

IRVING
INDEPENDENT SCHOOL DISTRICT

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

For the 2006-2007 School Year

Prepared by Debbie Cabrera
Assistant Superintendent Business & Finance

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

This is the sixth 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 now 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 2006-2007 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 75-85 and a "Yes" to Indicator 7. Above Standard Achievement would require a score of 65-74 or ≥ 75 and a "No" to Indicator 7. Standard Achievement would be for a score of 55-64 and Substandard is less than 55 or "No" to any one Indicator 1, 2, 3, 4, 5, or 6.

Irving ISD's 2006-2007 School FIRST rating: **Superior Achievement**

Of the 24 indicators for the financial period ended August 31, 2007 the district had all "Yes" answers on questions 1 through 6 and received the maximum score of 85 points on questions 7 through 24. The report generated by TEA for the Irving ISD based on 2006-2007 district data follows.



Financial Integrity Rating System of Texas

2006-2007 DISTRICT STATUS DETAIL

| | |
|-------------------------------------|--|
| Name: IRVING ISD(057912) | Publication Level 1: 6/9/2008 1:55:51 PM |
| Status: Passed | Publication Level 2: 8/21/2008 1:46:21 PM |
| Rating: Superior Achievement | Last Updated: 8/21/2008 1:46:21 PM |
| District Score: 85 | Passing Score: 55 |

| # | Indicator Description | Updated | Score |
|---|---|-------------------------|------------------------|
| 1 | <u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u> | 4/17/2008 3:54:47 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> | 4/17/2008 3:54:47 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> | 4/17/2008 3:54:47 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> | 4/17/2008 3:54:47 PM | Yes |
| 5 | <u>Was There An Unqualified Opinion in Annual Financial Report?</u> | 4/17/2008 3:54:48 PM | Yes |
| 6 | <u>Did The Annual Financial Report Not Disclose Any Instance (s) Of Material Weaknesses In Internal Controls?</u> | 4/17/2008 3:54:48 PM | Yes |
| | | | 1 Multiplier Sum |

| | | | |
|----|---|--------------------------|---|
| 7 | <u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u> | 4/17/2008 3:54:48 PM | 5 |
| 8 | <u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u> | 4/17/2008 3:54:48 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> | 4/17/2008 3:54:49 PM | 5 |
| 10 | <u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$250.00 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> | 4/17/2008 3:54:49 PM | 5 |
| 11 | <u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u> | 4/17/2008 3:54:49 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> | 4/17/2008 3:54:49 PM | 5 |
| 13 | <u>Was The Percent Of Operating Expenditures Expended For Instruction More Than 65%? (Functions 11, 36, 93, 95) (Phased in over three years, 55% for 2006-2007; 60% for 2007-2008; and 65% for 2008-2009)</u> | 4/25/2008 11:51:12 AM | 3 |
| 14 | <u>Was The Percent Of Operating Expenditures Expended For Instruction More Than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93, 95)</u> | 4/17/2008 3:54:50 PM | 3 |
| 15 | <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> | 4/17/2008 3:54:50 PM | 5 |
| 16 | <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> | 4/17/2008 3:54:50 PM | 5 |
| 17 | <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> | 4/17/2008 3:54:51 PM | 5 |

| | | | |
|----|---|-------------------------|------------------------|
| 18 | <u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u> | 4/17/2008 3:54:51 PM | 5 |
| 19 | <u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u> | 4/17/2008 3:54:51 PM | 5 |
| 20 | <u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u> | 4/17/2008 3:54:51 PM | 5 |
| 21 | <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> | 4/17/2008 3:54:51 PM | 5 |
| 22 | <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> | 4/17/2008 3:54:52 PM | 5 |
| 23 | <u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u> | 4/17/2008 3:54:52 PM | 5 |
| 24 | <u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u> | 4/17/2008 3:54:52 PM | 4 |
| | | | 85 Weighted Sum |
| | | | 1 Multiplier Sum |
| | | | 85 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 7-24) | |
| | Superior Achievement | 75-85 and Yes to indicator 7 |
| | Above Standard Achievement | 65-74 or ≥ 75 and No to indicator 7 |
| | Standard Achievement | 55-64 |
| | Substandard Achievement | < 55 or No to one default indicator |

INDICATOR 19 & 20 RATIOS

| Indicator 19 | Ranges for Ratios | | Indicator 20 | 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 |

FIRST**Financial Integrity Rating System of Texas****OVERALL STATISTICS
2006-2007 STATUS COUNTS**

| Status | Count | % Total | Enrollment | % Total Enrollment |
|--------------|--------------|-----------------|------------------|--------------------|
| Passed | 1,013 | 98.25 % | 4,251,917 | 95.88 % |
| Failed | 18 | 1.75 % | 182,656 | 4.12 % |
| Total | 1,031 | 100.00 % | 4,434,573 | 100.00 % |

2006-2007 RATING COUNTS

| Ratings | Count | % Total | Enrollment | % Total Enrollment |
|-------------------------------|--------------|-----------------|------------------|--------------------|
| Superior Achievement | 931 | 90.30 % | 4,189,036 | 94.46 % |
| Above Standard Achievement | 76 | 7.37 % | 62,209 | 1.40 % |
| Standard Achievement | 6 | 0.58 % | 672 | 0.02 % |
| Substandard Achievement | 17 | 1.65 % | 180,711 | 4.08 % |
| Suspended Due to Data Quality | 1 | 0.10 % | 1,945 | 0.04 % |
| Total | 1,031 | 100.00 % | 4,434,573 | 100.00 % |

2006-2007 ALL RESULTS BY INDICATOR

| Indicator | Result | Count | % of Districts | Enrollment | % Total Enrollment |
|-----------|--------|-------|----------------|------------|--------------------|
| 1 | Yes | 1021 | 99.03 % | 4419368 | 99.66 % |
| | No | 10 | 0.97 % | 15205 | 0.34 % |

| | | | | | |
|---|-----|------|----------|---------|----------|
| 2 | Yes | 1025 | 99.42 % | 4431806 | 99.94 % |
| | No | 6 | 0.58 % | 2767 | 0.06 % |
| 3 | Yes | 1031 | 100.00 % | 4434573 | 100.00 % |
| | No | 0 | 0.00 % | 0 | 0.00 % |
| 4 | Yes | 1024 | 99.32 % | 4268912 | 96.26 % |
| | No | 7 | 0.68 % | 165661 | 3.74 % |
| 5 | Yes | 1030 | 99.90 % | 4433965 | 99.99 % |
| | No | 1 | 0.10 % | 608 | 0.01 % |
| 6 | Yes | 986 | 95.64 % | 4173036 | 94.10 % |
| | No | 45 | 4.36 % | 261537 | 5.90 % |
| 7 | 5 | 1010 | 97.96 % | 4414910 | 99.56 % |
| | 0 | 21 | 2.04 % | 19663 | 0.44 % |
| 8 | 5 | 882 | 85.55 % | 4165939 | 93.94 % |
| | 4 | 133 | 12.90 % | 248016 | 5.59 % |
| | 3 | 12 | 1.16 % | 14724 | 0.33 % |
| | 2 | 2 | 0.19 % | 5585 | 0.13 % |
| | 1 | 1 | 0.10 % | 131 | 0.00 % |
| | 0 | 1 | 0.10 % | 178 | 0.00 % |
| 9 | 5 | 1012 | 98.16 % | 4398867 | 99.19 % |
| | 0 | 19 | 1.84 % | 35706 | 0.81 % |

| | | | | | |
|----|---|------|---------|---------|---------|
| 10 | 5 | 665 | 64.50 % | 3848150 | 86.78 % |
| | 4 | 181 | 17.56 % | 344511 | 7.77 % |
| | 3 | 94 | 9.12 % | 150930 | 3.40 % |
| | 2 | 47 | 4.56 % | 55101 | 1.24 % |
| | 1 | 16 | 1.55 % | 14807 | 0.33 % |
| | 0 | 28 | 2.72 % | 21074 | 0.48 % |
| 11 | 5 | 1009 | 97.87 % | 4187641 | 94.43 % |
| | 0 | 22 | 2.13 % | 246932 | 5.57 % |
| 12 | 5 | 1027 | 99.61 % | 4424073 | 99.76 % |
| | 0 | 4 | 0.39 % | 10500 | 0.24 % |
| 13 | 3 | 978 | 94.86 % | 4358092 | 98.28 % |
| | 2 | 33 | 3.20 % | 66445 | 1.50 % |
| | 1 | 7 | 0.68 % | 4412 | 0.10 % |
| | 0 | 13 | 1.26 % | 5624 | 0.13 % |
| 14 | 3 | 590 | 57.23 % | 3100758 | 69.92 % |
| | 2 | 274 | 26.58 % | 1064448 | 24.00 % |
| | 1 | 104 | 10.09 % | 229380 | 5.17 % |
| | 0 | 63 | 6.11 % | 39987 | 0.90 % |
| 15 | 5 | 1019 | 98.84 % | 4404736 | 99.33 % |
| | 0 | 12 | 1.16 % | 29837 | 0.67 % |
| 16 | 5 | 1027 | 99.61 % | 4432415 | 99.95 % |
| | 0 | 4 | 0.39 % | 2158 | 0.05 % |

| | | | | | |
|----|---|------|---------|---------|---------|
| 17 | 5 | 1025 | 99.42 % | 4432102 | 99.94 % |
| | 2 | 1 | 0.10 % | 363 | 0.01 % |
| | 0 | 5 | 0.48 % | 2108 | 0.05 % |
| 18 | 5 | 953 | 92.43 % | 4345584 | 97.99 % |
| | 0 | 78 | 7.57 % | 88989 | 2.01 % |
| 19 | 5 | 977 | 94.76 % | 4334390 | 97.74 % |
| | 4 | 26 | 2.52 % | 87032 | 1.96 % |
| | 3 | 12 | 1.16 % | 8045 | 0.18 % |
| | 2 | 5 | 0.48 % | 2530 | 0.06 % |
| | 0 | 11 | 1.07 % | 2576 | 0.06 % |
| 20 | 5 | 729 | 70.71 % | 3807827 | 85.87 % |
| | 4 | 114 | 11.06 % | 400333 | 9.03 % |
| | 3 | 71 | 6.89 % | 130738 | 2.95 % |
| | 2 | 36 | 3.49 % | 36319 | 0.82 % |
| | 1 | 34 | 3.30 % | 35329 | 0.80 % |
| | 0 | 47 | 4.56 % | 24027 | 0.54 % |
| 21 | 5 | 834 | 80.89 % | 3950279 | 89.08 % |
| | 4 | 9 | 0.87 % | 38889 | 0.88 % |
| | 3 | 9 | 0.87 % | 41553 | 0.94 % |
| | 2 | 5 | 0.48 % | 3288 | 0.07 % |
| | 1 | 6 | 0.58 % | 4218 | 0.10 % |
| | 0 | 168 | 16.29 % | 396346 | 8.94 % |

| | | | | | |
|----|---|------|---------|---------|---------|
| 22 | 5 | 1030 | 99.90 % | 4434346 | 99.99 % |
| | 0 | 1 | 0.10 % | 227 | 0.01 % |
| 23 | 5 | 1027 | 99.61 % | 4430619 | 99.91 % |
| | 0 | 4 | 0.39 % | 3954 | 0.09 % |
| 24 | 4 | 1019 | 98.84 % | 4425719 | 99.80 % |
| | 1 | 1 | 0.10 % | 2570 | 0.06 % |
| | 0 | 11 | 1.07 % | 6284 | 0.14 % |

2006-2007 ANSWERS BY INDICATOR

| Indicator | Yes | No | 5 | 4 | 3 | 2 | 1 | 0 | Total |
|-----------|------|----|------|-----|----|----|----|----|-------|
| 1 | 1021 | 10 | x | x | x | x | x | x | 1031 |
| 2 | 1025 | 6 | x | x | x | x | x | x | 1031 |
| 3 | 1031 | x | x | x | x | x | x | x | 1031 |
| 4 | 1024 | 7 | x | x | x | x | x | x | 1031 |
| 5 | 1030 | 1 | x | x | x | x | x | x | 1031 |
| 6 | 986 | 45 | x | x | x | x | x | x | 1031 |
| 7 | x | x | 1010 | x | x | x | x | 21 | 1031 |
| 8 | x | x | 882 | 133 | 12 | 2 | 1 | 1 | 1031 |
| 9 | x | x | 1012 | x | x | x | x | 19 | 1031 |
| 10 | x | x | 665 | 181 | 94 | 47 | 16 | 28 | 1031 |
| 11 | x | x | 1009 | x | x | x | x | 22 | 1031 |
| 12 | x | x | 1027 | x | x | x | x | 4 | 1031 |

| | | | | | | | | | |
|----|---|---|------|------|-----|-----|-----|-----|------|
| 13 | x | x | x | x | 978 | 33 | 7 | 13 | 1031 |
| 14 | x | x | x | x | 590 | 274 | 104 | 63 | 1031 |
| 15 | x | x | 1019 | x | x | x | x | 12 | 1031 |
| 16 | x | x | 1027 | x | x | x | x | 4 | 1031 |
| 17 | x | x | 1025 | x | x | 1 | x | 5 | 1031 |
| 18 | x | x | 953 | x | x | x | x | 78 | 1031 |
| 19 | x | x | 977 | 26 | 12 | 5 | x | 11 | 1031 |
| 20 | x | x | 729 | 114 | 71 | 36 | 34 | 47 | 1031 |
| 21 | x | x | 834 | 9 | 9 | 5 | 6 | 168 | 1031 |
| 22 | x | x | 1030 | x | x | x | x | 1 | 1031 |
| 23 | x | x | 1027 | x | x | x | x | 4 | 1031 |
| 24 | x | x | x | 1019 | x | x | 1 | 11 | 1031 |



Disclosures

In calendar year 2007, new reporting requirements are effective for the financial management report that will be distributed at the Schools FIRST public hearing. Per Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, the five (5) disclosures explained below will be presented as appendices in the Schools FIRST financial management report.

1. Superintendent's Employment Contract

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2008. In lieu of publication in the Schools 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.



Disclosures

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2007

| For the Twelve-month Period Ended August 31, 2007 | Superintendent | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member |
|---|----------------|--------------|-----------------|---------------|--------------|------------------|--------------------|--------------|--------------|
| Description of Reimbursements | Jack Singley | Randy Stipes | Jerry Christian | Valerie Jones | Michael Hill | Barbara Cardwell | Rhonda Huffstetler | Nita Patrick | Ken Murray |
| Meals | 847.38 | 303.23 | 313.79 | 76.04 | 243.62 | 270.69 | 76.04 | 151.31 | |
| Lodging | 1,905.38 | 1,272.86 | 1,196.86 | 580.07 | 1,326.66 | 1,186.32 | 580.07 | 682.85 | |
| Transportation | 2,137.03 | 245.64 | 263.84 | 163.80 | 667.94 | | | | |
| Motor Fuel | 213.50 | | | | | | | | |
| Other | 3,182.05 | 887.00 | 875.00 | 600.00 | 1,005.00 | 600.00 | 600.00 | 315.00 | |
| Total | 8,285.34 | 2,708.73 | 2,649.49 | 1,419.91 | 3,243.22 | 2,057.01 | 1,256.11 | 1,149.16 | None |



Disclosures

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2007

| | |
|---|---------|
| For the Twelve-Month Period Ended August 31, 2007 | |
| Name(s) of Entity(ies) | |
| | \$ none |
| | |
| | |
| | |
| | |
| Total | \$ none |

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.



Disclosures

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2007

| | | | | | | | | | |
|---|----------------|------------------------------|---------------------------------|-------------------------------|------------------------------|----------------------------------|-----------------------------------|------------------------------|----------------------------|
| For the Twelve-Month Period Ended August 31, 2007 | | | | | | | | | |
| | Superintendent | Board Member Randy Stipes | Board Member Jerry Christain | Board Member Valerie Jones | Board Member Michael Hill | Board Member Barbara Cardwell | Board Member Ronda Huffstetler | Board Member Nita Patrick | Board Member Ken Murray |
| Summary Amounts | \$ none | \$ none | \$ none | \$ none | \$ none | \$ none | \$ none | \$ none | \$ none |

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.



Disclosures

5. Business Transactions Between School District and Board Members for Fiscal Year 2007

| | | | | | | | | |
|---|--------------|-----------------|---------------|--------------|------------------|--------------------|--------------|--------------|
| For the Twelve-Month Period Ended August 31, 2007 | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member | Board Member |
| | Randy Stipes | Jerry Christain | Valerie Jones | Michael Hill | Barbara Cardwell | Rhonda Huffstetler | Nita Patrick | Ken Murray |
| Summary Amounts | none | none | none | none | none | none | none | none |

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

RESOLUTION NO. 05-06-10

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT APPROVING AN EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF SCHOOLS, AND AUTHORIZING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, the Board of Trustees and Jack Singley, Superintendent of Schools, entered into and executed a written employment contract on September 7, 2004, effective July 1, 2004; and

WHEREAS, continued population growth, financial constraints affecting public education, and the positive performance of the District has created the need to review the employment relationship and terms of the employment agreement; and

WHEREAS, the Board of Trustees and the Superintendent of Schools desire to approve and execute a new and updated employment agreement which will be consistent with current District requirements, financial conditions, and the accomplishments of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT THAT:

Section 1: All of the above recitals are found and determined to be true and correct and are incorporated into the body of this Resolution as if copied in their entirety.

Section 2: The Contract of Employment with Jack Singley, Superintendent of Schools, substantially in the form attached hereto as Exhibit "A" be, and is hereby, approved.

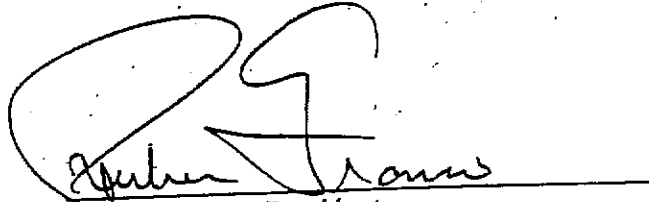
Section 3: The President of the Board of Trustees be, and is hereby, authorized and directed to execute the above and foregoing Contract of Employment substantially in the form as hereby approved and to carry out the terms thereof.

Section 4: It is hereby officially found and determined that the meeting at which this Resolution was considered was open to the public, and public notice of the time, place and purpose of the meeting was given and posted, all as required by Chapter 551, Tex Gov't Code, as amended.

Section 5: Whereas, an emergency is apparent for the immediate preservation of order, health, safety, and general welfare of the public that requires this Resolution to become effective immediately, therefore, it shall be effective from and after the date of its passage, and it is so enacted.


IT IS SO ORDERED.

PASSED, APPROVED AND ENACTED by the Board of Trustees of the Irving Independent School District, Irving, Texas, on the 3rd day of October, 2005.



Ruben Franco, President
Board of Trustees
Irving Independent School District

ATTEST:



Michael Hill, Secretary
Board of Trustees
Irving Independent School District

EMPLOYMENT CONTRACT

Superintendent of Schools

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This Contract and Agreement, made and entered into this, the 3rd day of October, 2005, by and between the BOARD OF TRUSTEES (the "Board") of the IRVING INDEPENDENT SCHOOL DISTRICT (the "District") and JACK SINGLEY (the "Superintendent").

NOW, THEREFORE, the Board and Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 11.201, Tex. Educ. Code, have agreed, and do hereby agree, as follows;

1 TERM OF EMPLOYMENT

1.1 Employment. 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, 2005, and ending on June 30, 2010. The Board may, with the consent and approval of the Superintendent, extend the term of this Contract as may be permitted by state law.

1.2 Tenure or Property Rights. The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. Neither this Contract, nor any part thereof, shall be construed so as to create any expectancy of continued employment of or by Superintendent beyond the term of this Contract, its renewal or extension. No property right or interest, express or implied, is created hereby in continued employment beyond the Contract term, its renewal or extension.

2. EMPLOYMENT

2.1 Duties. The Superintendent shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the District's job description, currently in effect and as it may be amended during the term hereof, and such other duties as may be assigned from time to time by the Board. Superintendent shall comply with all Board directives, state and federal law, Board Policies, rules and regulations as they currently exist or as they may hereafter be adopted or amended. Specific duties of the Superintendent include, but are not necessarily limited, to those enumerated in Section 11.201, Tex. Educ. Code and Board Policy BJA (Local) (Qualifications/Duties).

Superintendent shall perform the duties of the Superintendent of Schools with reasonable care, skill, and expertise and in a thorough, prompt, and efficient manner complying at all pertinent times with the Code of Ethics and Standard Practices for Texas Educators, as amended and as it may be amended.

2.2 Certifications and Records.

(a) Superintendent shall annually have a comprehensive medical examination, at District's expense, by a licensed physician, to be mutually agreed upon. The results of this examination shall be made available to the President of the Board as requested and kept confidential to the extent permitted by law.

(b) The Superintendent shall at all times during the term of this Contract, 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 of Education Certification and any other certificates required by law. Failure to provide or maintain the necessary certification shall render this Contract void. Any misrepresentation may be grounds for dismissal and termination.

2.3 Reassignment. During the term of this Contract, Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express, written consent.

3. COMPENSATION

3.1 Salary and Tax Deferred Annuity Plan.

(a) The District shall pay Superintendent an annual salary and make contributions for a Tax Deferred Annuity Plan valued as follows, payable in equal, monthly installments on or before the last calendar day of each month commencing with the Month of July, 2005 and continuing until otherwise adjusted by mutual agreement.

| <u>School Year</u> | <u>Base Salary</u> | <u>Annuity</u> |
|--------------------|--------------------|----------------|
| 2005-2006 | \$220,000.00 | \$17,500.00 |

3.2 Salary Adjustments. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary and other benefits of the Superintendent; but in no event shall the Superintendent be paid less than the total compensation (base salary plus annuity) set forth in Section 3.1 of this Contract without the Superintendent's consent. Any adjustments to Superintendent's salary and benefits must be consented to by the Board and Superintendent in writing, in the form of an addendum to this Contract or a new contract.

3.3 Other Benefits

- (a) Superintendent is authorized to incur reasonable and necessary business expenses for promoting and furthering the business and affairs of the District, including specific expenditures such as travel, housing associated with travel, and cost of meals, authorized meetings, and similar expenses incurred in connection with the District's business. The District shall reimburse the Superintendent, from time to time, for such specific business expenses provided the Superintendent presents satisfactory and sufficient primary or secondary evidence necessary to establish the amount and essential character of such expenditures so as to reasonably justify the need and purpose of such expenditures.
- (b) The Superintendent is authorized to use the District's Social Membership with Las Colinas Country Club when reasonably necessary for conducting District affairs. Any expenses incurred by Superintendent at Las Colinas Country Club for non-District use shall be timely paid by the Superintendent to the District.
- (c) The Superintendent is authorized to incur reasonable and necessary expenses in connection with maintaining or improving professional skills related to the position of Superintendent of Schools, subject to prior approval of the Board.
- (d) The District shall lease a new automobile every three (3) years for the exclusive use of the Superintendent. In addition to the lease payments, the District shall pay for all expenses incurred for the vehicle's use with regard to gasoline, insurance, repairs, and maintenance at a total cost not to exceed \$1,000.00 per month.
- (e) Other Benefits. In addition to the otherwise noted compensation and benefits set forth in this Contract, District agrees to provide the Superintendent with three (3) weeks of vacation annually.
- (f) Voluntary Termination and Release. With the provision the Superintendent gives written notice of intent to terminate this contract at least twelve (12) months prior to effective date of departure (unless termination and departure is required due to health reasons), the District, as consideration for this notice agrees to pay the Superintendent:
 - (1) On the date of departure, an amount equal to 70 % of his then current daily rate of total compensation (base salary plus annuity) for each of his remaining accumulated state personal leave, state sick leave, local leave, exemplary

attendance, and vacation days. Daily rate shall be calculated on the basis of a 230 day annual contract period;

- (2) In the event failing health prevents the Superintendent from performing his duties, he may remain as an employee of the District, using his accumulated leave as provided by law, or negotiate a settlement with the Board to tender his resignation so as to allow the Board to seek his replacement; and
 - (3) If the termination is for the purpose of retirement, the District may contract with the Superintendent for one (1) year of consulting services at the rate of \$3,600 per month and reimbursement for any reasonable expenses incurred in providing such consultant services. Such service shall be for twenty (20) hours per week for 11 months per year. Office space and appropriate furnishings, equipment, filing cabinets, supplies, personal computer, printer, etc. shall be provided the Superintendent by the District during his term of consultant services as needed.
- (g) Superintendent may attend at least one (1) annual meeting each year during the term hereof of the following organizations with the reasonable and necessary expenses incurred by Superintendent in connection therewith to be paid by District:
- TASA/TASB Annual Convention
 - Annual Convention of AASA (American Association of School Administrators)
 - Mid-Winter Conference for School Administrators
 - Annual Convention of NSBA (National School Board Association)
 - Summer Leadership Workshop for School Board Members
 - TEA Summer Workshop for School Superintendents
- (h) Furthermore, the Superintendent may attend meetings or other activities, with prior notice given the Board, of other organizations when related to the conduct of the District's affairs with the reasonable and necessary expenses incurred to be paid by the District, such as:
- Texas Legislature
 - State Board of Education Meetings
 - Hearings related to District affairs
 - Texas Association of Suburban Schools
 - Texas School Alliance Organization

- National Academy for School Administrators

- (i) All expenses in connection with Section 3.3 (g) and (h) above incurred by or on behalf of Superintendent's wife, or family shall not be paid or reimbursed by District.

3.4 Litigation/Indemnification

- (a) Defense. In the event Superintendent is named as a defendant in any suit based on an act or omission of the Superintendent arising out of the performance of his duties and in the course and scope of his employment with District, including any period of providing consulting services, the Board shall, to the extent permitted by law, provide Superintendent legal counsel of the Board's choice at District expense to represent Superintendent in such suit.
- (b) Settlement. The Board, in its sole discretion, may settle or compromise any lawsuit that could result in liability of the District because of such suit or suits.

4. REVIEW OF PERFORMANCE

4.1 Time and Basis. Annually, but not later than the 31st day of January of each calendar year during the term of this Contract, the Board shall review with Superintendent the Superintendent's performance. The results of this performance evaluation shall be reduced to writing, delivered to Superintendent, discussed with Superintendent, made a part of the Superintendent's personnel records, and kept confidential to the extent permitted by law.

4.2 Evaluation Procedures. The evaluation forms and procedures shall be in accordance with the Board's Policies and Rules, if any, of the State Board of Education or those of the Commissioner of Education as they may apply.

4.3 Use of Evaluation. Upon completion of the annual performance review, the Board may consider appropriate changes in Superintendent's Compensation, extension of the Contract Term, and other terms and conditions of employment for the next subsequent school year, and any other matters related to the employment of Superintendent.

5. RENEWAL/NONRENEWAL OF EMPLOYMENT CONTRACT

5.1 Notice. Renewal or nonrenewal shall be in accordance with Board Policy and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Tex. Educ. Code, the Superintendent shall

be entitled to written notice, containing reasonable notice of the reason(s) for the proposed nonrenewal, not later than April 1st of the year preceding the last year of the Contract term as it may have been renewed or extended.

5.2 Reasons for Nonrenewal. The Board may decide to not renew this Contract at the end of its term if the Board finds and determines it to be in the best interest of the District to do so, or for any reason or reasons described and set forth in Board Policy BJCF (Local), and as it may be amended, governing nonrenewal of the Superintendent of Schools.

5.3 Procedures for Nonrenewal. The Board shall substantially comply with the procedures set forth in existing Board Policies or amendments thereto, which govern the procedures to be followed in any nonrenewal of this Contract.

6. DISCHARGE AND TERMINATION

6.1 Mutual Agreement. This Contract 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. After the Superintendent has executed and delivered this Contract, the Superintendent will not be released from it without the written consent of the Board.

Retirement or Death. This Contract shall be terminated upon the retirement from service or death of the Superintendent.

Termination for Cause. The Board may dismiss the Superintendent during the term of this Contract, including any renewal or extension thereof, and terminate the Contract for good cause in accordance with Section 21.211 Tex. Educ. Code. The term "good cause" shall mean:

- (a) Failure to comply with the Code of Ethics and Standard Practices for Texas Educators, or any provisions thereof;
- (b) Incompetence or inefficiency in the performance of the required or assigned duties as documented by evaluation, supplemental memoranda, or other written communications 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 incompetency, inefficiency, or failure to perform the required or assigned duties; or
- (c) Any other reason constituting "good cause" under Texas law.

6.4 Termination Procedures. In the event Section 6.3 hereof is proposed by the Board, the Board shall substantially comply with applicable procedures set forth in applicable State law and Board Policy or any amendments thereto.

7. MISCELLANEOUS PROVISIONS

7.1 Assignment. No assignment of this Contract, or any portion of the same, shall be binding upon the District unless the assignment is accepted and acknowledged by the Board in writing.

7.2 Amendment. This Contract contains all of the terms, provisions, and conditions of the parties' employment agreement. No statement, agreement, or understanding, oral or written, not contained herein will be recognized or enforced. This Contract cannot be amended or its term extended except by written agreement of the parties and approval by the Board by a duly enacted Resolution.

7.3 Headings. Paragraph or section headings and numbers have been inserted for convenience of reference only. If there shall be any conflict between any such headings or numbers and the text of this Contract, the text shall control.

7.4 Exclusivity. All existing agreements, contracts, or understandings, both verbal and written, between the parties hereto regarding the employment of Superintendent have been, and are, superseded by this Contract which shall control and govern any conflicts.

7.5 Governing Law. This Contract shall be governed by the laws of the State of Texas.

7.6 Conflicts.

(a) Board Policies, as referenced herein, means those Board Policies in force and effect on July 1, 2005. Such Board Policies shall control over any conflicting provision of this Contract as it is intended by the parties this Contract comport and be consistent with such Board Policies.

(b) In the event Board Policies be adopted or amended in the future that adversely or substantially affect the contractual rights of the Superintendent under this Contract then, to the extent permitted by law, the terms of this Contract shall control any contrary provisions of such Board Policies.

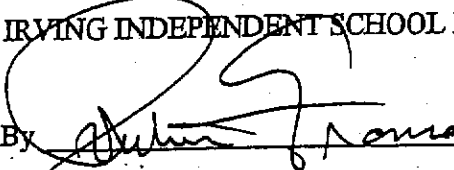
7.7 Binding Effects. This contract shall be binding upon and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors, and assigns.

7.8 Effective Date. This Contract shall take effect as of July 1, 2005.

7.9 Severability. Should any term or provision of this Contract be found to be unenforceable, or if it is found to violate any applicable federal or state law, the remaining provisions of this Contract shall not be affected thereby, and may be performed to the extent necessary to accomplish the purposes of the Contract.

EXECUTED this, the 3rd day of October, 2005 in triplicate.

BOARD OF TRUSTEES
IRVING INDEPENDENT SCHOOL DISTRICT

By 
Ruben Franco, President
Board of Trustees
Irving Independent School District

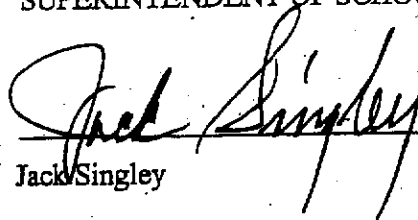
ATTEST:



Michael Hill, Secretary
Board of Trustees
Irving Independent School District

(SEAL)

SUPERINTENDENT OF SCHOOLS


Jack Singley

RESOLUTION NO. 06-07-70

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT EXTENDING THE EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF SCHOOLS, AND AUTHORIZING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, the Board of Trustees enacted Resolution No. 05-06-10 approving an employment contract with Jack Singley, Superintendent of Schools, which expires by its terms June 30, 2010; and

WHEREAS, continued student population growth, financial constraints affecting public education, legislative reforms affecting public education, and the positive performance of the District create the need to review the employment relationship and terms of the employment agreement; and

WHEREAS, the Board of Trustees has completed its annual review of the Superintendent's performance; and

WHEREAS, the Board of Trustees desires to extend the term of the employment contract with the Superintendent of Schools consistent with current District requirements, financial conditions, and the accomplishments of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT THAT:

Section 1: All of the above recitals are found and determined to be true and correct and are incorporated into the body of this Resolution as if copied in their entirety.

Section 2: The Contract of Employment with Jack Singley, Superintendent of Schools be, and is hereby, extended one (1) year so as to expire June 30, 2011, and the Contract of Employment be, and is hereby, accordingly amended.

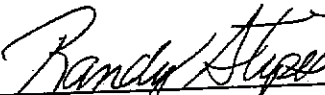
Section 3: The Secretary of the Board of Trustees be, and is hereby, authorized and directed to attach a true and correct copy of this Resolution to the written Contract of Employment, dated October 3, 2005, upon the written acceptance of this Resolution by the Superintendent of Schools.

Section 4: It is hereby officially found and determined that the meeting at which this Resolution was considered was open to the public, and public notice of the time, place and purpose of the meeting was given and posted, all as required by Chapter 551, Tex Gov't Code, as amended.

Section 5: Whereas, an emergency is apparent for the immediate preservation of order, health, safety, and general welfare of the public that requires this Resolution to become effective immediately; therefore, it shall be effective from and after the date of its passage, and it is so enacted.

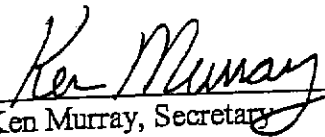
IT IS SO ORDERED.

PASSED, APPROVED AND ENACTED by the Board of Trustees of the Irving Independent School District, Irving, Texas, on the 5th day of February, 2007.



Randy Stipes, President
Board of Trustees
Irving Independent School District

ATTEST:

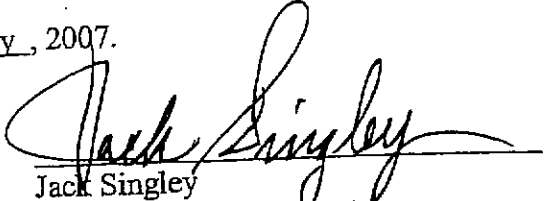


Ken Murray, Secretary
Board of Trustees
Irving Independent School District

ACCEPTANCE

THE EXPIRATION DATE OF MY CONTRACT OF EMPLOYMENT WITH THE IRVING INDEPENDENT SCHOOL DISTRICT IS JUNE 30, 2010. I HEREBY ACCEPT THE OFFER OF THE BOARD OF TRUSTEES TO EXTEND THE EXPIRATION DATE OF THE CONTRACT TO JUNE 30, 2011 AND AGREE A TRUE AND CORRECT COPY OF THE ABOVE RESOLUTION WITH MY ACCEPTANCE BE ATTACHED TO THE SUBJECT EMPLOYMENT CONTRACT AND MADE A PART THEREOF.

DATED THIS 5th DAY OF February, 2007.



Jack Singley
Superintendent of Schools
Irving Independent School District

RESOLUTION NO. 07-08-85

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT EXTENDING THE EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF SCHOOLS, AND AUTHORIZING OTHER MATTERS RELATED TO THE SUBJECT.

WHEREAS, the Board of Trustees enacted Resolution No. 05-06-10 approving an employment contract with Jack Singley, Superintendent of Schools, which expires by its terms June 30, 2010; and

WHEREAS, on February 5, 2007 the Board of Trustees enacted Resolution No. 06-07-70 approving an extension of said contract to expire June 30, 2011; and

WHEREAS, continued student population growth, financial constraints affecting public education, legislative reforms affecting public education, and the positive performance of the District create the need to review the employment relationship and terms of the employment agreement; and

WHEREAS, the Board of Trustees has completed its annual review of the Superintendent's performance; and

WHEREAS, the Board of Trustees desires to extend the term of the employment contract with the Superintendent of Schools consistent with current District requirements, financial conditions, and the accomplishments of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE IRVING INDEPENDENT SCHOOL DISTRICT THAT:

Section 1: All of the above recitals are found and determined to be true and correct and are incorporated into the body of this Resolution as if copied in their entirety.

Section 2: The Contract of Employment with Jack Singley, Superintendent of Schools be, and is hereby, extended so as to expire December 31, 2012, and the Contract of Employment be, and is hereby, accordingly amended.

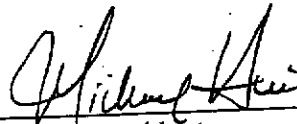
Section 3: The Secretary of the Board of Trustees be, and is hereby, authorized and directed to attach a true and correct copy of this Resolution to the written Contract of Employment, dated October 3, 2005, upon the written acceptance of this Resolution by the Superintendent of Schools.

Section 4: It is hereby officially found and determined that the meeting at which this Resolution was considered was open to the public, and public notice of the time, place and purpose of the meeting was given and posted, all as required by Chapter 551, Tex Gov't Code, as amended.

Section 5: Whereas, an emergency is apparent for the immediate preservation of order, health, safety, and general welfare of the public that requires this Resolution to become effective immediately; therefore, it shall be effective from and after the date of its passage, and it is so enacted.

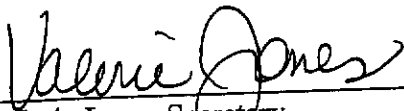
IT IS SO ORDERED.

PASSED, APPROVED AND ENACTED by the Board of Trustees of the Irving Independent School District, Irving, Texas, on the 4th day of February, 2008.



Michael Hill, President
Board of Trustees
Irving Independent School District

ATTEST:

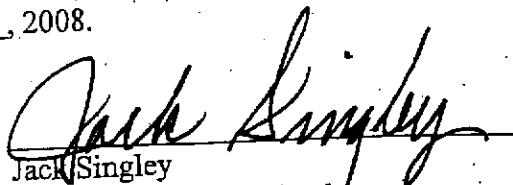


Valerie Jones, Secretary
Board of Trustees
Irving Independent School District

ACCEPTANCE

THE EXPIRATION DATE OF MY CONTRACT OF EMPLOYMENT WITH THE IRVING INDEPENDENT SCHOOL DISTRICT IS JUNE 30, 2011. I HEREBY ACCEPT THE OFFER OF THE BOARD OF TRUSTEES TO EXTEND THE EXPIRATION DATE OF THE CONTRACT TO DECEMBER 31, 2012 AND AGREE A TRUE AND CORRECT COPY OF THE ABOVE RESOLUTION WITH MY ACCEPTANCE BE ATTACHED TO THE SUBJECT EMPLOYMENT CONTRACT AND MADE A PART THEREOF.

DATED THIS 4th DAY OF February, 2008.



Jack Singley
Superintendent of Schools
Irving Independent School District



How Ratings are Assessed

Rating Worksheet

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?

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?



How Ratings are Assessed

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 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 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 \$250 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 \$250 per student. Fortunately, the 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



How Ratings are Assessed

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 percent of operating expenditures expended for instruction more than or equal to 65%? (Functions 11, 36, 93 and 95) (Phased in over five years: 55% for 2006-2007, 60% for 2007-2008, 65% for 2008-2009)

This indicator shows your district's ability to focus the majority of its funding so that it directly pays for student instruction. Student instructional costs only include expenditure categories in the reporting format followed by the NCES (National Center for Educational Statistics), which include function code 11, instruction; function code 36, extracurricular activities; function code 93, payments to cooperatives; and function code 95, payments to juvenile justice alternative education programs. A district earns up to three points under this indicator based upon its relative performance. The district may post its check register and aggregate payroll amount if its performance on Indicator 13 prevents attaining the three points.

14. Was the percent of operating expenditures expended for instruction more than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93 and

95)

This indicator provides another perspective on your district's ability to focus the majority of its funding so that it directly pays for student instruction. Student instructional costs include expenditure categories in the reporting format followed by the NCES (National Center for Educational Statistics) plus costs reported under function code 12, libraries and media services; function code 31, guidance, counseling and evaluation services; and function code 33, medical services. A district earns up to three points under this indicator based upon its relative performance.

15. 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.

16. 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



How Ratings are Assessed

or other capital projects? This indicator measures your district's ability to construct facilities without damaging your Fund Balance.

17. 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.

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

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?

19. 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 19

| 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 |

20. 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.



How Ratings are Assessed

Indicator 20

| 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 |

21. 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.

22. 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 Fund exceeded Operating Expenditures in 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.

23. 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?

24. 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

Academic Excellence Indicator System (AEIS): The Texas Education Agency pulls together a wide range of information on the performance of students in each school and district in Texas every year. This information is put into the annual AEIS reports, which are available each year in November. The performance indicators include:

- TAAS passing rate by grade, by subject, and by all grades tested;
- End-of-Course examination -- participation and results;
- SDAA performance
- Attendance rate for the full year;
- Dropout rate (by year);
- Completion and dropout rates (4-year longitudinal);
- Percent of high school students completing an advanced course;
- Percent of graduates completing the Recommended High School Program;
- AP and IB examination results;
- TAAS / TASP equivalency rate; and
- SAT and ACT examination -- participation and results.

Accountability Rating: The rating assigned by the Academic Excellence Indicator System (AEIS) to a school district or campus. The three indicators used to determine the accountability rating for a campus or district are their (1) performance on the TAAS reading, mathematics, and writing exams; (2) Dropout Rate; and (3) Attendance Rate. Based on these indicators every campus and district is assigned one of the following: **District Ratings:** Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, Unacceptable (Special Accreditation Investigation) or Charter. **Campus Ratings:** Exemplary, Recognized, Acceptable, Low Performing, or Not Rated. Alternative Schools are rated differently.

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.



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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 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



Glossary

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 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



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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 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



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- 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 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.



Glossary

Robin Hood Funds: See Wealth Equalization Transfer.

Rollback Tax Rate: Provides the unit 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 cushion is six cents per \$100 of property value, not 8 percent. School districts calculate the rollback rate necessary to generate the same amount of state and local funds per weighted average daily attendance (WADA) as was available to the districts in the preceding school year, using estimated WADA for the upcoming year, plus six cents, plus the current year's debt rate. 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.

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

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