information provided.