

**IRVING
INDEPENDENT SCHOOL DISTRICT**

Annual Financial Management Report

(A report on the School FIRST Accountability Rating System)

For the 2009-2010 School Year

Prepared by the Debbie Cabrera
Associate Superintendent for Business Services

TABLE OF CONTENTS

• Overview of School FIRST	1
• Irving Independent School District's Rating	2
• 2009-2010 District Status Detail.....	3
• Overall Statistics 2009-2010 Status Counts.....	6
• 2008-2009 District Status Detail.....	12
• Disclosures.....	16
• How Ratings Are Assessed	30
• Glossary	35

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

This is the ninth 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 76th 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 2009-2010 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 72-80 and a "Yes" to Indicator 7. Above Standard Achievement would require a score of 64-71 or ≥ 72 and a "No" to Indicator 7. Standard Achievement would be for a score of 56-63 and Substandard is less than 56 or "No" to any one Indicator 1, 2, 3, or 4, or "No" to both 5 and 6.

Irving ISD's 2009-2010 School FIRST rating: **Superior Achievement**

Of the 22 indicators for the financial period ended August 31, 2010 the district had all "Yes" answers on questions 1 through 6 and received the score of 75 out of 80 points on questions 7 through 22. The district's fund balance exceeded the optimal TEA determined fund balance and therefore received no points for Question 19. The report generated by TEA for the Irving ISD based on 2009-2010 district data follows along with the overall result for all districts in the state. A copy of the district's report for 2008-2009 is included for comparative purposes.

FIRST

Financial Integrity Rating System of Texas

2009-2010 DISTRICT STATUS DETAIL

Name: IRVING ISD(057912)		Publication Level 1: 6/17/2011 9:03:31 AM	
Status: Passed		Publication Level 2: 8/31/2011 1:00:45 PM	
Rating: Superior Achievement		Last Updated: 8/31/2011 1:00:45 PM	
District Score: 75		Passing Score: 56	
#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	4/25/2011 3:40:45 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>	4/25/2011 3:40:45 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>	4/25/2011 3:40:45 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>	4/29/2011 3:39:15 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	4/25/2011 3:40:46 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	4/25/2011 3:40:46 PM	Yes
			1 Multiplier Sum
7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	4/25/2011 3:40:46 PM	5
8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	4/25/2011 3:40:46 PM	5

9	<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>	5/10/2011 9:57:49 PM	5
10	<u>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)</u>	4/25/2011 3:40:47 PM	5
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	4/25/2011 3:40:47 PM	5
12	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	4/25/2011 3:40:47 PM	5
13	<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>	4/25/2011 3:40:48 PM	5
14	<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>	5/10/2011 4:01:27 PM	5
15	<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>	4/25/2011 3:40:48 PM	5
16	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	4/25/2011 3:40:49 PM	5
17	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	4/25/2011 3:40:49 PM	5
18	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	4/25/2011 3:40:49 PM	5
19	<u>Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?</u>	4/25/2011 3:40:49 PM	0
20	<u>Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)</u>	4/25/2011 3:40:50 PM	5

21	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	4/25/2011 3:40:50 PM	5
22	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	4/25/2011 3:40:50 PM	5
			75 Weighted Sum
			1 Multiplier Sum
			75 Score

DETERMINATION OF RATING

A.	Did The District Answer ' No ' To Indicators 1, 2, 3 Or 4? OR Did The District Answer ' No ' To Both 5 and 6? If So, The District's Rating Is Substandard Achievement .		
B.	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-22)		
	Superior Achievement	72-80 and Yes to indicator 7	
	Above Standard Achievement	64-71 or ≥ 72 and No to indicator 7	
	Standard Achievement	56-63	
	Substandard Achievement	< 56 or No to one default indicator	

INDICATOR 17 & 18 RATIOS

Indicator 17	Ranges for Ratios		Indicator 18	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 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
2009-2010 STATUS COUNTS**

Status	Count	% Total	Enrollment	% Total Enrollment
Passed	1,017	98.83 %	4,687,803	99.62 %
Failed	12	1.17 %	17,760	0.38 %
Total	1,029	100.00 %	4,705,563	100.00 %

2009-2010 RATING COUNTS

Ratings	Count	% Total	Enrollment	% Total Enrollment
Superior Achievement	784	76.19 %	3,705,144	78.74 %
Above Standard Achievement	216	20.99 %	951,861	20.23 %
Standard Achievement	17	1.65 %	30,798	0.65 %
Substandard Achievement	12	1.17 %	17,760	0.38 %
Total	1,029	100.00 %	4,705,563	100.00 %

2009-2010 ALL RESULTS BY INDICATOR

Indicator	Result	Count	% of Districts	Enrollment	% Total Enrollment
1	Yes	1023	99.42 %	4695947	99.80 %

	No	6	0.58 %	9616	0.20 %
2	Yes	1025	99.61 %	4700916	99.90 %
	No	4	0.39 %	4647	0.10 %
3	Yes	1029	100.00 %	4705563	100.00 %
	No	0	0.00 %	0	0.00 %
4	Yes	1027	99.81 %	4696155	99.80 %
	No	2	0.19 %	9408	0.20 %
5	Yes	1026	99.71 %	4696948	99.82 %
	No	3	0.29 %	8615	0.18 %
6	Yes	993	96.50 %	4464457	94.88 %
	No	36	3.50 %	241106	5.12 %
7	5	1015	98.64 %	4579585	97.32 %
	0	14	1.36 %	125978	2.68 %
8	5	866	84.16 %	4312735	91.65 %
	4	148	14.38 %	348125	7.40 %
	3	15	1.46 %	44703	0.95 %
9	5	992	96.40 %	4536786	96.41 %
	0	37	3.60 %	168777	3.59 %
10	5	660	64.14 %	4177633	88.78 %

	4	139	13.51 %	201175	4.28 %
	3	74	7.19 %	121910	2.59 %
	2	50	4.86 %	92331	1.96 %
	1	45	4.37 %	62325	1.32 %
	0	61	5.93 %	50189	1.07 %
11	5	998	96.99 %	4270142	90.75 %
	0	31	3.01 %	435421	9.25 %
12	5	1020	99.13 %	4677301	99.40 %
	0	9	0.87 %	28262	0.60 %
13	5	1019	99.03 %	4687262	99.61 %
	0	10	0.97 %	18301	0.39 %
14	5	1027	99.81 %	4704819	99.98 %
	0	2	0.19 %	744	0.02 %
15	5	1027	99.81 %	4704502	99.98 %
	0	2	0.19 %	1061	0.02 %
16	5	990	96.21 %	4670129	99.25 %
	0	39	3.79 %	35434	0.75 %
17	5	951	92.42 %	4578285	97.30 %
	4	41	3.98 %	70737	1.50 %

	3	19	1.85 %	49055	1.04 %
	2	7	0.68 %	5467	0.12 %
	1	3	0.29 %	947	0.02 %
	0	8	0.78 %	1072	0.02 %
18	5	681	66.18 %	3914097	83.18 %
	4	135	13.12 %	503266	10.70 %
	3	93	9.04 %	205846	4.37 %
	2	47	4.57 %	39491	0.84 %
	1	26	2.53 %	15205	0.32 %
	0	47	4.57 %	27658	0.59 %
19	5	889	86.39 %	4200206	89.26 %
	4	9	0.87 %	76531	1.63 %
	3	9	0.87 %	33105	0.70 %
	2	9	0.87 %	7383	0.16 %
	1	8	0.78 %	17508	0.37 %
	0	105	10.20 %	370830	7.88 %
20	5	971	94.36 %	4570930	97.14 %
	3	1	0.10 %	7809	0.17 %
	1	2	0.19 %	1770	0.04 %

	0	55	5.34 %	125054	2.66 %
21	5	1027	99.81 %	4704550	99.98 %
	0	2	0.19 %	1013	0.02 %
22	5	531	51.60 %	759660	16.14 %
	4	12	1.17 %	68917	1.46 %
	3	16	1.55 %	56600	1.20 %
	2	20	1.94 %	48780	1.04 %
	1	12	1.17 %	58423	1.24 %
	0	438	42.57 %	3713183	78.91 %

2009-2010 ANSWERS BY INDICATOR

Indicator	Yes	No	5	4	3	2	1	0	Total
1	1023	6	x	x	x	x	x	x	1029
2	1025	4	x	x	x	x	x	x	1029
3	1029	x	x	x	x	x	x	x	1029
4	1027	2	x	x	x	x	x	x	1029
5	1026	3	x	x	x	x	x	x	1029
6	993	36	x	x	x	x	x	x	1029
7	x	x	1015	x	x	x	x	14	1029
8	x	x	866	148	15	x	x	x	1029

9	x	x	992	x	x	x	x	37	1029
10	x	x	660	139	74	50	45	61	1029
11	x	x	998	x	x	x	x	31	1029
12	x	x	1020	x	x	x	x	9	1029
13	x	x	1019	x	x	x	x	10	1029
14	x	x	1027	x	x	x	x	2	1029
15	x	x	1027	x	x	x	x	2	1029
16	x	x	990	x	x	x	x	39	1029
17	x	x	951	41	19	7	3	8	1029
18	x	x	681	135	93	47	26	47	1029
19	x	x	889	9	9	9	8	105	1029
20	x	x	971	x	1	x	2	55	1029
21	x	x	1027	x	x	x	x	2	1029
22	x	x	531	12	16	20	12	438	1029



Financial Integrity Rating System of Texas

2008-2009 DISTRICT STATUS DETAIL

Name: IRVING ISD(057912)	Publication Level 1: 6/11/2010 12:03:10 PM
Status: Passed	Publication Level 2: 8/30/2010 4:06:59 PM
Rating: Superior Achievement	Last Updated: 8/30/2010 4:06:59 PM
District Score: 75	Passing Score: 56

#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	3/30/2010 2:39:34 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>	3/30/2010 2:39:34 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>	3/30/2010 2:39:34 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>	3/30/2010 2:39:34 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	3/30/2010 2:39:34 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	3/30/2010 2:39:35 PM	Yes
			1 Multiplier Sum

7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	3/30/2010 2:39:35 PM	5
8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	3/30/2010 2:39:35 PM	5
9	<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>	3/30/2010 2:39:36 PM	5
10	<u>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)</u>	3/30/2010 2:39:36 PM	5
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	3/30/2010 2:39:36 PM	5
12	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	3/30/2010 2:39:36 PM	5
13	<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>	3/30/2010 2:39:37 PM	5
14	<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>	3/30/2010 2:39:37 PM	5
15	<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>	3/30/2010 2:39:37 PM	5

16	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	3/30/2010 2:39:37 PM	5
17	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	3/30/2010 2:39:37 PM	5
18	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	3/30/2010 2:39:38 PM	5
19	<u>Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?</u>	3/30/2010 2:39:38 PM	0
20	<u>Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)</u>	3/30/2010 2:39:38 PM	5
21	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	3/30/2010 2:39:39 PM	5
22	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	3/30/2010 2:39:39 PM	5
			75 Weighted Sum
			1 Multiplier Sum
			75 Score

DETERMINATION OF RATING

A.	Did The District Answer 'No' To Indicators 1, 2, 3 Or 4? OR Did The District Answer 'No' To Both 5 and 6? If So, The District's Rating Is Substandard Achievement .	
B.	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-22)	
	Superior Achievement	72-80 and Yes to indicator 7
	Above Standard Achievement	64-71 or ≥ 72 and No to indicator 7
	Standard Achievement	56-63
	Substandard Achievement	< 56 or No to one default indicator

INDICATOR 17 & 18 RATIOS

Indicator 17	Ranges for Ratios		Indicator 18	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 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

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. Amended to be 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.

SUPERINTENDENT'S EMPLOYMENT AGREEMENT

STATE OF TEXAS § EMPLOYMENT AGREEMENT
 § BETWEEN THE BOARD OF TRUSTEES OF
COUNTY OF DALLAS § IRVING INDEPENDENT SCHOOL DISTRICT
 § AND DANA T. BEDDEN

This SUPERINTENDENT'S EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective the 1st day of July, 2011, by and between the Board of Trustees (the "Board") of the Irving Independent School District (the "District") and Dana T. Bedden ("Superintendent").

RECITALS

WHEREAS, the Board desires to amend and extend the written employment contract with the Superintendent of Schools in order to enhance administrative stability and continuity within the school district, which the Board believes will generally improve the quality of its education program.

WITNESSETH

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Chapter 21, Subchapter E, and Section 11.201(b) of the Texas Education Code, have agreed, and do hereby agree, as follows:

I. Term

1.1 **Term.** The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment, as Superintendent of Schools for the District for a term of five (5) years, commencing on July 1, 2011, and ending on June 30, 2016. The District may, by action of the Board and with the consent and approval of the Superintendent, extend the term of this Agreement as permitted by state law. Failure to reissue the Agreement for an extended term shall not constitute nonrenewal under Board Policy.

1.2 **No Tenure.** The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure or expectancy of continued employment. No right of tenure is created by this Agreement. No property interest, express or implied, is created in continued employment beyond the term of this Agreement.

II. Employment

2.1 **Duties.** The Superintendent is the educational leader and chief executive officer of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as

prescribed in the job description of the position and adopted Board Policies, and shall comply with all lawful Board directives, state and federal law, District policy, rules and regulations as they exist or may hereafter be amended and as may be lawfully assigned. The Superintendent shall perform his duties with reasonable care, skill, diligence and expertise. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent. The duties of the Superintendent include, but are not necessarily limited to, the following:

2.1.1 assuming administrative responsibility and leadership for the planning, organization, operation, supervision, and evaluation of the education programs, services, and facilities of the District and for the annual performance appraisal of the District's staff;

2.1.2 except as provided by Section 11.202 Tex Educ Code assuming administrative authority and responsibility for the assignment, supervision, and evaluation of all personnel of the District other than the Superintendent;

2.1.3 Superintendent shall organize, reorganize, and arrange the staff of the District, and develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law and to notify the Board when such activities are accomplished.

2.1.4 overseeing compliance with the standards for school facilities established by the Commissioner under Section 46.008 Tex Educ Code;

2.1.5 initiating the termination or suspension of an employee or the nonrenewal of an employee's term contract;

2.1.6 managing the day-to-day operations of the District as its administrative manager including implementing and monitoring plans, procedures, programs and systems to achieve clearly defined and desired results in major areas of District operations;

2.1.7 preparing and submitting to the Board of Trustees a proposed budget as provided by Section 44.002 Tex Educ Code and rules adopted under that section, and administering the budget;

2.1.8 preparing recommendations for policies to be adopted by the Board of Trustees and overseeing the implementation of adopted policies;

2.1.9 developing or causing to be developed appropriate regulations to implement policies established by the Board of Trustees;

2.1.10 providing leadership for the attainment and, if necessary, improvement of student performance in the District based on the indicators adopted under Sections 39.053 and 39.301 Tex Educ Code and other indicators adopted by the Commissioner

or the District's Board of Trustees;

2.1.11 organizing the District's central administration;

2.1.12 consulting with the district-level committee as required under Section 11.252(f) Tex Educ Code;

2.1.13 ensuring;

2.1.13.1 adoption of a student code of conduct as required under Section 37.001 Tex Educ Code and enforcement of that code of conduct; and

2.1.13.2 adoption and enforcement of other student disciplinary rules and procedures as necessary;

2.1.14 submitting reports as required by state or federal law, rule, or regulations, and the Board of Trustees;

2.1.15 providing joint leadership with the Board of Trustees to ensure that the responsibilities of the Board and Superintendent team are carried out;

2.1.16 performing any other duties assigned by lawful action of the Board of Trustees; and

2.1.17 on a day-to-day basis, ensure the implementation of the Policies adopted by the Board pursuant to Section 11.1512(a) Tex Educ Code.

2.2 Other Employment. The Superintendent may not receive any financial benefit for personal services performed by the Superintendent for any business entity that conducts or solicits business with the District. Any financial benefit received by the Superintendent for performing professional services for any other entity, including a school district, open-enrollment charter school, regional education service center, or public or private institution of higher education, must be approved by the Board of Trustees on a case-by-case basis in an open meeting. For purposes of this subsection, the receipt of reimbursement for a reasonable expense is not considered a financial benefit.

2.3 Professional Certification. The Superintendent shall at all times during the term of this Agreement, and any renewal or extension thereof, hold and maintain a valid certificate required of a Superintendent by the State of Texas and issued by the State Board for Educator Certification and all other certificates required by law.

2.4 Reassignment. The Superintendent cannot be reassigned from the position of Superintendent without the Superintendent's express written consent.

2.5 Board Meetings. Unless otherwise prohibited by law, the Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the

exception of those closed meetings devoted to the consideration of any action or lack of action on this Agreement or the Superintendent's salary and benefits as set forth in this Agreement, or the Superintendent's evaluation, or for purposes of resolving conflicts between individual Board Members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board President-approved absence, the Superintendent's designee shall attend such meetings.

2.6 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer in a timely manner all substantive criticisms, complaints, and suggestions called to the Board's attention either: (a) to the Superintendent for study and/or appropriate action, and the Superintendent shall refer such matter(s) to the appropriate District employee or shall investigate such matter(s) and shall within a reasonable time inform the Board of the results of such efforts; or, (b) to the appropriate complaint resolution procedure as established by District Board policies.

2.7 Indemnification. To the extent it may be permitted to do so 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 Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as 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 Superintendent as an employee of the District, acting within the course and scope of 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 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, with conscious indifference or reckless disregard; 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 Superintendent. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and the District if such legal counsel is not also the District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him depends on the terms of the applicable insurance contract. To the extent this Section 2.7 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this Section 2.7 shall survive the termination of this contract.

III. Salary

3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of Two Hundred Forty-Four Thousand Four Hundred and No/100 Dollars (\$244,400.00). This annual salary rate shall be paid to the Superintendent in equal monthly installments consistent with the Board's Policies.

3.2 Salary Adjustments. At any time during the term of this Agreement, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the

Superintendent be paid less than the salary set forth in Section 3.1 of this Agreement except by mutual agreement of the two Parties. Such adjustments shall be made pursuant to a lawful Board resolution. In such event, the Parties agree to provide their best efforts and reasonable cooperation to execute a new Agreement incorporating the adjusted salary.

IV. Benefits

4.1 Vacation, Holiday and Personal Leave. The Superintendent may take, at the Superintendent's choice, with prior notice to the Board President, three (3) weeks of paid vacation, the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Agreement. The Superintendent may observe the same legal holidays as provided by Board Policies for administrative employees on twelve month contracts. The Superintendent is entitled to the same personal and sick leave benefits as authorized by Board Policies for administrative employees on twelve-month contracts and pursuant to state law. The accrual of state and local leave shall be as provided in state law and Board Policy. Vacation days shall accrue and Superintendent may carry over a maximum of ten (10) days of unused vacation from the year in which they are provided. The Superintendent may accrue up to 20 days vacation for which he will be paid at his then daily rate of pay upon his separation of employment from the District. The subject daily rate of pay for these purposes shall be determined by dividing his salary at the effective time of separation from employment by two hundred thirty (230) days.

4.2 Insurance. The District shall pay the premiums or employer contributions for hospitalization and health or medical insurance coverage for the Superintendent and his family pursuant to the employee health care EPO or similar plan provided by the District for its administrative and other employees. The District shall pay the premiums for dental and vision insurance for the Superintendent and his family. The District shall pay the premiums of not greater than an annual total of an additional \$4,000.00 for a life insurance, tax sheltered annuity, long term care insurance, long term disability insurance, cancer/dread disease insurance, or etc. benefit to be determined by Superintendent.

4.3 Professional Activities and Events. The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional activities and meetings at the local, regional, state and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular knowledge, skills, expertise, or backgrounds would serve to improve the capacity or ability of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent, as the Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District does hereby agree to provide in the District's budget during the term of this Agreement for

the benefit of the Superintendent, a professional development budget per Agreement year to be used for registration, travel, meals, lodging and other related expenses. The District shall pay the Superintendent's membership dues to the Texas Association of School Administrators and the American Association of School Administrators, as well as other memberships such as, but not limited to, Association of Latino Administrators, Region 10 ESC, Chamber of Commerce, Texas School Alliance, TEA, NSBA, TASB, Urban Superintendents Association of America, TASCDC, and ASCD necessary to maintain and improve the Superintendent's professional knowledge and skills. The District shall bear the reasonable costs and expenses for such attendance, membership and participation.

4.4 Civic Activities. The Superintendent is encouraged to participate in city, county community and civic affairs and is entitled to reimbursement for reasonable and necessary costs or expenses incurred in doing so.

4.5 Expenses. The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Agreement. The District agrees to pay the actual and incidental costs incurred by the Superintendent for out-of-area (greater than fifty (50) miles) travel from the District's Administration Building. Such actual or incidental costs may include, but are not limited to, mileage for the use of a personal vehicle at the U. S. Government approved rate, hotels and accommodations, airfare at tourist class rates, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board Policies or state laws.

4.6 Local Travel. The District shall provide the Superintendent with a monthly travel allowance of \$1,000.00 to cover local travel expenses within fifty (50) miles of the Irving ISD Administration Building. No documentation of actual expense is required for this payment.

4.7 Computer. The Superintendent shall be provided with a laptop computer, and internet access. The Superintendent may also utilize this equipment for reasonable personal use within established District Acceptable Use Agreements.

4.8 Purchase of Service Credit. Beginning on April 1, 2011, and thereafter on or before December 31 of each year during the term of this Agreement (including December 31, 2011), the District shall contribute an amount each year equal to the cost of purchasing one year of out-of-state service credit for the Superintendent with the Texas Teachers Retirement System (TRS). Such contributions shall be made to a Supplemental Retirement Plan described in Section 4.9 hereof.

4.9 Supplemental Retirement Plan. The Supplemental Retirement Plan shall be a plan established under Section 403(b) of the Internal Revenue Code (the "Code"). The 403(b) plan shall be established as employer-paid with non-discretionary contributions by the District and the Superintendent shall have no right to receive such contributions in cash. The 403(b) plan shall each be established under a written plan document that meets the requirements of the Code and such document is hereby incorporated herein by reference. The funds for the 403(b) plan shall each be invested as determined solely by the Superintendent in such investment vehicles as are

allowable under the Code for the applicable type of plan. The Supplemental Retirement Plan shall provide that transfers can be made to TRS to purchase service credit as a tax-deferred transaction as provided by the Code. As provided by the Code, neither the contributions to the Supplemental Retirement Plan nor the earnings thereon shall be treated as taxable income to the Superintendent until a distributable event occurs as defined by the Code. The contributions to the Supplemental Retirement Plan and earnings thereon become vested according to the schedule listed below.

<u>Date</u>	<u>Vested Percentage</u>
Prior to June 30, 2015	0%
June 30, 2015	100%

4.10 Other Memberships. The Superintendent is authorized to serve as the designated representative of the District and to use the District’s Membership in the Las Colinas Country Club/Club Corp when conducting District business or for District’s public school purposes. The Superintendent may use the membership for private purposes subject to the Superintendent paying for such expenses incurred for non District purposes.

4.11 Employee TRS Contribution. The District shall supplement the Superintendent’s annual salary in an amount equal to the current or prevailing amount of the Superintendent’s employee contribution to the Texas Teacher Retirement System (“TRS”). To the extent permitted by the rules of TRS, this additional salary supplement shall be reported as “creditable compensation” by the District for purposes of TRS.

V. Annual Performance Goals

5.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board’s consideration and adoption, a preliminary list of Goals for the District. The Goals approved by the Board shall at all times be reduced to writing (“District Goals”) and shall be among the criteria on which the Superintendent’s performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District Goals.

VI. Review of Performance

6.1 Time and Basis of Evaluation. As required by law and Board Policies, the Board shall evaluate and appraise in writing the performance of the Superintendent at least once each year during the term of this Agreement. The evaluation and appraisal shall be reasonably related to the duties and responsibilities of the Superintendent as outlined in the Superintendent’s job description, this Agreement, Board Polices and state law and shall include consideration of the District’s progress towards accomplishing the District Goals.

6.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in closed or executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent’s evaluation with their respective legal counsel.

6.3 Evaluation Format and Procedures. The evaluation format, instruments and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with the provisions of Article V of this Agreement, the Board's Policies, and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedure should be modified and such modifications would require new or different performance expectations, such modifications to be adopted only upon consultation with the Superintendent, and the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being formally evaluated.

6.4 Annual Physical Examination. Superintendent shall annually have a comprehensive medical examination at District's expense by a licensed physician to be mutually agreed upon. The results in writing of this examination shall be made available to the President of the Board and kept confidential to the extent permitted by law.

VII. Extension or Nonrenewal of Employment Agreement

7.1 Extension/Nonrenewal. Extension or nonrenewal shall be in accordance with Board Policy, Texas Education Code Chapter 21, Subchapter E, and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Texas Education Code, the Superintendent shall be entitled to written notice not later than the 60th day before the last day of the Agreement term and containing reasonable notice of the reason(s) for the proposed nonrenewal of the Superintendent's Employment Agreement with the District.

VIII. Termination of Employment Agreement

8.1 Mutual Agreement. This Agreement may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as may be mutually agreed upon.

8.2 Retirement or Death. This Agreement shall be terminated upon the retirement or death of the Superintendent.

8.3 Dismissal for Good Cause. The Board may dismiss the Superintendent during the term of the Agreement for good cause. The term "good cause" is defined as follows:

- a. Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Agreement;
- b. Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any asserted incompetency or inefficiency;

- c. Insubordination or failure to comply with lawful written Board directives;
- d. Failure to substantially comply with written Board Policies;
- e. Neglect of duties;
- f. Excessive use of alcoholic beverages;
- g. Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- h. Conviction of a felony or crime involving moral turpitude;
- i. Failure to meet the Standards For Professional Educators promulgated by the Commissioner of Education, the State Board of Education, or other state law, rules or regulations;
- j. Disability, not otherwise protected by law, that substantially impairs the Superintendent's performance of required duties;
- k. Immorality, which is conduct not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency or depravity;
- l. Assault on an employee or student;
- m. Knowingly falsifying records or documents related to the District's activities;
- n. Conscious misrepresentation of material facts to the Board, State or Federal Officials in the conduct of the District's business;
- o. Failure to fulfill or maintain requirements for superintendent certification; or
- p. Any other reason constituting "good cause" under Texas law.

8.4 Termination Procedure. In the event the Board proposes the termination of this Agreement for "good cause," the Superintendent shall be afforded all the procedural rights as set forth in the Board's Policies, and state and federal law.

8.5 Resignation of Superintendent. The Superintendent may leave the employment of the District at the end of a school year without penalty by filing a written resignation with the Board. The resignation must be addressed to the Board and filed not later than the 45th day before the first day of instruction of the following year. The Superintendent may resign, with the consent of the Board, at any other time.

Article IX. Miscellaneous

9.1 Controlling Law. This Agreement shall be governed by the laws of the State of Texas and shall be performable in Dallas County, Texas, unless otherwise provided by law.

9.2 Complete Agreement. This Agreement embodies the entire Agreement between the Parties hereto and cannot be varied except by written agreement of the undersigned Parties, except as expressly provided herein.


9.3 **Conflicts.** In the event of any conflict between the terms, conditions and provisions of this Employment Agreement and the provisions of the Board's Policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Agreement shall take precedence over the contrary provisions of the Board's Policies or any such permissive law during the term of the Agreement.

9.4 **Limitation of Authority.** The Superintendent shall have no authority to act for or on behalf of the Board except as expressly provided for in this Agreement, adopted Board Policies or as otherwise authorized by the Board. No other authority or power is granted or implied except to the extent reasonably necessary to implement or carry out an expressed grant of authority or power.

9.5 **Severability.** In the event that any provision of this Agreement is determined to be invalid, void or unenforceable, then the remaining terms, provisions, covenants, and conditions of this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated.

9.6 **Merger.** This Agreement contains the entire Agreement between the Board, the District and the Superintendent and supersedes any prior understandings, oral or written Agreements between the Board and the Superintendent on any of the subjects or matters contained herein. No modifications, alterations, or waivers of any term, covenant, or condition of this Agreement and any attachments, addenda, or other documents shall be valid unless in writing and subsequently executed by the Superintendent and Board which shall, on behalf of the Board, be evidenced by a duly enacted and adopted Resolution of the Board.

IRVING INDEPENDENT SCHOOL DISTRICT


By: 
President, Board of Trustees

ATTEST:

By: 
Secretary, Board of Trustees

Executed this 7 day of March, 2011.

SUPERINTENDENT

By: 
Dana T. Bedden

Executed this 7 day of March, 2011.

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended August 31, 2010

Description of Reimbursements	Interim Superintendent	Superintendent	Board Member	Board Member	Board Member
	Neil Dugger	Dana Bedden	Jerry Christian	Valerie Jones	Nancy Jones
Meals	\$988.19	\$30.00	\$108.69	\$378.22	\$378.22
Lodging	415.32		1,178.55	1,844.09	1,206.64
Transportation	1,217.08	637.12	287.80	622.60	280.20
Motor Fuel	61.51				
Other	615.00			621.00	355.00
Total	\$3,297.10	\$667.12	\$1,575.04	\$3,465.91	\$2,220.06

	Board Member	Board Member	Board Member	Board Member
	Heather Ashley	Ronda Huffstetler	A. D. Jenkins	Gwen Craig
Meals	\$237.46	\$378.22	\$378.22	\$287.46
Lodging	400.06	1,685.07	1,758.53	600.09
Transportation		622.60	255.40	
Motor Fuel				
Other	335.00	621.00	621.00	335.00
Total	\$972.52	\$3,306.89	\$3,013.15	\$1,222.55

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.

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, 2010

Name(s) of Entity(ies)	Amount Received
None	\$0.00
Total	\$0.00

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, 2010

	Interim Superintendent Neil Dugger	Superintendent Dana Bedden	Board Member Jerry Christian	Board Member Valerie Jones	Board Member Nancy Jones
Total	\$0	\$0	\$0	\$0	\$0

	Board Member Heather Ashley	Board Member Ronda Huffstetler	Board Member A. D. Jenkins	Board Member Gwen Craig
Total	\$0	\$0	\$0	\$0

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, 2010

	Board Member Jerry Christian	Board Member Valerie Jones	Board Member Nancy Jones	Board Member Heather Ashley	Board Member Ronda Huffstetler	Board Member A. D. Jenkins	Board Member Gwen Craig
Amounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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 2010-2011 first-quarter (first three months of fiscal year 2010-2011) GENERAL FUND expenditures by object code using whole numbers.

Payroll- Expenditures for payroll costs	object codes 6110-6149	\$ 52,069,204
Contract Costs- Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	\$ 2,242,024
Supplies and Materials- Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	\$ 2,394,829
Other Operating- Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	\$ 779,227
Debt Service- Expenditures for debt service	object code series 6500	\$ -
Capital Outlay- Expenditures for land, buildings, and equipment	object code series 6600	\$ 261,587
		\$ 57,746,871

Additional Financial Solvency Questions

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

Within the last two years, did the school district	Yes	No
1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and		X
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?		X

2) Has the school district declared financial exigency within the past two years? X

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. No relevant comments reported

29

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll-to-Teacher Ratio</u>	<u>School District Size</u>
8.39	7.13	Under 100
9.48	8.06	100 to 249
10.73	9.12	250 to 499
11.48	9.76	500 to 999
12.45	10.58	1,000 to 1,599
13.52	11.50	1,600 to 2,999
14.29	12.15	3,000 to 4,999
14.80	12.58	5,000 to 9,999
14.88	12.65	10,000 to 24,999
15.01	12.76	25,000 to 49,999
15.06	12.80	50,000 and Over

IISD ratio of 13.8 is not below the norm of 15.01 by more than 15% criteria

4) How many superintendents has your school district had in the last five years? _____ 2

5) How many business managers has your school district had in the last five years? _____ 1



How Ratings are Assessed

Rating Worksheet

With the passage of House Bill 3, 81st Legislative Session, the 65% instructional expenditure ratio requirement was repealed. This resulted in the deletion of prior indicators 13 and 14 related to the 65% instructional expenditure ratio requirement for the ratings issued by the Texas Education Agency in the summer of 2010. This also resulted in the deletion of provisions for posting the check register on the school district's Internet site, under the 2010 amendment of Title 19, Texas Administrative Code, Chapter 109, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants. The following is a layman's explanation of what the questions mean—and what your district's answers can mean to its rating.

1. Was total Fund Balance less Reserved Fund Balance greater than Zero in the General Fund?

School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance cash (savings) that is not designated or "reserved" for a specific purpose. In other words, "Does your district have funds set aside for a rainy day?"

2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest for Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's Five-Year Percent Change in Students was a 10% Increase or More then Answer Yes)

This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?" Fortunately this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain scenarios.

3. Were there NO disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?

This indicator seeks to make certain that your district has paid your bills/obligations on bonds issued to pay for school construction, etc.

4. Was the Annual Financial Report filed within one month after the November 27 or January 28 deadline depending upon the district's Fiscal Year end date (June 30 or August 31)?

A simple indicator. Was your Annual Financial Report filed by the deadline?



How Ratings are Assessed

5. Was there an Unqualified Opinion in the Annual Financial Report?

A “qualification” on your financial report means that you need to correct some of your 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.

6. Did the Annual Financial Report NOT disclose any instance(s) of material weakness in internal controls?

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.

7. Did the district’s academic rating exceed academically unacceptable?

This indicator simply asks whether the district’s accreditation status is in good standing.

8. Was the three year average percent of total tax collections (including delinquent) greater than 98 percent?

This indicator measures your district’s success in collecting the taxes owed to

you by your community’s businesses and homeowners, placing a 98 percent minimum collections standard. You must collect based upon a three-year average more than 98% of your taxes, including any delinquent taxes owed from past years. A district earns up to five points under this indicator based upon its relative performance.

9. Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of less than 3 percent of expenditures per fund type (Data Quality Measure)?

This indicator measures the quality of data reported to PEIMS and in your 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 3 percent or more, your district “fails” this measure.

10. Were Debt-Related Expenditures (net of IFA and/or EDA allotment) less than \$350 per student? (If the district’s five-year percent change in students was a 7 percent increase or more, or if property taxes collected per penny of tax effort were more than \$200,000, then the district receives 5 points.)

This indicator shows the Legislature’s intent for school districts to spend money on education, rather than fancy buildings, by limiting the amount of money district’s can spend on debt to \$350 per student. Fortunately, the



How Ratings are Assessed

Legislature did allow for fast-growth schools to exceed this cap. A district earns up to five points under this indicator based upon its relative performance.

11. Was there NO disclosure in the Annual Audit Report of Material Noncompliance?

NO disclosure means the Annual Audit Report includes no disclosure indicating that the school district failed to comply with laws, rules and regulations for a government entity.

12. Did the district have full accreditation status in relation to financial management practices? (e.g. no conservator or monitor assigned)

Did TEA take over control of your district due to financial issues such as fraud or having a negative fund balance? If not, you pass this indicator.

13. Was the aggregate of Budgeted Expenditures and Other Uses LESS THAN the aggregate of Total Revenues, Other Resources and Fund Balance in General Fund?

Did you overspend your budget? Your district will receive a negative rating on this measure if your total expenditures and other uses for the fiscal year exceeded your total funds available.

14. If the district's Aggregate Fund Balance in the General Fund and

Capital Projects Fund was LESS THAN zero, were construction projects adequately financed? (Were construction projects adequately financed or adjusted by change orders or other legal means to avoid creating or adding to the fund balance deficit situation?)

Did you over-spend on school buildings or other capital projects? This indicator measures your district's ability to construct facilities without damaging your Fund Balance.

15. 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, then the district receives 5 points)

This indicator measures whether or not your district has sufficient cash and investments to balance Fund Balance monies such as TEA overpayments (deferred revenues). In other words, your District should have fund balance monies of its own that are at least equal to those dollars that are there due to overpayments from TEA, and you should not be spending "next year's" monies this year. A district earns up to five points under this indicator based upon its relative performance.

16. Was the Administrative Cost Ratio less than the historic standard in State Law?



How Ratings are Assessed

This indicator measures the percentage of their budget that Texas school districts spent on administration. Did you exceed the cap in School FIRST for districts of your size?

17. Was the Ratio of Students to Teachers within the ranges shown below according to district size?

This indicator measures your pupil-teacher ratio to ensure that it is within TEA recommended ranges for district's of your student population range. For example, districts with a student population between 500 and 999 should have no more than 22 students per teacher and no fewer than 10 students per teacher. A district earns up to five points under this indicator based upon its relative performance.

Indicator 17 District Size – No. of Students	Ranges for Ratios	
	Low	High
<500	7	22
500 – 999	10	22
1,000 – 4,999	11.5	22
5,000 – 9,999	13	22
=> 10,000	13.5	22

18. Was the Ratio of Students to Total Staff within the ranges shown below according to district size?

This indicator measures your pupil-staff ratio to ensure that it is within TEA-recommended ranges for district's of your student population range. For example, districts with a student

population between 500 and 1,000 should have no more than 14 students per staff member and no fewer than 5.8 students per district employee. A district earns up to five points under this indicator based upon its relative performance.

Indicator 18 District Size – No. of Students	Ranges for Ratios	
	Low	High
<500	5	14
500 – 999	5.8	14
1,000 – 4,999	6.3	14
5,000 – 9,999	6.8	14
=> 10,000	7.0	14

19. Was the Total Fund Balance in the General Fund more than 50 percent and less than 150 percent of Optimum according to the Fund Balance and Cash Flow Calculation Worksheet in the Annual Financial Report?

Your district's audit provides an optimum General Fund "Fund Balance" for your district. Your district should have no less than one-half and no more than one and one-half times this amount in your Fund Balance, counting both reserved and unreserved fund balances. A district earns up to five points under this indicator based upon its relative performance.

20. Was the decrease in Undesignated Unreserved Fund Balance less than 20 percent over two Fiscal Years? (If 1.5 times Optimum Fund balance is less than total Fund Balance in General Fund or if Total Revenues the General exceeded Operating Expenditures in



How Ratings are Assessed

Fund, then the district receives 5 points)

Are you “feeding off of your Fund Balance” to pay for salaries or other district operating expenses? This indicator notes rapid decreases in your undesignated Fund Balance (those dollars not designated as a “land fund” or “construction fund”) or emergency fund. A district earns up to five points under this indicator based upon its relative performance.

21. Was the Aggregate Total of Cash and Investments in the General Fund more than \$0?

Does your district have cash in the bank, and/or investments?

22. Were Investment Earnings in all funds (excluding Debt Service Fund and Capital Projects Fund) more than \$20 per student?

Are you using your cash or reserve fund (Fund Balance) monies wisely? A district earns up to five points under this indicator based upon its relative performance.



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.