

Lake Travis Independent School District



2017–18 Ratings Report

October 17, 2018

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Financial Integrity Rating System of Texas (FIRST)
Lake Travis Independent School District 2017-2018 Ratings based on School Year 2016-2017
data

Executive Summary

Introduction

This is the 16th year of School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school district's financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The School FIRST accountability rating system assigns a letter grade to each district. An A = Superior Rating, B = Above Standard, C = Meets Standard or F = Substandard Achievement. Districts that receive the "Substandard Achievement" ratings under School FIRST must file a corrective action plan with the Texas Education Agency.

Major Changes to the School FIRST System

The School FIRST System was updated in August 2015 to include major changes in the Commissioner's Rule. The changes in the Commissioner's Rule were authorized by HB 5 amended Section 39.082 Texas Education Code to require the commissioner of education to include processes in the financial accountability rating system for anticipating the future financial solvency of each school district and open-enrollment charter school.

The changes to the School FIRST System implemented by the Texas Education Agency in August 2015 are being phased-in over three years. During the phase-in period, the new School FIRST System has separate worksheets for rating years 2014-2015, 2015-2016, and 2016-2017 and subsequent years. The worksheet for rating year 2014-2015 contains only 7 indicators and the worksheets for rating years 2015-2016 and 2016-2017 contain 15 indicators. Also, the worksheet for rating year 2016-2017 requires higher scores for select ratings compared to the worksheet for rating year 2015-2016.

Reporting Requirements under the School FIRST System

Under School FIRST, every school district in Texas is required to prepare an annual financial management report that includes the following:

- A. The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System.
- B. The district's financial management performance under each indicator for the current and previous years' financial accountability ratings;

C. Additional information required by the Commissioner of Education. Under Chapter 109, the Commissioner requires certain disclosures, as follows:

1. A copy of the superintendent's current employment contract. This must disclose all compensation and benefits paid to the superintendent;
2. A summary schedule for the fiscal year (12-month period) of total reimbursements received by the superintendent and each board member;
3. A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services;
4. A summary schedule for the fiscal year of the total dollar amount by the executive officers and board members of gifts that had an economic value of \$250 or more in the aggregate in the fiscal year. This reporting requirement only applies to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, as a person related to another person within the first degree by consanguinity or affinity) from an outside entity that received payments from the school district in the prior fiscal year, and gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement of travel-related expenses by an outside entity when the purpose of the travel is to investigate or explore matters directly related to the duties of an executive officer or board member, or matter related to attendance at education-related conferences and seminars whose primary purpose is to provide continuing education;
5. A summary schedule for the fiscal year of the dollar amount by board members for the aggregate amount of business transactions with the school district. This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members;
6. Additional information that the district's board of trustees deems useful.

Publicizing the District's Financial Report and Rating

Within two months of receiving the final financial accountability rating school districts are required to distribute the financial management report to attendees at a public hearing for School FIRST. The board of trustees is to have the public hearing at a district facility.

Notice of the hearing, including date, time and location, must be provided to a newspaper of general circulation in the district once a week for two weeks prior to holding the public meeting. The first notice may not be placed more than 30 days or less than 14 days prior to the public hearing. District staff should have copies of the report ready to hand out to attendees at the public hearing and to anyone that requests a copy after the meeting.

User: Johnny Hill
User Role: District

RATING YEAR DISTRICT NUMBER [Help](#)
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Financial Integrity Rating System of Texas

2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL

Name: LAKE TRAVIS ISD(227913)		Publication Level 1: 8/6/2018 2:48:24 PM	
Status: Passed		Publication Level 2: 8/8/2018 12:11:29 PM	
Rating: A = Superior		Last Updated: 8/8/2018 12:11:29 PM	
District Score: 98		Passing Score: 60	
#	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>	4/20/2018 9:41:01 AM	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>	4/20/2018 9:41:01 AM	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>	4/20/2018 9:41:01 AM	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 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>	4/20/2018 9:41:01 AM	Yes
4			Yes

	<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>	4/20/2018 9:41:02 AM	
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 9:41:02 AM	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>	4/20/2018 9:41:02 AM	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>	4/20/2018 9:41:03 AM	8
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 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 9:41:03 AM	10
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>	4/20/2018 9:41:03 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 9:41:03 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 9:41:04 AM	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>	6/19/2018 11:29:59 AM	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>	4/20/2018 9:41:05 AM	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>	4/20/2018 9:41:05 AM	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>	4/20/2018 9:41:05 AM	10

		98 Weighted Sum
		1 Multiplier Sum
		98 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	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
	F = Substandard Achievement	<60
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p>		

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.texas.gov

THE **TEXAS EDUCATION AGENCY**
1701 NORTH CONGRESS AVENUE • AUSTIN, TEXAS, 78701 • (512) 463-9734

FIRST 5.4.1.0

Lake Travis ISD's Financial Management Performance under each Indicator for the Current and Previous Years' Rating

Schools FIRST Rating Worksheet					
Indicator	How Ratings Are Assessed	LTISD Response	2016-17 State Result	2015-16 State Result	
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?	A simple indicator. Was the Annual Financial Report filed by the deadline?	Lake Travis ISD's Annual Financial Report was filed with the Texas Education Agency on December 18, 2017.	Yes	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.)	A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.	Lake Travis ISD received a "clean audit" (unmodified opinion).	Yes	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)	This indicator will be considered "Passed" if there were no disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations.	Lake Travis ISD has never defaulted on bonded indebtedness.	Yes	Yes

	Indicator	How Ratings Are Assessed	LTISD Response	2016-17 State Result	2015-16 State Result
4	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	This indicator will be passed if the district made timely payments to the TRS, TWC, IRS and other government agencies.	Lake Travis ISD has always made timely payments to its governmental agencies.	Yes	Yes
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?	This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities?" (If the school district's change of students in membership over 5 years was 10 percent or more, then the district passes this indicator.)	As of August 31, 2017, Lake Travis ISD had an unrestricted net asset balance of \$38,391,191.	Yes	Yes
6	Was the number of days of cash on hand and current investment in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?	This indicator measures the ability of the district to cash-flow its expenditure obligations. To receive the full ten points, the districts must have at least 90 days of cash on hand.	As of August 31, 2017, Lake Travis ISD had 110.799 days of cash on hand to cover its expenditures.	10	10
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	This indicator measures the ability of the district to pay its current liabilities.	As of August 31, 2017, Lake Travis ISD had a current liabilities ratio of 2.5964.	8	10
8	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?	This indicator measures the ability of the district to sustain its solvency long-term. (If the district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	As of August 31, 2017, Lake Travis ISD had a long-term liabilities to total assets ratio of .7237.	10	10

	Indicator	How Ratings Are Assessed	LTISD Response	2016-17 State Result	2015-16 State Result
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?	This indicator measures the ability of the district to pay its obligations. To receive full credit for this indicator the district must have at least 60 days of cash on hand.	As of August 31, 2017, Lake Travis ISD had 110.799 of cash on hand to pay its obligations.	10	10
10	Was the debt service coverage ratio sufficient to meet the required debt service?	This indicator measures the amount of debt service fund balance to debt service obligation. To receive full credit the district must maintain a debt service coverage ratio of 20%.	As of August 31, 2017, Lake Travis ISD had a debt service ratio of 23.43%.	10	6
11	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	This indicator measures the percentage of their budget that Texas school districts spent on administration. Did Lake Travis ISD exceed the cap in School FIRST for districts our size?	Lake Travis ISD had an Administrative Cost Ratio of .0904. Administrative Cost Ratios under .1000 receive the maximum of 10 points.	10	10
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)? If the student enrollment did not decrease, the school district will automatically pass this indicator.	This indicator is measuring school districts that are compensating for a drop in students by reducing staff. If a school district is growing in students, then this indicator is non-applicable.	As of August 31, 2017, Lake Travis ISD had a three year increase in students of 992.	10	10
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?	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.	Lake Travis ISD had a zero percent variance between its' Annual Financial Report and the data submitted to PEIMS.	10	10

	Indicator	How Ratings Are Assessed	LTISD Response	2016-17 State Result	2015-16 State Result
14	Did the external independent auditor report that the AFR was free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	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.	Lake Travis ISD had a clean audit report.	10	10
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?	This indicator is looking for an adjusted repayment schedule from the Texas Education Agency as a result of a financial hardship?	Lake Travis ISD has never had an adjusted repayment schedule from the Texas Education Agency.	10	10

SUPERINTENDENT'S EMPLOYMENT CONTRACT

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TRAVIS

§

§

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Contract") is made and entered into by and between the Board of Trustees (the "Board") of the Lake Travis Independent School District (the "District") and Bradford T. Lancaster, Ed.D. ("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:

I. Term

1.1 Term. The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment, as Superintendent of Schools for the District for a term of five (5) years, commencing on January 1, 2018 and ending on December 31, 2022. Each Contract year during the term of this Contract, or any renewal or extension thereof, shall commence on January 1st of each calendar year and run through December 31st of that calendar year. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law. Any such extension shall be set forth in an addendum to this Contract, which addendum shall be a part hereof for all purposes. Failure to extend the Contract shall not constitute nonrenewal under Board policy. The Superintendent does not have a property or liberty interest, or any other legally recognized and/or protected interest or expectation, in such extension by the Board.

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

II. Employment

2.1 Duties. The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the job description and as may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be adopted, enacted, or amended. Specifically, it shall be the duty of the Superintendent to recommend for employment all professional employees of the District subject to the Board's approval. It shall be the further duty of the Superintendent to employ all other personnel consistent with the Board's Policies. It shall be the further duty of the Superintendent to direct, assign, reassign, and evaluate of all the employees of the District consistent with Board policies and

federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. It shall be the further duty of the Superintendent to accept all resignations of employees of the District consistent with the Board's policies, except the Superintendent's resignation, which must be accepted by the Board. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill and expertise. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

2.2 Professional Certification. 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 for Educator Certification or the Texas Education Agency and all other certificates required by law.

2.3 Reassignment. The Superintendent may not be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.

2.4 Board Meetings. Unless otherwise prohibited by law, the Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Contract or the Superintendent's salary and benefits as set forth in this 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. In the event of illness or Board President approved absence, the Superintendent's designee may attend such meetings, subject to the exceptions noted above.

2.5 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for study and appropriate action, and the Superintendent shall investigate such matters and inform the Board of the results of such action.

2.6 Indemnification. To the extent it may be permitted to do so by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as a Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment with the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith, with conscious indifference or reckless disregard; and

excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by Superintendent. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and by the District if such legal counsel is not also District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. To the extent this Section 2.6 exceeds the authority provided and the limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this Section 2.6 shall survive the termination of this contract.

III. Compensation

3.1 Salary. The District shall provide the Superintendent with an annual base salary in the sum of Three Hundred and Sixteen Thousand, Eight Hundred and Sixty Four and 96/100 Dollars (\$316,864.96). The annual salary rate approved by the Board shall be paid to the Superintendent in equal installments consistent with the Board's policies.

3.2 Salary Adjustments. During the term of this Contract, or any renewal or extension thereof, the Superintendent shall, on September 1 of each school year, receive the same percentage increase in his then base salary as is received for that school year by full-time classroom teachers, unless the Superintendent notifies the Board President in writing that he has elected not to receive all or a portion of this increase. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary initially approved by the Board when the Superintendent was hired by the Board in January 2012, except by mutual agreement of the two parties. Such adjustments shall be made pursuant to a lawful Board resolution. In such event, an addendum shall be attached to this Contract incorporating the adjusted salary.

3.3 Civic Activities. The Superintendent is encouraged to participate in community and civic affairs. The reasonable and actual expense of such activities, subject to Board approval, shall be borne by the District from funds budgeted for that purpose by the Board.

3.4 Insurance. The District shall pay for the Superintendent the same premium contribution amount for coverage under the District's group health care plan that the District makes available to every employee.

3.5 Vacation, Holiday and Personal Leave. The Superintendent may take, at the Superintendent's choice, with prior notice to the Board President, the same number of days of vacation authorized by policies adopted by the Board for administrators on twelve-month contracts, the days to be taken in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. The Superintendent shall observe the same legal holidays as provided by Board policies for administrative employees on twelve-month contracts. All accrued, but unused personal leave days and vacation days shall carry over from year to year. Upon termination of employment, all unused vacation and personal leave days accumulated, but unused, by the Superintendent during his employment by the District will be paid

in a lump sum to the Superintendent at the Superintendent's then current daily rate of pay under Section 3.1 of this Contract, based on two hundred and twenty-four (224) days of service per year, annually, at the end of each anniversary of the effective date of this Contract (less applicable deductions, including withholding taxes) as elected by the Superintendent. However, the Superintendent shall be required to receive payment for a minimum of one-third of his currently accumulated, unused vacation and personal leave days annually. The value of any accumulated, unused vacation and personal leave days remaining upon termination of this Contract shall be paid to the Superintendent or his survivors within 30 days of the termination date of the Contract (less applicable deductions, including withholding taxes).

Further, the Superintendent is hereby granted an additional 15 days of personal leave per year, such days to be taken in a single period or at different times. These additional days taken by the Superintendent, with prior notice to the Board President, will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. Any of these additional personal leave days that the Superintendent does not take, shall not accrue or carry over from year to year, but shall lapse at the end of the year in which the days were granted.

3.6 Professional Growth. The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional meetings at the local, regional, state and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular 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 Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District does hereby agree to provide in the District's budget during the term of this Contract for the benefit of the Superintendent, a professional development budget per contract year to be used for registration, travel, meals, lodging, and other related expenses. The District shall pay the Superintendent's membership dues to the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills. The District shall bear the reasonable cost and expense for such attendance and membership.

3.7 Annuity. On behalf of the District, the Board shall establish for the Superintendent either a qualified tax-sheltered annuity or custodial account under Section 403(b) of the Internal Revenue Code of 1986, as amended (the "Code") (the 403(b) Annuity"). The 403(b) Annuity is to be mutually acceptable to the Superintendent and the Board. Contributions to the 403(b) Annuity shall be made as described in a. and b. herein. Each annual contribution to the 403(b) Annuity shall not exceed the yearly maximum amount the District may contribute under Section 403(b) of the Code for and on behalf of the Superintendent, without causing any portion of such contribution to be included in the Superintendent's taxable income for the year in which the contribution is made. Any contributions to the 403(b) Annuity shall be paid directly by the District and shall be

nonelective, and the Superintendent shall not have any right to receive such contributions in cash. Any District required contribution under this Section in excess of the maximum allowed under Section 403(b) of the Code shall be paid to the Superintendent as a part of his regular taxable compensation. The Superintendent shall have the sole right to choose the investments in such 403(b) Annuity, but such investments must comply with the Code and any applicable state laws. The District's contributions to the 403(b) Annuity created under this Section, and all earnings thereon, shall be vested with the Superintendent as specified below. Upon becoming fully vested in the 403(b) Annuity and eligible for a distribution under the terms of the 403(b) Annuity, the Superintendent may choose to receive payment of the funds in any method allowed by the 403(b) Annuity. Nothing contained herein shall result in payments under this Section beyond the expiration of the Contract.

- a. The first contribution shall be made on or before March 1, 2014 and the following three payments shall be made on or before January 31 each year (beginning in January 2015), providing that this Contract has not been terminated. The amount of the four contributions shall be such that the total paid to the Superintendent when he becomes fully vested in the contributions and earnings thereon, in accordance with the timing of contributions and vesting specified herein, using an assumed interest rate of 5.00% annually, would pay the Superintendent \$602.33 per month for life in equal monthly installments made at the beginning of each month, using the life expectancy table under U.S. Treasury Regulations Section 1.401(a)(9)-9, Subchapter A.

Date	Vested Percentage in 403(b) Annuity
December 31, 2014	25.00%
December 31, 2015	50.00%
December 31, 2016	75.00%
December 31, 2017	100.00%

- b. An additional contribution shall be made on or before January 31, 2018, providing that this Contract has not been terminated. The amount of this contributions shall be such that when the Superintendent becomes fully vested in the contributions and earnings thereon, in accordance with the timing of contributions and vesting specified herein, using an assumed interest rate of 5.00% annually, would pay the Superintendent \$147.18 per month for life in equal monthly installments made at the beginning of each month, using the life expectancy table under U.S. Treasury Regulations Section 1.401(a)(9)-9, Subchapter A.

Date	Vested Percentage in 403(b) Annuity
January 31, 2018	8.33%
March 1, 2018	16.67%
March 31, 2018	25.00%
April 30, 2018	33.33%
May 31, 2018	41.67%

June 30, 2018	50.00%
July 31, 2018	58.33%
August 31, 2018	66.67%
September 30, 2018	75.00%
October 31, 2018	83.33%
November 30, 2018	91.67%
December 31, 2018	100.00%

- c. An additional contribution equal to 54.55% of the 2018 limit under Section 415(c)(1)(A) of the Code shall be made on or before January 31, 2019 and on each anniversary of the effective date of this Contract thereafter for a total of five (5) years (the last payment to be made on January 31, 2023), providing that this Contract is still in effect and has not been terminated on each such anniversary. The Superintendent shall be vested in all accumulated contributions and earnings thereon in accordance with the following schedule:

i.	December 31, 2019	20%
ii.	December 31, 2020	40%
iii.	December 31, 2021	60%
iv.	December 31, 2022	80%
v.	December 31, 2023	100%

3.8 Salary Deferral. Effective February 1, 2014, and each year during the term of this Contract, and provided that the Superintendent executes a salary deferral agreement in accordance with the requirements of Sections 403(b) and/or 457(b) of the Internal Revenue Code (the "Code") in the amount of the salary deferral contribution, the District shall provide a supplement to the Superintendent's salary to allow him to contribute a salary deferral contribution to a plan established by the District under either Section 403(b), Section 457(b) or Section 457(f) of the Code which plans may include investments as allowed under Sections 403(b)(7), 457(b) and/or 457(f) of the Code, respectively, at the Superintendent's option. Provided that the Superintendent's salary deferral agreements executed in accordance with the requirements of Sections 403(b), 457(b), and/or 457(f) of the Code allow for deferrals that are at least equal to the salary supplement by the District specified in this Section, up to the maximum salary deferral contribution allowed under Code Sections 403(b) or 457(b), as applicable, with any amounts provided under this Section of the Contract above such limits to go to the 457(f) plan, this salary supplement shall be treated as a salary deferral contribution under the Code and shall be reported as "creditable compensation" by the District for purposes of the TRS. The total salary deferral amount specified herein may be allocated to plan established under Section 403(b) and/or 457(b) of the Code at the discretion of the Superintendent. The supplement provided under this Section 3.8 shall be made as follows, as long as the Superintendent's Contract is in force:

- a. Monthly January 1, 2018 through December 31, 2018 - \$2,083.33
- b. Monthly January 1, 2019 through December 31, 2019 - \$3,333.33
- c. Monthly January 1, 2020 through December 31, 2020 and each month thereafter - \$3,333.33

3.9 Business Expenses. The District shall pay for or reimburse the Superintendent for reimbursable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract from funds budgeted for that purpose by the Board. The District also agrees to pay the actual or incidental costs incurred by the Superintendent for travel outside of the Lake Travis Independent School District attendance zone; such costs may include, but are not limited to, airline tickets, hotels and accommodations, meals, mileage, rental car and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all policies, procedures, and documentation requirements in accordance with the Board policies and established procedures. Annually, the Superintendent's business expenses will be subject to review by the District's independent auditors. In addition, the Superintendent shall submit a quarterly report on his business expenses to the Board.

3.10 Teacher Retirement System of Texas. The District shall pay the Superintendent a salary supplement in an amount equal to the Superintendent's portion of the monthly contribution to the Teacher Retirement System of Texas ("TRS") required for the Superintendent. This additional salary supplement shall be paid to the Superintendent by regular payroll installments and shall be reported as creditable compensation by the District for purposes of TRS.

3.11 Information Technology/Communications. The District shall provide the Superintendent with a personal cellular telephone and/or personal digital assistant (PDA) with nationwide coverage, a laptop and a printer, and a wireless router, which he may use for his business and personal purposes, provided that any personal use of such equipment shall not interfere with its business use, and further provided that the Superintendent shall not use such equipment for any personal purposes that are inconsistent with or prohibited by District policies, regulations or Board directives, or by state or federal law, for use of property owned by the District.

3.12 Primary Residence. The Superintendent shall maintain his primary residence within the geographical boundaries of the District during the term of this Contract, and any extension or renewal thereof.

3.13 Annual Physical Examination. The Superintendent shall undergo an annual physical examination by the Superintendent's primary care physician, or other physician mutually acceptable to the Superintendent and the Board President. The physician shall submit a confidential statement to the Board President verifying the Superintendent's fitness to perform the essential functions of his job, and copies of all such statements shall be confidential to the extent permitted by law. The District shall pay all actual and reasonable costs of the annual physical examination. The examination shall be performed on or before November 1st of each year of this Contract, and any extension or renewal thereof.

3.14 Longevity Pay. In order to encourage continuity of leadership in the District, the District wishes to provide additional compensation to the Superintendent as a reward for reaching certain longevity goals. These longevity payments shall be made as follows:

- a. If on January 1, 2018 the Superintendent has completed 6 years of service with the District, the District shall pay the Superintendent Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in monthly installments for twelve months beginning on January

1. 2018.
- b. If on January 1, 2019 the Superintendent has completed 7 years of service with the District, the District shall pay the Superintendent Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in monthly installments for twelve months beginning on January 1, 2019.
- c. If on January 1, 2020 the Superintendent has completed 8 years of service with the District, the District shall pay the Superintendent Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in monthly installments for twelve months beginning on January 1, 2020.
- d. If on January 1, 2021 the Superintendent has completed 9 years of service with the District, the District shall pay the Superintendent Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in monthly installments for twelve months beginning on January 1, 2021.
- e. If on January 1, 2022 the Superintendent has completed 10 years of service with the District, the District shall pay the Superintendent Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in monthly installments for twelve months beginning on January 1, 2022.

If in the event this Agreement is terminated for any reason after the Superintendent has become entitled to Longevity Pay under (a) through (d) above but prior to the completion of the 12 monthly payments under the applicable section, then the remainder of the 12 monthly payments shall be paid to the Superintendent in a single cash payment.

IV. Annual Performance Goals

4.1 Development of Goals. The Superintendent shall submit to and the Board each year, for the Board's consideration and adoption, a preliminary list of goals for the District. The goals approved by the Board shall at all times be reduced to writing and shall be among the criteria on which the Superintendent's performance will be reviewed and evaluated.

V. Review of Performance

5.1 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. The evaluation and assessment shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description.

5.2 Confidentiality. Unless the Board and Superintendent expressly agree 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 Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.

5.3 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with the provisions

of Article V of this Contract, the Board's policies, and state and federal law. 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 to demonstrate such expected performance before being evaluated.

VI. Extension or Nonrenewal of Employment Contract

6.1 Extension/Nonrenewal. Extension or nonrenewal shall be in accordance with Board policy, Texas Education Code Chapter 21, Subchapter E, and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Texas Education Code, the Superintendent shall be entitled to written notice not later than the 45th day before the last day of the contract term, containing reasonable notice of the reason(s) for the proposed non-renewal of the Superintendent's Contract with the District.

VII. Termination of Employment Contract

7.1 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.

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

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

- a. Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
- b. Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency.
- c. Insubordination or failure to comply with lawful written Board directives;
- d. Willful failure to comply with written Board Policies or District administrative directives;
- e. Neglect of duties;
- f. Drunkenness or excessive use of alcoholic beverages;
- g. Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- h. Conviction of a felony or crime involving moral turpitude;
- i. Failure to meet the District's standards of professional conduct;
- j. Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development

- k. Disability, not otherwise protected by law, that substantially impairs the Superintendent's performance of required duties;
- l. Immorality, which is conduct not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency or depravity;
- m. Assault on an employee or student;
- n. Knowingly falsifying records or documents related to the District's activities;
- o. Conscious misrepresentation of material facts to the Board or other District officials in the conduct of the District's business;
- p. Failure to fulfill requirements for the Superintendent certification;
- q. Failure to fulfill the requirements of a deficiency plan; or,
- r. Any other reason constituting "good cause" under Texas law.

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

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

Article VIII. Miscellaneous


8.1 Controlling Law. This Contract shall be governed by the laws of the State of Texas and shall be performable in Travis County, Texas, unless otherwise provided by law.

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


8.3 Conflicts. In the event of any conflict between the terms, conditions and provisions of this Employment 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.

8.4 Savings Clause. In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

By: 
Kim Flasch, President,
Board of Trustees, Lake Travis ISD

ATTEST:


By: Guy Clayton, Secretary
Board of Trustees, Lake Travis ISD

Executed this 23 day of January 2018.

SUPERINTENDENT

By: 
Bradford T. Lancaster

Executed this 23 day of January 2018

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2017-2018

For the Twelve-month Period Ended August 31, 2018									
Description of Reimbursements	Superintendent Dr. Brad Lancaster	Place 1 Guy Clayton	Place 2 Lisa Johnson	Place 2 Lauren White	Place 3 Jessica Putonti	Place 4 John Aouelle	Place 5 Kim Flasch	Place 6 William Beard	Place 7 Bob Dorsett, Jr.
Meals		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	-	-	-	-	-
Transportation	965.52	-	111.28	-	-	-	-	-	-
Other	-	95.00	-	-	50.00	-	-	70.00	-
Total	\$ 965.52	\$ 95.00	\$ 111.28	\$ -	\$ 50.00	\$ -	\$ -	\$ 70.00	\$ -

**Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting
and/or Other Personal Services in Fiscal Year 2017-2018**

For the Twelve-Month Period Ended August 31, 2018

Name(s) of Entity(ies)	
-	\$ 0.00
Total	\$ 0.00

Gifts Received by Board Members and Executive Officers (and First Degree Relatives, if any) in Fiscal Year 2018

(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, 2018

Place 1 Guy Clayton	Place 2 Lauren White	Place 3 Jessica Putonit	Place 4 John Aouelle	Place 5 Kim Flasch	Place 6 William Beard	Place 7 Bob Dorsett, Jr.
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Superintendent Dr. Brad Lancaster	Deputy Supt. Holly Morris-Kuentz	Chief Mary Patin	Asst. Supt. Johnny Hill	Asst. Supt. Evalene Murphy	Asst. Supt. Elizabeth Dettera
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Business Transactions Between School District and Board Members for Fiscal Year 2018

For the Twelve-Month Period Ended August 31, 2018

Superintendent Dr. Brad Lancaster	Place 1 Guy Clayton	Place 2 Lauren White	Place 3 Jessica Putonti	Place 4 John Aouelle	Place 5 Kim Flasch	Place 6 William Beard	Place 7 Bob Dorsett, Jr.
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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:

- TAKS passing rate by grade, by subject, student subpopulation, and by all grades tested;
- 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 Rating System to a school district or campus. The four indicators used to determine the accountability rating for a campus or district are their performance on (1) TAKS, (2) SDAA, (3) Completion rate and (4) Annual dropout rate. Based on these indicators every campus and district is assigned one of the following: District and Campus Ratings: Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, Not Rated: Alternative Education, Not Rated: Other, and Not Rated: Data Integrity Issues. Although registered alternative education campuses and charters will not be rated in 2004 based on academic performance, the commissioner of education has the authority to assign an *Academically Unacceptable* rating to address problems identified through Accountability System Safeguards, Performance-Based Monitoring, or other monitoring and compliance investigations.

Accounting: A standard school fiscal accounting system must be adopted and installed by the board of trustees of each school

district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

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

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

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

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

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

Auditing: Accounting documents and records must be audited annually by an independent auditor. Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

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

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

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

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

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

Cash: The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit

additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

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

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

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

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

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

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



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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 7 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 reported as in the Annual Financial and Compliance Report.

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 59XX.

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
- Intergovernmental Charges

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

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

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

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

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

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

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

Intergovernmental Charges:

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

Investments in Capital Assets, Net of Related Debt:

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

Local & Intermediate Revenues: All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 57XX.

Local Tax: This is all revenues from local real and personal property taxes, including recaptured funds under Chapter 41, Texas Education Code.

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
- 8000 Other Uses/NonOperating Expense

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

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

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

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

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

Other Operating Costs: Expenditures necessary for the operation of the school district that are NOT covered by Payroll Costs, Professional and Contracted Services, Supplies



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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 64XX.

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 79XX.

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 61XX. *(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.

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



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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 58XX.

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.

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.