

Public Hearing Regarding the Financial Integrity Rating System of Texas (School FIRST Report)

The FIRST (Financial Accountability Rating System of Texas) report represents a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School 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.

FOR THE CURRENT-YEAR (Fall 2016) RATING, the School FIRST Accountability Rating System assigns one of four financial accountability ratings to Texas school districts:

- A = Superior (Earned by Irving ISD for this report)
- B = Above Standard
- C = Meets Standard
- F = Substandard Achievement

School Districts are also required to advertise and hold a public hearing to report their financial accountability rating to parents and taxpayers. Public comments on the Annual Financial Management Report are welcome.

Attachments:

1. PowerPoint Presentation – Slides
2. Annual Financial Management Report

IRVING ISD

Fall 2016 FIRST Report

(Financial Integrity Rating System of Texas)

Financial Integrity Rating System of Texas

- The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices.
- For Fall 2016: IISD Rated: Superior Achievement
- For the 8/31/2016 school year the FIRST format changed dramatically.
- Instead of only seven indicators for the current system, the system returned to more of the previous indicators, with a total of 15 indicators.

INDICATOR 1

- Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?

Yes - Pass

INDICATOR 2

- 2.A. Was there an unmodified opinion in the AFR on the financial statements as a whole?

Yes - Pass

- 2.B Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?

Yes - Pass

INDICATOR 3

- Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?

Yes - Pass

INDICATOR 4

- Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?

Yes - Pass

INDICATOR 5

- Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero?

Yes - Pass

INDICATOR 6

- Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?

Yes - 10/10

(149 days reserve > 90)

DETERMINATION OF POINTS

10	8	6	4	2	0
>=90	<90>=75	<75>=60	<60>=45	<45>=30	<30

INDICATOR 7

- Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

Yes - 10/10 Points

INDICATOR 8

- Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

4 Points / 10 Points

\$603,522,079 Long-term Liabilities - \$47,611,544 Net Pension Liability = \$555,910,535 Net Liability

\$555,910,535 Net Liability / \$675,689,548 Total Assets = 0.82

DETERMINATION OF POINTS

10	8	6	4	2	0
<=0.80	>0.80 <=0.70	>0.70 <=0.60	>0.60 <=0.50	>0.50 <=1.00	>1.00

INDICATOR 9

- Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

149 days cash on hand: 10 Points / 10 Points

INDICATOR 10

- Was the debt service coverage ratio sufficient to meet the required debt service?

Yes - 10 Points / 10 Points

INDICATOR 11

- Was the school district's administrative cost ratio equal to or less than the threshold ratio? $0.0553 < 0.0855$

10 Points / 10 Points

INDICATOR 12

- Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)?

10 Points / 10 Points

(District gained 161 students in 14-15 over 12-13)

INDICATOR 13

- Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?

0 < 0.03 10 Points / 10 Points

INDICATOR 14

- Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?

Yes: 10 Points / 10 Points

INDICATOR 15

- Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?

Yes: 10 Points / 10 Points

OTHER PARTS OF THE FIRST REPORT

- *(a) Superintendent's Contract*
- *(b) Board Expenditures*
- *Fees Received by Superintendent*
- *Gifts*
- *Dollar amount of Board-ISD Business Transactions*
- *Total Bond Bond Refunding:*
 - 2013-2016 : \$86,802,322 (\$64,103,254 Present Value)
- *Total P&I Liability:* 8-31-2012: \$983,759,225
- 10-20-2016: \$691,282,117

**IRVING
INDEPENDENT SCHOOL DISTRICT**

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

For the 2014-2015 School Year

Prepared by Gary Micinski
Chief Financial Officer

Presented to the Board on
November 14, 2016

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

The FIRST (Financial Accountability Rating System of Texas) report represents a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School 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.

FOR THE CURRENT-YEAR (Fall 2016) RATING, the School FIRST Accountability Rating System assigns one of four financial accountability ratings to Texas school districts:

- A = Superior (Earned by Irving ISD for this report)
- B = Above Standard
- C = Meets Standard
- F = Substandard Achievement

FOR THE PRIOR-YEAR (Fall 2015) RATING, the School FIRST Accountability Rating System assigns one of two financial accountability ratings to Texas school districts with the highest being "P" for "Passed" and the other rating being "F" for "Substandard Achievement." The rating is based on financial data for the 2013-2014 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.

Within two months of the release of its final FIRST rating, a district must announce and hold a public meeting to distribute a financial management report that explains the LEA's rating and its performance under each indicator for the current and previous year's ratings. The report also must provide the financial information described in 19 Texas Administrative Code (TAC) §109.1001(o)(3). The district may include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the LEA's performance under one or more of the indicators.

**Summary of School FIRST
(Financial Integrity Rating System of Texas)**

IRVING ISD

Fall 2016: Irving ISD's 2014-2015 School FIRST rating: Superior Achievement

Fall 2015: Irving ISD's 2013-2014 School FIRST rating: Passed (Highest Rating)

Fall 2014: Irving ISD's 2012-2013 School FIRST rating: Superior Achievement

Of the 15 indicators for the financial period ended August 31, 2015 the district received 94 out of a possible 100.



Financial Integrity Rating System of Texas

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

Name: IRVING ISD(057912)		Publication Level 1: 8/8/2016 6:20:16 PM	
Status: Passed		Publication Level 2: 8/8/2016 6:20:16 PM	
Rating: A = Superior		Last Updated: 8/8/2016 6:20:16 PM	
District Score: 94		Passing Score: 31	
#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	3/16/2016 3:13:39 PM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	3/16/2016 3:13:39 PM	Yes
2.B	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	3/16/2016 3:13:40 PM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt</u>	3/16/2016 3:13:40 PM	Yes

	<u>agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>		
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u>	3/16/2016 3:13:40 PM	Yes
5	<u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u>	8/8/2016 5:33:31 PM	Yes
			1 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	8/4/2016 1:33:46 PM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	6/30/2016 1:21:54 PM	10
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	8/4/2016 1:33:46 PM	4
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	8/4/2016 1:33:46 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/4/2016 1:33:47 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/16/2016 3:13:43 PM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	3/16/2016 3:13:43 PM	10
13	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	3/16/2016 3:13:44 PM	10

14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	3/25/2016 1:58:49 PM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	3/24/2016 4:26:06 PM	10
			94 Weighted Sum
			1 Multiplier Sum
			94 Score

DETERMINATION OF RATING

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



Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA - DISTRICT STATUS DETAIL

Name: IRVING	Publication Level 1: 8/20/2015 11:24:40
Status:	Publication Level 2: 8/20/2015 11:24:40
Rating:	Last Updated: 8/20/2015 11:24:40
District Score:	Passing Score:

#	Indicator Description	Updated	Score
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	4/6/2015 2:37:57 PM	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	4/6/2015 2:37:57 PM	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the	4/6/2015 2:37:57 PM	Yes
4	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	7/30/2015 12:15:46 PM	Yes
			1 Multiplier Sum
5	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	7/15/2015 11:49:18 AM	10
6	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	8/17/2015 5:45:19 PM	10
7	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	4/6/2015 2:38:00 PM	10

			30 Weighted Sum
			1 Multiplier Sum
			30 Score

DETERMINATION OF RATING

A.	Did the district answer ' No ' to Indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.		
B.	Determine the rating by the applicable number of points. (Indicators 5-7)		
	Pass		16-30
	Substandard Achievement		<16

DISCLOSURES

Reporting requirements for the financial management report for School FIRST public hearing are found in **Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System**. This rule describes requirements for the six (6) disclosures explained below that are to be presented as appendices in the School FIRST financial management report.

DISCLOSURES

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 School FIRST hearing in calendar year 2016. In lieu of publication in the School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. **If published on the Internet**, the contract is to remain accessible for twelve months.

Amended Superintendent Term Contract

This Amended Contract is entered into between the Board of Trustees (the "Board") of the IRVING INDEPENDENT SCHOOL DISTRICT (the "District") and Dr. Jose Parra (the "Superintendent").

WITNESSETH:

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

1. **Term.** The Board agrees to continue to employ the Superintendent on a twelve-month basis per school year, ending August 31, 2020, based on a 230-contract-day school year.
2. **Extension.** The Board and the Superintendent (collectively the "Parties") may extend the term of this Contract by agreement or as permitted by state law at any time during the Contract Term but not until after the Superintendent's second formal appraisal. Failure to extend a contract shall not constitute contract nonrenewal. No property interest, express or implied, is created in continued employment beyond the term of this Contract.
3. **Certification and Records.** The Superintendent agrees to maintain the required certification and experience records throughout the term of employment with the District, and all other records required for personnel or payroll purposes. If the Superintendent's certification expires, is canceled, or is revoked, then this Contract is void.
4. **Reassignment.** The parties agree that the Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.
5. **Representations.** The Superintendent makes the following representations:
 - 5.1 **Beginning of Contract:** At the beginning of this Contract, and at any time during this Contract, the Superintendent specifically agrees to submit to a review of his national criminal history record information (NCHRI) if required by the District, the Texas Education Agency, or the State Board for Educator Certification. The Superintendent understands that a criminal history record acceptable to the Board, in its sole discretion, is a condition precedent to this Contract.
 - 5.2 **During Contract:** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board in writing of any arrest

or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent for any felony, any offense involving moral turpitude, and any of the other mandatory reporting offenses as indicated in state or federal law or regulations or Board policy. The Superintendent agrees to provide such notification in writing within three (3) calendar days of the event or any shorter period specified in Board policy.

5.3 **False Statements and Misrepresentations:** The Superintendent represents that any records or information provided in connection with his employment application, certification, employment history, and payroll and personnel records are true and correct. Any knowingly false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.

6. **Duties.** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent agrees to faithfully perform his duties as follows:

6.1 **Authority:** The Superintendent shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in federal and state law and regulations, Board policy, the job description, and as may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law and regulations, Board policy, rules, and regulations as they exist or may hereafter be amended. The duties of the superintendent are as set forth in Texas Education Code §11.201(d), as may hereinafter be amended, including:

- (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) except as provided by Education Code Section 11.202, assuming administrative authority and responsibility for the assignment, supervision, and evaluation of all personnel of the district other than the superintendent;
- (3) overseeing compliance with the standards for school facilities established by the commissioner under Education Code Section 46.008;
- (4) initiating the termination or suspension of an employee or the nonrenewal of an employee's term contract;
- (5) 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;
- (6) preparing and submitting to the board of trustees a proposed budget as provided by Section Education Code Section 44.002 and rules adopted under that section, and administering the budget;
- (7) preparing recommendations for policies to be adopted by the board of trustees

- and overseeing the implementation of adopted policies;
- (8) developing or causing to be developed appropriate administrative regulations to implement policies established by the board of trustees;
 - (9) providing leadership for the attainment and, if necessary, improvement of student performance in the district based on the indicators adopted under Education Code Sections 39.053 and 39.301 and other indicators adopted by the commissioner or the district's board of trustees;
 - (10) organizing the district's central administration;
 - (11) consulting with the district-level committee as required under Education Code Section 11.252(f);
 - (12) ensuring:
 - (A) adoption of a student code of conduct as required under Education Code Section 37.001 and enforcement of that code of conduct; and
 - (B) adoption and enforcement of other student disciplinary rules and procedures as necessary;
 - (13) submitting reports as required by state or federal law, rule, or regulation;
 - (14) providing joint leadership with the board of trustees to ensure that the responsibilities of the board and superintendent team are carried out; and
 - (15) performing any other duties assigned by action of the board of trustees.

All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

6.2 **Standard of Performance:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his full time and energy to the performance of his duties. The Superintendent shall perform his duties with reasonable care, skill, and diligence. The Superintendent shall comply with all lawful Board directives, state and federal laws and regulations, Board policy and regulations as they exist or may hereafter be amended.

6.3 **Evaluation:**

6.3.1 **Development of Goals.** The Superintendent shall submit to the Board a preliminary list of goals for the District each year ("District Goals") for the Board's consideration and adoption. The Superintendent and the Board shall then meet, and the Board shall approve, or revise and approve, the list of District Goals. The Superintendent shall then submit to the Board for its revision or approval a plan to implement the goals and shall submit for approval, or revision and adoption, the Superintendent's recommended Superintendent Performance Goals. The Superintendent and the Board shall meet biannually to assess all of the District Goals and Superintendent Performance Goals and may adjust or revise the goals either by action of the Board or upon recommendation of the Superintendent and approval, or revision and adoption, of the Board. The District Goals and the Superintendent Performance Goals approved by the Board shall at all times be reduced to writing and shall be among the criteria on which the

Superintendent's performance is reviewed and evaluated. The Superintendent shall be responsible for placing on the Board's meeting agendas the meetings necessary to accomplish the Board and Superintendent responsibilities of this paragraph.

6.3.2 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent at least once each year during the term of this Contract; provided, however, the Board may conduct an evaluation of the Superintendent in closed session at any time, in its discretion, or at the request of the Superintendent. The Board's evaluation and assessment of the Superintendent shall be reasonably related to the duties of the Superintendent as outlined in state and federal statutes and regulations, Board policy, and the Superintendent's job description; and shall be based at least in part on the District's progress toward accomplishing the District Goals and the Superintendent's progress toward accomplishing the Superintendent's Performance Goals. The Superintendent shall be responsible for placing on the Board's meeting agendas the meetings necessary to accomplish the Board and Superintendent annual responsibilities of this paragraph.

6.3.3 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in 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. The Board shall adopt the completed evaluation in open session; provided, however, that such adoption shall not make the evaluation a public document.

6.3.4 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the Board's policies and mandatory state and federal law, to the extent such exist; and may be based on the Commissioner of Education's guidelines regarding superintendent or administrator evaluations, or other formats and procedures developed by the Board. In the event that the Board members, collectively or individually, as a part of the evaluation process, determine that the performance of the Superintendent is unsatisfactory in any material respect, they shall describe in writing, in reasonable detail, the evaluation criteria on which the Superintendent is deemed deficient, and shall, to the extent possible, identify specific instances of unsatisfactory performance, which can be provided to the Superintendent by any individual board member. The evaluation may include recommendations as to areas of improvement in all instances where the Board deems performance to be unsatisfactory, but the Superintendent shall be expected to know how to improve his job performance once deficiencies are pointed out to him. A copy of the written evaluation shall be delivered to the Superintendent. Upon or immediately after delivery of the written evaluation to the Superintendent, the Board shall meet with the Superintendent to discuss

the evaluation and the Superintendent's working relationship with the Board. The Superintendent shall have the right to make a written response to the evaluation within thirty (30) days of receipt of the written evaluation from the board. That response shall become a permanent attachment to the evaluation in the Superintendent's personnel file. The Board, in its discretion, may meet with the Superintendent to discuss the Superintendent's response. In the event the Board deems that the evaluation instrument, format, and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time, in the discretion of the Board, to demonstrate such expected performance before being evaluated.

- 6.4 **Outside Employment:** With prior written consent of the Board after an open session vote, the Superintendent may serve as a consultant or undertake speaking engagements, writing, teaching or other professional duties and obligations outside the District (referred to collectively herein as "Consulting Services") that do not conflict or interfere with the Superintendent's professional responsibilities to the District, and which shall be at no expense to the District. The Superintendent may accept a reimbursement of expenses for such Consulting Services at no expense to the District. Consulting Services provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law, including, but not limited to Texas Education Code Section 11.201(e). For any outside employment, the Superintendent agrees to comply with applicable ethics rules, laws, and Board policy regarding reporting potential and actual conflicts of interest. In addition, the Superintendent agrees to provide information regarding income from such activities to the District as necessary for financial reporting requirements.
- 6.5 **Professional and Civic Activities.** The Superintendent is encouraged to participate in professional growth activities and civic activities, which shall be reimbursed as provided below. 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 skills, expertise, or backgrounds would serve to improve the capacity 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 Board deems appropriate, to attend such seminars, courses or meetings.
- 6.6 **Board Meetings.** 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 the Superintendent's Contract, 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, or when the Board is meeting with the internal auditor on a matter which the Board reasonably determines requires exclusion of the Superintendent. In the event of illness or Board-approved absence, the Superintendent's designee, subject to advanced approval by the board president, shall attend such meetings.

6.7 **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 entire Board in writing of the results of such efforts; or, (b) to the appropriate complaint resolution procedure as established by District Board policies. Provided, however, nothing in this section shall be construed to limit or inhibit in any manner any employee's statutory right to talk to any board member, the board members' rights to talk to community members and employees, or the board members' right to talk to the internal auditor, and the Superintendent shall not retaliate in any manner against any employee or community member who speaks directly to any Board member.

7. **Annual Compensation.** The District shall pay the Superintendent an annual salary as follows:

7.1 **Salary:** An annual salary of TWO HUNDRED SIXTY-FIVE THOUSAND, TWO HUNDRED TWENTY-FIVE DOLLARS AND NO CENTS (\$265,225.00) shall be payable in twelve (12) monthly installments in accordance with the District's standard payroll practices, and shall be subject to all appropriate withholding. Subject to and without waiving any Constitutional and/or other challenges by the Superintendent, the Superintendent acknowledges that the District may have certain rights pursuant to Education Code Sections 21.212(f), 21.4022 and/or 21.4021.

7.2 **Salary Increases:** The Board, in its sole discretion, may award salary increases on an annual basis through an amendment to this Contract, provided, however, that the Superintendent's salary increase percentage shall never be greater than the highest salary increase percentage received by District professional staff. The salary for the remaining years' of the Contract shall not be less than the salary stated in this Contract, except as required by paragraph 7.1 of this Contract or by mutual written agreement of the parties.

7.3 **Benefits:** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or

increase those benefits, at the Board's sole discretion. In addition, the Board agrees to provide the Superintendent the following benefits:

- 7.3.1 **Car Allowance:** The Board shall provide the Superintendent with an automobile allowance for travel within the Dallas-Fort Worth Metroplex (within a radius of forty (40) miles from the District Administrative Offices) in the sum of One Thousand and No/100 Dollars (\$1,000.00) per month.
- 7.3.2 **Medical Insurance Premiums:** The District shall pay on behalf of the Superintendent medical insurance premiums in the same amount as that paid by the District on behalf of other full-time employees.
- 7.3.3 **Vacations, Sick Leave, and Holidays:** The Superintendent shall receive three weeks' (15 work days) vacation per year. Vacation days may accrue and carry over up to a maximum of ten (10) days' of unused vacation from the year in which they were provided, for an annual maximum of 25 days. These vacation days shall have no cash value upon retirement, resignation or voluntary or involuntary termination of employment, but may be used in accordance with Board policy and this Contract. The Superintendent shall also observe the same holidays and breaks as provided for other 12-month administrators in the Board's adopted annual calendar and shall be eligible for any leave or leave reimbursement upon retirement available to other employees under state law or Board policy. The vacation days taken by the Superintendent will be taken at times that will least interfere with the performance of the Superintendent's duties, and will only be taken after written notification to the Board President. Provided, however, the Superintendent shall be allowed to take three non-contract, vacation, or local or state leave days, twice per year, to attend an out-of-state conference at the Superintendent's own expense, for the Superintendent's own personal professional development.
- 7.3.4 **Business Expense Reimbursements:** The District shall reimburse the Superintendent, according to Board policy, for reasonable expenses incurred by the Superintendent in the performance of the Superintendent's duties. The District agrees to pay the actual and incidental costs incurred by the Superintendent for out-of-Metroplex (in excess of a 40 mile radius from the District Administrative Offices) District-related travel, in accordance with the adopted budget, the Board's policies, and District practice related to reimbursement. Such actual or incidental costs may include, but are not limited to, mileage or rental car expense, hotels and accommodations, meals, economy class air travel, and other reasonable expenses incurred in the performance of the business of the District. The Superintendent shall

comply with all reimbursement procedures and documentation requirements in accordance with Board policies and District practice.

7.3.5 **Membership Dues:** The Board encourages the Superintendent to become a member of and participate in local and state civic and professional activities, to be chosen in the Superintendent's discretion. The Board concludes that such membership will serve a legitimate purpose related to the educational mission of the District. The District will reimburse the Superintendent for the reasonable expenses of membership in said organizations, subject to Board approval. Provided, however, the Board hereby approves the Superintendent's membership in the following organizations: Texas Association of School Administrators, American Association of School Administrators, Association of Latino Administrators and Supervisors, Irving Chamber of Commerce, Hispanic Chamber of Commerce, Texas School Alliance, National School Board Association, and Texas Association of School Boards.

7.3.6 **Professional Growth Activities:** The Superintendent shall attend appropriate professional meetings at the local, state, and national levels, with advance approval of the Board. The District shall reimburse the Superintendent for reasonable actual expenses incurred in attending such activities in accordance with the adopted budget and the Board's policies regarding expense reimbursements, per paragraph 7.3.4.

7.3.7. **Technology:** The Superintendent shall be provided a mobile telephone for both business and personal use, in accordance with District practice, and at District's expense. In addition, the District shall provide the Superintendent with a laptop computer and/or tablet for both professional and personal use, at the sole expense of the District, and in accordance with District practice.

8. **Residence:** The Superintendent shall maintain a residence within the geographic boundaries of the District.

9. **Suspension/Termination.** In accordance with Texas Education Code Chapter 21, the Board may suspend the Superintendent with pay at any time during the term of this Contract, or may suspend the Superintendent without pay or dismiss the Superintendent during the term of the Contract for "good cause" as determined by the Board. The term "good cause" is defined to include, but shall not be limited to, the following:

(a) Failure to perform the Superintendent's duties in the scope of employment that a person of ordinary prudence would have done

- under same or similar circumstances, and which is inconsistent with the continued existence of the employer-employee relationship;
- (b) Failure to fulfill duties or responsibilities as set forth in state or federal statute or regulation, Board policy, Board or District goals, Board directives, or under the terms and conditions of this Contract;
 - (c) Deficiencies, incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written or oral 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 incompetency or inefficiency, unless such deficiency, incompetence or inefficiency constitutes "good cause" for immediate employment termination under Texas law;
 - (d) Insubordination or failure to comply with lawful written Board directives, or oral directives of the Board given at a lawfully-called meeting of the Board;
 - (e) Failure to comply with applicable state or federal laws, regulations, the Board's policies or the District's administrative regulations;
 - (f) Neglect of duties, whether resulting from action or inaction on the part of the Superintendent, or whether resulting from excessive absences, not otherwise protected by law, in excess of available leave;
 - (g) Drunkenness or excessive use of alcoholic beverages;
 - (h) Illegal possession, use, manufacture, or distribution of controlled substances, dangerous drugs, drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act or other criminal laws;
 - (i) Conviction of or deferred adjudication for a felony, a crime under Texas Education Code Section 22.085, a crime listed as an excludable offense under Board policy, or a crime involving moral turpitude, or conduct constituting one of the above offenses, or conviction of a lesser-included offense pursuant to a plea deal when the original charged offense is a felony;
 - (j) Failure to meet the District's, federal, State or common law standards of professional conduct;
 - (k) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
 - (l) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
 - (m) Immorality, which is conduct the Board determines is 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 criminal acts, fraud, theft, dishonesty, deceit, corruption, indecency, or depravity;

- (n) Physical threats, explosive temper, or assault on a community member, parent, Board member, District contractor, employee or student, or other behavior that presents a danger of physical harm to himself or others;
- (o) Knowingly falsifying records or documents related to the District's activities or communications with the Board; or knowingly making any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required employment application, certification, employment history, criminal history, or payroll and personnel records;
- (p) Conscious misrepresentation of facts or intentional withholding of pertinent information to the Board or other District, federal, state or local officials in the conduct of the District's business;
- (q) Failure to fulfill or maintain requirements for superintendent certification;
- (r) A breach of the duty of trust or failure to take reasonable steps to maintain an effective, close, positive, and professional working relationship with the Board; or,
- (s) Any other reason constituting "good cause" under Texas law for terminating the Contract during the term of the Contract.

In the event that the Board terminates this Contract or suspends the Superintendent without pay for "good cause," the Superintendent shall be afforded all the rights as set forth in the Board's policies and state and federal law.

10. **Nonrenewal or Resignation of Contract.** Nonrenewal of this Contract, or resignation under this Contract, will be pursuant to Texas Education Code Chapter 21 and applicable Board policies. Provided, however, this Contract shall terminate on the retirement or death of the Superintendent; or may be terminated by mutual agreement of the Superintendent and the Board upon mutually-agreed-upon terms and conditions. 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 unilaterally resign this Contract at the end of the Contract term, or may resign with the consent of the Board at any other time.
11. **Indemnification:** To the extent permitted by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 101, the **District agrees to defend, hold harmless, and indemnify the Superintendent** from any and all demands, claims, suits, actions, judgments, expenses, and attorneys' fees incurred in any legal proceedings brought against the Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, acting within the course and scope of the Superintendent's employment (Covered Claim).

The term "Covered Claim" excludes any demands, claims, suits, actions, judgments, expenses, and attorneys' fees where it is determined that the 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. This indemnity also excludes any costs, fees, expenses, or damages that would be recoverable or payable under an insurance contract, held either by the District or by the Superintendent. The District's obligation to indemnify does not apply to criminal investigations or criminal proceedings.

The District and the Superintendent shall select the Superintendent's legal counsel for any Covered Claim by agreement if such legal counsel is not also the District's legal counsel. If legal defense is provided through insurance coverage, the Superintendent's right to agree to legal counsel provided for the Superintendent will depend on the terms of the applicable insurance contract. This indemnity provision shall survive the termination of this Contract.

While employed as the Superintendent of the District, the Superintendent agrees to fully cooperate with the District in the defense of any and all demands, claims, suits, actions, and legal proceedings brought against the District, regardless of whether the Superintendent is named as a party. After the Superintendent is no longer employed by the District, the Superintendent agrees to reasonably cooperate with the District in the defense of any and all demands, claims, suits, actions, and legal proceedings brought against the District, regardless of whether the Superintendent is named as a party. Contingent on the Superintendent's providing such reasonable cooperation, the District shall reimburse the Superintendent's reasonable related expenses, including travel and lodging expenses and any salary lost by virtue of his taking time off from his then-current employment to assist the District at its request, if the Superintendent is no longer an employee of the District. Requests for assistance from the Superintendent with respect to such matters shall be made through the Board of Trustees' President, any successor superintendent, and/or legal counsel for the District, and the amount to be reimbursed to the Superintendent shall be mutually agreed upon in advance. The Parties' obligations under this paragraph shall continue after the termination of this Contract.

12. **General Provisions.**

12.1 **Amendment:** This Contract may not be amended except by written agreement of the Parties.

12.2 **Severability:** If any provision in this Contract is, for any reason, held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. This Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of the Contract.

12.3 **Entire Agreement:** All existing agreements and contracts, both verbal and

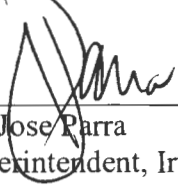
written, between the Parties regarding the employment of the Superintendent are superseded by this Contract. This Contract constitutes the entire agreement between the Parties.

- 12.4 **Controlling Law and Venue:** Texas law shall govern construction of this Contract. The Parties agree that mandatory and exclusive venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be in state district court in Dallas County.
- 12.5 **Paragraph Headings:** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.
- 12.6 **Legal Representation:** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.
- 12.7 **Conflicts.** In the event of any conflict between the terms, conditions, and provisions of this Contract 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 Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the term of the Contract.

13. **Notices.**

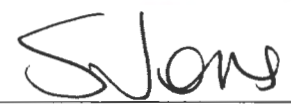
- 13.1 **To Superintendent:** The Superintendent agrees to keep a current address on file with the District's Human Resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand-delivery, or by certified mail, regular mail, and/or express delivery service to the Superintendent's address of record.
- 13.2 **To Board:** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

I have read this Contract and agree to abide by its terms and conditions:



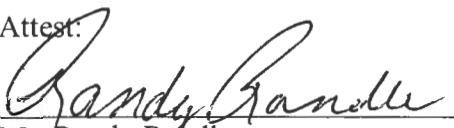
Dr. Jose Parra
Superintendent, Irving ISD

Date signed: 10/17/2016



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

Date signed: 10/17/2016

Attest:


Mr. Randy Randle
Secretary, Board of Trustees of Irving ISD

Date signed: 10/17/2016

2. Reimbursements

For the Twelve-Month Period Ended August 31, 2015

Description of Reimbursements	Superintendent Jose Parra	Board Member Valerie Jones	Board Member Larry Stipes	Board Member Steven Jones	Board Member Lee Mosty	Board Member Randy Randle
Meals	267.41	11.25	152.43	34.67	148.13	128.73
Lodging	1,670.68		337.97	131.79	464.23	337.97
Transportation	2,945.87	35.00	347.43	361.27	473.76	641.29
Motor Fuel						
Other	2,661.00		475.00	355.00	475.00	475.00
Total	7,544.96	46.25	1,312.83	882.73	1,561.12	1,582.99

Description of Reimbursements	Board Member Randy Necessary	Board Member Nell Ann Hunt	Board Member Dinesh Mali
Meals	120.66	38.37	
Lodging	263.58	1,227.86	
Transportation	326.54	183.75	12.90
Motor Fuel			
Other	260.00	735.00	860.00
Total	970.78	2,184.98	872.90

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2015, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

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.

3. 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, 2015

Name(s) of Entity(ies)	Amount Received
NONE	NONE

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

4. 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, 2015

	Superintendent	All Board Members
Total	None Reported	None Reported

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.

5. Business Transactions Between School District and Board Members

For the Twelve-Month Period Ended August 31, 2015

	All Board Members
Amounts	<u>None Reported</u>

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.

6. Any Other Informton the Board of Trustees of the School District or Open-Enrollment Charter School determines to be useful.

None



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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.

Assigned Fund Balance: The assigned fund balance represents tentative plans for the future

use of financial resources. Assignments require executive management (per board policy to assign this responsibility to executive management prior to end of fiscal year) action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The assignment and dollar amount for the assignment may be determined after the end of the fiscal year when final fund balance is known.

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



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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.

Committed Fund Balance: The committed fund balance represents constraints made by the board of trustees for planned future use of financial resources through a resolution by the board, for various specified purposes including commitments of fund balance earned through campus activity fund activities. Commitments are to be made as to purpose prior to the end of the fiscal year. The dollar amount for the commitment may be determined after the end of the fiscal year when final fund balance is known.

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

Days of Cash on Hand: The number of days the school district can disburse funds for its operating expenditures without receiving any

new revenues.

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.

Debt Service Coverage Ratio: This ratio measures an organization's ability to make debt principal and interest payments that will become due during the year.

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.

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



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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 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



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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.

Modified Opinion: Term used in connection with financial auditing. A modification of the independent auditor's report means there exists one or more specific exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained therein according to generally accepted accounting principles.

Nonspendable Fund Balance: The portion of fund balance that is in non-liquid form, including inventories, prepaid items, deferred

expenditures, long-term receivables and encumbrances (if significant). Nonspendable fund balance may also be in the form of an endowment fund balance that is required to remain intact.

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



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- 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.

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.

Restricted Fund Balance: This is the portion of fund balance that has externally enforceable constraints made by outside parties.

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 (\$.04)



GLOSSARY

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.

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

Unmodified Opinion: Term used in connection with financial auditing. An unmodified independent auditor's opinion means there are no stated exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained according to generally accepted accounting principles.

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.