



2024 Annual Financial Accountability Management Report

Based on Data from the Fiscal Year Ended August 31, 2023





2024 Annual Financial Accountability Management Report

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School FIRST (Financial Accountability Rating System of Texas) was first developed as the financial accountability system for Texas school districts by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The purpose of the financial accountability rating system is to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. 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. An evaluation of the long-term effectiveness of the system should disclose a measurable improvement in the quality of Texas public schools' financial decision-making processes. The importance of the rating system's goal is underscored by the steadily increasing complexity of the State's funding of public schools compounded by the increasing sophistication of the associated accounting system.

In accordance with Texas Education Code (TEC), Chapter 39, Subchapter D, each school district must be assigned a financial accountability rating by the Texas Education Agency (TEA). The specific procedures for determining financial accountability ratings will be established annually by the Commissioner of Education and communicated to all school districts.

As authorized by House Bill 5, Section 49, of the 83rd Texas Legislature, Regular Session, the Commissioner and the Texas Education Agency implemented major changes to the School FIRST system. Beginning with the 2015 report, the changes were phased in over three years.

As shown on the following chart, there are twenty-one accountability indicators. Financial accountability rating indicators for 2024 are based on fiscal year 2022-2023 financial data.

Indicator Category	Number of Indicators
Critical	4
Solvency	10
Financial Competence	7

The four critical indicators do not receive a point value. They are either validated or not. As in the previous system, failure to pass any of these four critical indicators results an automatic rating of "Substandard Achievement".

Ceiling indicators were introduced with the 2021 accountability rating. Indicators 5, 6, 16, 17, 20, and 21 are ceiling indicators. The scoring of these indicators limits the maximum points available and the applicable rating. If the district's overall points earned is less than the maximum points allowed by the applicable ceiling indicator, the district will receive a rating

based on the lesser points earned. If the district fails a critical indicator or the district's total number of points is equal to or less than 69 points, the school district will receive an "F = Substandard Achievement" rating, regardless of any ceiling indicator criteria met. The section on "How the Ratings are Assessed" gives a more detailed explanation of the determination of ratings based on meeting ceiling criteria.

With the exception of the ceiling indicators listed above, indicators in the solvency and financial competence categories may receive up to ten points.

Beginning with the 2020 report, a letter grade of "A" through "F" is assigned depending on the District's score on the solvency and financial competence indicators and, of course, passing all the critical indicators. The highest possible score on the indicators is 100 points. Any district scoring below 70 points will receive a rating of "Substandard Achievement". The following chart illustrates the scoring criterion for determination of ratings:

Rating	Points
A = Superior Achievement	90 through 100
B = Above Standard Achievement	80 through 89
C = Meets Standard Achievement	70 through 79
F = Substandard Achievement	0 through 69
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.	

The school district receives an "F" if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

Districts that do not receive a passing score must file a corrective action plan with the Texas Education Agency. The commissioner of education may apply sanctions to a district that is assigned a "Substandard Achievement" rating. Additional sanctions could apply if issues arise relating to data quality. Sanctions could result in the assignment of a financial monitor or master by the Texas Education Agency Accountability Department in accordance with Chapter 39 of the Education Code. Additional sanctions could involve an accreditation investigation that could result in specific requirements for improvements in financial management. A lowered rating status resulting from an investigation would remain in effect until the commissioner acknowledges that significant improvement was being made in financial management problem areas.

In December 2007, TEA Adopted 19 TAC Chapter 97, Planning and Accountability Subchapter EE, Accreditation Status, Standards, and Sanctions. The subchapter defined the accreditation statuses and stated how accreditation statuses would be determined and assigned to school

districts. In accordance with these rules, TEA will take into consideration a district's School FIRST rating when assigning an accreditation status. Additionally, a district's final School FIRST rating may affect its special education determination status as issued by the TEA under the requirements of the Individuals with Disabilities Education Act (IDEA).

Sanctions may also be applied because of data problems of a sufficient magnitude to raise questions about the validity of measurements used in the financial accountability rating system indicators. The district's rating would be suspended if serious, systemic data quality problems occurred.

The Texas Education Agency posts districts' final reports to the Agency's web site. Interested parties are able to print copies of all materials from that source.

On August 8, 2024, the Texas Education Agency posted the district's preliminary School FIRST rating. The School FIRST ratings were based upon an analysis of data reported for the 2022-2023 fiscal year. The District passed all the critical indicators and received a score of 92 out of a possible 100 points for the other indicators, losing two points each on indicators 12 and 13, and losing four points on indicator 11. This scoring will be discussed later in the section on "How the Ratings are Assessed".

Waco Independent School District's 2024 Rating is "A – Superior Achievement"

Upon notification of the district's rating, the ratings report must be disseminated by a school district to all the district's taxpayers, in addition to the parents and guardians of students. After receipt of the financial accountability rating system report generated by the Texas Education Agency, the district level decision-making committee must hold at least one public meeting annually for discussing the financial performance of the district and district performance objectives.

The board of trustees shall hold the hearing for public discussion of the annual financial accountability system report within 60 days of receiving the final notification. The board shall notify property owners, parents, and guardians in the district of the hearing. The District published notification, as required, in the Waco Tribune-Herald on October 1, 2024, as well as in their online advertising. The public meeting will be held on October 24, 2024.

The board of trustees will publish, or cause to be published, an annual report describing the financial management performance of the district. The report must include the information provided by the Texas Education Agency including the district's financial management performance under each indicator for both the current and previous years' financial accountability ratings.

The financial management report issued at the Schools FIRST hearing must contain certain required disclosures, in accordance with Title 19 Texas Administrative Code, Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System. These disclosures include:

1. A copy of the superintendent's current employment contract or other written documentation of employment if no contract exists. This must disclose all compensation and benefits paid to the superintendent. The school district may publish the superintendent's employment contract on its website instead of publishing it in the annual financial management report.
2. A summary schedule for the fiscal year (12-month period) of total reimbursements received by the superintendent and each board member, including transactions on the school district's credit or debit card(s), store-value card(s) and any other instruments to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items; the summary schedule of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the district;
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 of gifts with an economic value of \$250 or more received by the executive officers and board members. 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, Relationships by Consanguinity or by 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 matters related to attendance at education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment related purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than \$250 per executive officer or board member;
5. A summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the school district. This reporting requirement does not duplicate the items disclosed in the summary schedule of reimbursements received by board members;
6. Any other information the local board of trustees determines to be useful.

A corrective action plan is to be filed with the TEA by each school district that received a rating of "Substandard Achievement".

If you have any questions about the report or need additional financial information about the District, please contact the Chief Financial Officer, Waco ISD, 501 Franklin Avenue, Waco,

Texas 76701. A copy of this report is available upon request through the Office of Public Information and may be found on the Financial Transparency page of the District's website.

The Ratings Worksheet

The following pages contain the 2022-2023 School FIRST rating worksheet detailing the District's performance on each of the 21 indicators as published by the Texas Education Agency. The worksheet is followed by an explanation of the indicators and information as to how ratings are assessed as well as a comparison with last year's performance.



Financial Integrity Rating System of Texas

2023-2024 RATINGS BASED ON SCHOOL YEAR 2022-2023 DATA - DISTRICT STATUS DETAIL

Name: WACO ISD(161914)		Publication Level 1: 8/8/2024 6:33:40 PM	
Status: Passed		Publication Level 2: 8/8/2024 6:33:40 PM	
Rating: A = Superior Achievement		Last Updated: 8/8/2024 6:33:40 PM	
District Score: 92		Passing Score: 70	
#	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>	4/19/2024 6:26:22 PM	Yes
2	<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>	4/19/2024 6:26:22 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 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>	4/19/2024 6:26:22 PM	Yes

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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	4/19/2024 6:26:22 PM	Yes Ceiling Passed
5	<u>Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:22 PM	Ceiling Passed
			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:22 PM	Ceiling Passed
7	<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 in the Determination of Points section.</u>	4/19/2024 6:26:22 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:22 PM	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</u>	4/19/2024 6:26:22 PM	10

	<u>days of cash on hand greater than or equal to 60 days?</u> <u>See ranges below in the Determination of Points section.</u>		
10	This indicator is not being evaluated.		10
11	<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 increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u>	4/19/2024 6:26:22 PM	6
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	8/8/2024 3:12:00 PM	8
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	6/22/2024 10:30:38 PM	8
14	<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>	4/19/2024 6:26:22 PM	10
15	This indicator is not being evaluated.		5
16	<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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:22 PM	Ceiling Passed
17	<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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	4/19/2024 6:26:22 PM	Ceiling Passed
18	<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>	4/19/2024 6:26:22 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	4/19/2024 6:26:22 PM	5

20	<u>Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?</u>	4/19/2024 6:26:22 PM	Ceiling Passed
21	<u>Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSO) funds because of a financial hardship?</u>	4/19/2024 6:26:22 PM	Ceiling Passed
			92 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			92 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical 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.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70
<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> <p>The school district receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.</p>		

CEILING INDICATORS

<p>Did the school district meet the criteria for any of the following ceiling indicators 4, 5, 6, 16, 17, 20, or 21? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.</p>
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Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 5 (Total Net Position) - Negative total net position and do not have 7% or more or 1,000 or more increase in growth in students in membership over 5 years.	79	C = Meets Standard Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 21 (FSP Repayment Plan) - Response to indicator is <i>Yes</i> .	70	C = Meets Standard Achievement

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How the Ratings Are Assessed

The Texas Education Agency (TEA) uses the following sources of data in calculating the financial accountability indicators for districts:

- The Annual Financial Report (AFR): For each district, TEA will use audited financial data in the district's AFR. The AFR, submitted as an electronic submission through the TEA website, must include data required in the Financial Accountability System Resource Guide (FASRG).
- Texas Student Data System Public Education Information Management System (TSDS PEIMS): The TEA will use data submitted by the school district through the TSDS PEIMS system.
- Warrant holds: The TEA will use warrant hold as reported by the Texas Comptroller of Public Accounts.
- Average Daily Attendance (ADA): The TEA will use the ADA information used for Foundation School Program (FSP) funding purposes.

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants. The following is a nonprofessional's explanation of what the questions mean – and what our answers can mean to the Waco Independent School District's rating.

- 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?

The Annual Financial Report for the fiscal year ended August 31, 2023 was approved by the Board of Trustees on January 26, 2024 and received by the Texas Education Agency on January 26, 2024. The Annual Financial Report for the fiscal year ended August 31, 2022 was approved by the Board of Trustees on January 26, 2023 and received by the Texas Education Agency by January 26, 2023.

- 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.)**

An auditor's audit opinion is contained within the audit report. Modified opinions are given for two reasons. The first is scope limitation, which means that the auditor does not have access to enough information, or to relevant information. The second is in the circumstance that there is a departure from applicable financial reporting framework, which may be the result of either an accident or negligence on the part of the district. The district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.

The opinion expressed by our independent auditors on the Annual Financial Report for both the fiscal years ended August 31, 2023 and August 31, 2022 was unmodified.

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 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.)

This indicator seeks to make certain that the district has timely paid all bills and obligations, including any financing arrangements, to pay for school construction, school buses, photocopiers, etc.

Waco ISD had no disclosures concerning default on bonded indebtedness for the fiscal years ended August 31, 2023 or August 31, 2022.

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? If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered not to have made timely payments and will fail this indicator. *Ceiling Indicator: If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement (even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days).*

This indicator seeks to confirm the district fulfilled its obligation to the TRS, TWC, and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations, required to be paid by the district.

Waco ISD made timely payments to the TRS, TWC, IRS, and other government agencies for the fiscal years ended August 31, 2023 and August 31, 2022.

5. Was the total net position balance in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? *Ceiling Indicator: If it is not, the maximum points and highest rating the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has such an increase, the maximum points and highest rating the school district may receive is 89 points, B = Above Standard Achievement.*

This indicator determines if the total net position in the governmental activities column of the Statement of Net Position as reported in the Annual Financial Report is greater than zero. A positive net position demonstrates financial solvency.

At August 31, 2023, Waco ISD had a total unrestricted net deficit of \$54,605,379 with accumulated accretion of interest for capital appreciation bonds of \$8,849,280, a net pension liability of \$59,185,439, and a net other post-employment benefit liability of

\$31,028,582. At August 31, 2022, Waco ISD had a total unrestricted net deficit of \$57,438,274 with accumulated accretion of interest for capital appreciation bonds of \$9,690,217, a net pension liability of \$23,898,324, and a net other post-employment benefit liability of \$47,362,589. The deficit net position results from the recording of pension and other post-employment liabilities and the inflows and outflows related to these programs.

6. **Was the average change in (assigned and unassigned) fund balance over three years less than a 25 percent decrease or did the current year assigned and unassigned fund balance exceed 75 days of operational expenditures?** *Ceiling Indicator: If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B – Above Standard Achievement.*

This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.

At August 31, 2023, the District's average change in fund balance over three years was an increase of 4.77 percent. The fund balance of \$49,662,869 was sufficient to operate for at least 75 days, an amount computed to be \$31,416,731. At August 31, 2022, the District's average change in fund balance over three years was an increase of 2.85 percent, the fund balance was \$45,710,678 and the amount computed as sufficient to operate for at least 75 days was \$32,312,076.

7. **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)?**

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

This indicator measures how many days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues. At least 90 days must be covered to receive the maximum points.

At August 31, 2023, the District had cash on hand and current investments in the general fund to cover 179.9401 days of operating expenditures. At August 31, 2022, the District had cash on hand and current investments in the general fund to cover 157.381 days of operating expenditures.

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

10	8	6	4	2	0
≥ 3.00	< 3.00 ≥ 2.50	< 2.50 ≥ 2.00	< 2.00 ≥ 1.50	< 1.50 ≥ 1.00	< 1.00

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did you meet or exceed the target amount in School FIRST?

At August 31, 2023, the District had a ratio of current assets to current liabilities of 5.9274. At August 31, 2022, the District had a ratio of current assets to current liabilities of 7.9807.

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?

10	10 points are awarded if the school district has at least 60 days cash on hand as determined in indicator #7	0
≥ 0%		< 0%

This indicator simply asks, "Did you spend more than you earned?" (The school district will automatically pass this indicator, if the school district had at least 60 days cash on hand.)

For the fiscal year ended August 31, 2023, the District's general fund revenues exceeded expenditures (excluding facilities acquisition and construction) by \$2,509,034. Additionally, at August 31, 2023, the District had cash on hand and current investments to cover 179.940 days of operating expenditures. For the fiscal year ended August 31, 2022, the District's general fund revenues exceeded expenditures (excluding facilities acquisition and construction) by \$5,218,328 and had cash equivalents and current investments to cover 157.381 days of operating expenditures.

10. Did the school district average less than a 10 percent variance (90%-110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

10	10 points are awarded if the school district's budgeted to actual revenues are < 10% variance (90% to 110%)	0
≥ 10%		< 10%

This indicator measures how accurately the district forecast projected revenue by comparing budgeted revenue submitted through PEIMS in October of the fiscal year to actual revenue submitted after the close of the fiscal year.

For the fiscal year ended August 31, 2023, the District's variance in budgeted to actual revenues was 0.1 percent or 0.9 percent less than the allowed variance of 10 percent. For the fiscal year ended August 31, 2022, the District's variance in budgeted to actual revenues was 0.3 percent or 0.7 percent less than the allowed variance.

Because of the impact of the COVID-19 pandemic on District enrollments, attendance and resulting State Foundation School Program revenues, this indicator was not scored for the 2022-23 fiscal year.

11. 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 enrollment over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)

10	8	6	4	2	0
≤ 0.60	$> 0.60 \leq 0.70$	$> 0.70 \leq 0.80$	$> 0.80 \leq 0.90$	$> 0.90 \leq 1.00$	> 1.00

This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately, this indicator recognizes that high-growth districts incur additional operating costs to open new instructional campuses.

At August 31, 2023, the District has a ratio of long-term liabilities to total assets of 0.7012. At August 31, 2022, the District has a ratio of long-term liabilities to total assets of 0.684. With the issuance of \$72,885,000 in the Unlimited School Building Bonds, Series 2022B and the issuance of \$78,455,000 in the Unlimited School Building Bonds, Series 2023, the ratio increased resulting in a loss of four points for this indicator.

12. What is the correlation between future debt requirements and the district's assessed property value?

10	8	6	4	2	0
≤ 4	$> 4 \leq 7$	$> 7 \leq 10$	$> 10 \leq 11.5$	$> 11.5 \leq 13.5$	> 13.5

This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year. Did you meet or exceed the target amount in School FIRST?

At August 31, 2023, the District's debt per \$100 of assessed property value ratio has a debt service coverage ratio of 5.6908. At August 31, 2022, the District's ratio was 5.0046. Again, the District lost two points for this indicator due to the issuance of bonded debt.

13. Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)

ADA Size	10	8	6	4	2	0
$\geq 10,000$	≤ 0.0855	$> 0.0855 \leq 0.1105$	$> 0.1105 \leq 0.1355$	$> 0.1355 \leq 0.1605$	$> 0.1605 \leq 0.1855$	> 0.1855
$\geq 5,000$ to $< 10,000$	≤ 0.1000	$> 0.1000 \leq 0.1250$	$> 0.1250 \leq 0.1500$	$> 0.1500 \leq 0.1750$	$> 0.1750 \leq 0.2000$	> 0.2000
$\geq 1,000$ to $< 5,000$	≤ 0.1151	$> 0.1151 \leq 0.1401$	$> 0.1401 \leq 0.1651$	$> 0.1651 \leq 0.1901$	$> 0.1901 \leq 0.2151$	> 0.2151
≥ 500 to $< 1,000$	≤ 0.1311	$> 0.1311 \leq 0.1561$	$> 0.1561 \leq 0.1811$	$> 0.1811 \leq 0.2061$	$> 0.2061 \leq 0.2311$	> 0.2311
< 500	≤ 0.2404	$> 0.2404 \leq 0.2654$	$> 0.2654 \leq 0.2904$	$> 0.2904 \leq 0.3154$	$> 0.3154 \leq 0.3404$	> 0.3404
Sparse	≤ 0.3364	$> 0.3364 \leq 0.3614$	$> 0.3614 \leq 0.3864$	$> 0.3864 \leq 0.4114$	$> 0.4114 \leq 0.4364$	> 0.4364

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

The District's Administrative Cost Ratio was computed at 9.75 percent for the fiscal year ended August 31, 2023 compared to 9.33 percent for the prior year. The rate falls between 8.55 and 11.05 percent, garnering only eight points for this indicator.

- 14. Did the school district *not* have a 15 percent decline in the students to staff ratio over three years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator. A Yes/No indicator. A response of Yes generates 10 points.)**

If a decline in student enrollment is occurring, this indicator measures if the decline in total staff is in proportion to the declining enrollment over a 3-year period. If declining enrollment is occurring, the change in this ratio cannot exceed 15 percent.

For the 2022-2023 school year, the District had a student to staff ratio of 6.265:1 compared to 6.231:1 in 2021-2022. This represents a .53 percent decrease in the student to staff ratio over three years. The percent decline in the students to staff ratio was less than the allowed 15 percent, so the District passed the indicator.

For the 2021-2022 school year, the District had a student to staff ratio of 6.424:1 compared to 6.303:1 in 2019-2020. This represents a 1.93 percent decrease in the student to staff ratio over three years.

- 15. Was the school district's actual ADA within the allotted range of the district's biennial pupil projections submitted to TEA? Alternatively, if the district did not submit pupil projections to TEA, did it certify TEA's projections? (A Yes/No indicator. A response of Yes generates 5 points).**

This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual.

For the 2022-2023 school year, the District's projection of ADA was 13,264.902 and actual ADA was 11,877.053, a variance of 11.69 percent. For the 2021-2022 school year, the District's projection of ADA was 13,305.111 and actual ADA was 11,923.316, a variance of 11.59 percent. Due to the losses in enrollment and attendance resulting from the COVID-19 pandemic, the Texas Education Agency funded the District on a hold-harmless ADA of 12,502.687.

Because of the impact of the COVID-19 pandemic on District enrollments, attendance and resulting State Foundation School Program revenues, this indicator was not scored for the 2022-2023 fiscal year.

- 16. 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 three percent of all expenditures by function? *Ceiling Indicator: If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.***

This indicator measures the quality of data reported to PEIMS and in the 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 more than three percent, the district "fails" this measure.

The comparison of the District's PEIMS data to like information in the Annual Financial Report resulted in a variance of 0.00004 for the fiscal year ended August 31, 2023 compared to a variance of 0.0000937 in the previous year.

- 17. 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.)** *Ceiling Indicator: If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.*

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.

The Annual Financial Report for fiscal years ended August 31, 2023 and August 31, 2022 disclosed no material weaknesses in internal controls over financial reporting or compliance for local, state, or federal funds.

- 18. 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.)**

This indicator measures whether the district is complying with laws, rules, and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.

The Annual Financial Report for fiscal years ended August 31, 2023 and August 31, 2022 disclosed no material noncompliance for grants, contracts, and laws related to local, state, or federal funds.

- 19. Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules?**

This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.

For the 2022-2023 fiscal year, the District posted all required financial information on the District's website. The District has been in compliance with required postings since 2008.

- 20. Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?** *Ceiling Indicator: If the school district fails this indicator, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.*

This indicator measures whether the administration and the board had the opportunity to consider the impact of changes in local, state, and federal funding.

For the 2022-2023, fiscal year, the district's property values were discussed with the school board members at the May 19, 2022, meeting. For the prior year, the district's property values were discussed at the May 13, 2021, meeting.

- 21. Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?** *Ceiling Indicator: If the school district fails this indicator, the maximum points and highest rating the school district may receive is 70 points, C = Meets Standard Achievement.*

This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.

This is a new indicator. The school district did not receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship.

Exhibit A-1

Superintendent's Current Employment Contract

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

SUPERINTENDENT'S EMPLOYMENT CONTRACT

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF MCLENNAN	§	

THIS AGREEMENT ("Contract") is made and entered into on the 29th day of August 2019, by and between the Board of Trustees (the "Board") of the Waco Independent School District (the "District") and Dr. Susan Kincannon (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 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 approximately three (3) years, commencing on Thursday, September 5, 2019 and ending on June 30, 2022. 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.

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 amended. Specifically, it shall be the duty of the Superintendent to recommend for employment all contracted administrative 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 all of 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.

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 and any other certificates required by law.

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

2.4 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. In the event of illness or Board-approved absence, the Superintendent's designee shall attend such meetings.

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 efforts.

2.6 Indemnification. The District shall defend, hold harmless and indemnify the Superintendent regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent for any act or failure to act involving the exercise of judgment and discretion within the normal course and scope of the Superintendent's duties as Superintendent of the District, to the extent and to the limit permitted by law. This paragraph does not apply if the Superintendent is found to have acted with gross negligence or with intent to violate a person's clearly established legal rights, or to have engaged in criminal conduct. The District may, at its sole discretion, fulfill its obligation under this paragraph by purchasing appropriate insurance coverage for the benefit of the Superintendent. No individual member of the Board shall be personally liable for indemnifying or defending the Superintendent under this paragraph. The District's obligation to indemnify,

defend and hold the Superintendent harmless under this paragraph survives the termination of this Contract.

III. Compensation

3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of Two Hundred fifty-two Thousand five hundred and No/100 Dollars (\$252,500.00). This annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.

3.1.1 Payment of TRS Contribution. The District shall supplement the Superintendent's annual salary by an amount equal to the Superintendent's portion of the monthly member contribution to the Texas Retirement System ("TRS"). This supplement shall include the retirement part of the TRS member contribution, as applicable. This additional salary supplement shall be paid to the Superintendent in regular monthly payroll installments and shall be reported as "creditable compensation" by the District for purposes of TRS, to the extent permitted by TRS. To the extent that the District's payment of this TRS contribution benefit as "creditable compensation" to the Superintendent results in an increase in the amount of the TRS member contribution, the Superintendent shall be responsible to pay the difference.

3.2 Salary Adjustments. 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 and TRS Contribution set forth pursuant to Sections 3.1 and 3.1.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any, shall be made pursuant to a lawful Board resolution. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.

3.3 Vacation, Holidays, Leave. The Superintendent may take, at the Superintendent's choice, subject to the Board's approval, the greater of ten (10) vacation days annually or the same number of days of vacation authorized by policies adopted by the Board for administrative employees on twelve-month contracts, the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. The Superintendent shall observe the same legal holidays as provided by Board policies for administrative employees on twelve-month contracts. The Superintendent is hereby granted the same personal leave benefits as authorized by Board policies for administrative employees on twelve-month contracts. Any unused vacation days that have accrued during the previous twelve (12) months ending on June 30, shall be carried forward by the Superintendent and 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.

3.4 Health Insurance. The District shall pay the same premiums for hospitalization, major medical and dental insurance coverage for the Superintendent pursuant to the group health care plan provided by the District for its administrative employees.

3.5 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 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 Board deem appropriate, to attend such seminars, courses, or meetings. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and 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 costs and expenses for such attendance or membership.

3.6 In-District Travel. The District shall provide the Superintendent with an automobile allowance in the sum of Five Hundred and No/100 Dollars (\$500.00) per month.

3.7 Reimbursement for Out-of-District Travel. The District shall reimburse the Superintendent for out-of-District travel incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract at the standard mileage rate per mile as established by the Internal Revenue Service during each year of this Contract.

3.8 Personal Protection. Should the life or safety of the Superintendent or her family be threatened or appear to be in danger because of her performance of official duties, the District is authorized, by a subsequent vote of the Board, to pay reasonable costs for the instant protection of the Superintendent and her family. Such protection, if required, will be first sought from regular police authorities.

3.9 Civic and Community. The Superintendent is encouraged to participate in community and civic affairs and the Chamber of Commerce. The expense of such activities, subject to Board approval, shall be borne by the District.

3.10 Professional Legal Liability. The District shall obtain and pay premiums for a professional legal liability insurance policy through the Superintendent's membership with a professional organization.

3.11 Outside Consultant Activities. With the prior written approval of the Board, the Superintendent may serve as a consultant to other school districts or educational agencies, lecture, engage in writing activities and speaking engagements, and engage in other activities that are of a short-term duration, at the expense of the District.

3.12 Moving/Relocation Expense – Reimbursement. In connection with the necessary relocation of the Superintendent and the Superintendent's family to the District, the District shall reimburse the Superintendent for necessary and reasonable expenses incurred in moving the Superintendent's family and belongings from Belton, Texas to a residence located in the District. The Superintendent shall document all expenses for which reimbursement is requested with receipts, cancelled checks or credit card statements and the District shall reimburse the Superintendent for all such necessary and reasonable documented expenses, within thirty (30) days of the District's receipt of such documented expenses.

IV. Annual Performance Goals

4.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board's consideration and adoption, a preliminary list of goals for the District. The goals approved

by the Board shall at all times be reduced to writing and shall be among the criteria on which the Superintendent's performance is 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 in January of each year during the term of this Contract ("Superintendent's Evaluation"). The Superintendent's Evaluation instrument and process shall be developed and/or revised with input from the Superintendent and shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description.

5.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the Superintendent's Evaluation 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.

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, such modification must be adopted at least 12 months prior to its implementation.

VI. Renewal or Nonrenewal of Employment Contract

6.1 Renewal/Nonrenewal. Renewal or nonrenewal shall be in accordance with Board policy and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Texas Education Code, the Superintendent shall be entitled to written notice, containing reasonable

notice of the reason for the proposed nonrenewal, not later than 365 days before the last day of the Contract term, containing reasonable notice of the reason(s) for the proposed nonrenewal of the Superintendent's Contract with the District.

VII. Termination of Employment Contract

7.1 Mutual Agreement. This Contract shall 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 the 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) Failure to comply with the Board's policies or the District's administrative regulations;
- (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 impairs performance of the required duties of the superintendent;
- (l) 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 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 facts to the Board or other District officials in the conduct of the District's business;
- (p) Failure to fulfill requirements for superintendent certification;
- (q) Failure to fulfill the requirements of a deficiency plan under an Emergency Permit; or
- (r) Any other reason constituting "good cause" under Texas law.

7.4 Termination Procedure. In the event that the Board proposes to terminate and/or terminates 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.

VIII. Miscellaneous

8.1 Controlling Law. This Contract shall be governed by the laws of the State of Texas and shall be performable in McLennan 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.

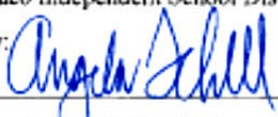
Exhibit A-1

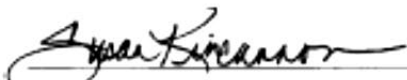
Superintendent's Current Employment Contract

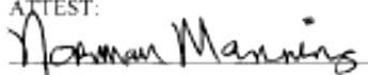
8.3 Conflicts. In the event of any conflict between the terms, conditions, and provisions of this Contract and the provisions of the Board's policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Contract shall take precedence over the contrary provisions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

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 contract, 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.

8.5 Acceptance. This offer will expire unless signed and returned to the Board President or Board Secretary by 5:00 p.m. on the 30th day of August 2019.

Board of Trustees of the
Waco Independent School District
By: 
Angela Tekell, President


Dr. Susan Kincannon, Superintendent

ATTEST:

Norman Manning, Secretary

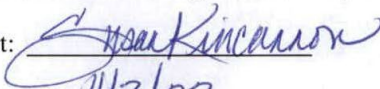
Salary Addendum to Superintendent's Contract

The Board of Trustees (the "Board") of WACO INDEPENDENT SCHOOL DISTRICT and DR. SUSAN KINCANNON (the "Superintendent") agree to amend the Superintendent's Contract (the "Contract") initially approved by the Board on August 29, 2019 (with an effective date of September 5, 2019) and extended and amended by the Board on March 23, 2023, as follows:

Paragraph 3.1 Salary is changed to increase the annual salary by 3% from the sum of Two Hundred sixty-two Thousand six hundred seventy-five and 75/100 Dollars (\$262,675.75) to the sum of Two Hundred seventy Thousand five hundred fifty-six and 02/100 Dollars (\$270,556.02).

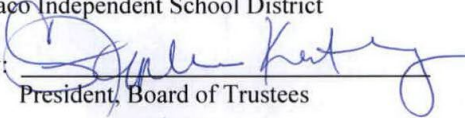
The Board and the Superintendent agree that there have been no oral modifications to the Superintendent's Contract. All other terms and conditions of the Contract, as amended, shall remain in full force and effect.

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

Superintendent: 

Date signed: 4/3/23

Waco Independent School District

By: 
President, Board of Trustees

Date signed: 4/4/23

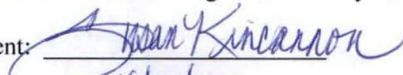
Extension Addendum IV to Superintendent's Contract

Pursuant to action taken on March 23, 2023 at its meeting, the Board of Trustees (the "Board") of WACO INDEPENDENT SCHOOL DISTRICT and DR. SUSAN KINCANNON (the "Superintendent") agree to further extend and amend the Superintendent's Contract (the "Contract") initially approved by the Board on August 29, 2019 (with an effective date of September 5, 2019), and previously amended and extended by the Board (extending the Contract to June 30, 2025) as follows:

Paragraph 1.1 Term of the Contract is changed to extend the ending date of employment under the Contract to June 30, 2026.

The Board and the Superintendent agree that there have been no oral modifications to the Superintendent's Contract. All other terms and conditions of the Contract, as previously amended, shall remain in full force and effect.

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

Superintendent: 
Date signed: 4/3/23

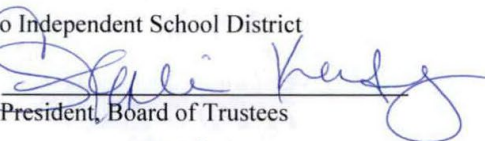
Waco Independent School District
By: 
President, Board of Trustees
Date signed: 4/4/23

Exhibit A-2

**Summary Schedule of Total Reimbursements Received by Superintendent
and Board Members
For the Twelve-Month Period Ended August 31, 2022**

Description of Reimbursements	Meals	Lodging	Transportation	Motor Fuel	Other	Total
Superintendent:						
Dr. Susan Kincannon	\$ 615	\$ 3,789	\$ 7,936		\$ 1,886	14,225
Board Members:						
Jeremy Davis	454	1,848	329		226	2,858
Jonathan Grant	489	2,039	625		171	3,324
Keith Guillory	432	2,471	349		226	3,478
Emily Iazzetti	80				71	151
Stephanie Korteweg	169	2,039	286		171	2,665
Angelo Ochoa	306	1,816	115		171	2,408
Jim Patton	226	860	245		110	1,441
Jose Vidana	489	2,039	625		171	3,324

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

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls), and travel allowances.

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, dues, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

Exhibit A-3

**Compensation and/or Fees Received by Superintendent from Outside
Entities for Professional Consulting and/or Other Personal Services
For the Twelve-Month Period Ended August 31, 2022**

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

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

Exhibit A-4

**Summary Schedule of Total Dollar Amount of Superintendent and Board
Members (and First Degree Relatives) of Gifts That Had an Economic Value
Exceeding \$250 in the Aggregate
For the Twelve-Month Period Ended August 31, 2022**

	Total
Superintendent:	
Dr. Susan Kincannon	\$ -
Board Members:	
Jeremy Davis	-
Jonathan Grant	-
Keith Guillory	-
Emily Iazzetti	-
Stephanie Korteweg	-
Angelo Ochoa	-
Jim Patton	-
Jose Vidana	-

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.

Exhibit A-5

**Summary Schedule of the Total Dollar Amount by Board Member of
Business Transactions with the School District
For the Twelve-Month Period Ended August 31, 2022**

	Total
Superintendent:	
Dr. Susan Kincannon	\$ -
Board Members:	
Jeremy Davis	-
Jonathan Grant	-
Keith Guillory	-
Emily Iazzetti	-
Stephanie Korteweg	-
Angelo Ochoa	-
Jim Patton	-
Jose Vidana	-

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.

The following words and terms, when used in the financial accountability ratings, have the following meanings, unless the context clearly indicates otherwise.

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.

Accretion of Interest: The interest that accrues on a capital appreciation bond until it reaches maturity. The accreted value of a bond at a particular time equates to the initial amount invested, plus the accumulated interest over the period to that date.

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: This is the tax rate set by the school district to meet its legally adopted budget for a specific calendar year.

Annual Financial Report (AFR): The audited annual report required by the Texas Education Code (TEC), §44.008, that is due to the Texas Education Agency (TEA) by no later than 150 days after the close of a school district’s fiscal year.

Assessed Property Value: This is 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. 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. The Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

Average Daily Attendance (ADA): The number of students in average daily attendance, or the sum of attendance for each day of the minimum number of days of instruction as described under the TEC, §25.081(a), divided by the minimum numbers of days of instruction.

Beginning Fund Balance: The General Fund balance on the first day of a new school year. This is, typically, 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 20th 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 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 Appreciation Bonds (CABs): A government security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives a single payment representing both the initial principal amount and the total investment return. CABs typically are sold at a deeply discounted price with maturity values in multiples of \$5,000. The investment return is considered to be in the form of compounded interest rather than accreted original issue discount. For this reason, only the initial principal amount of a CAB is counted against an issuer's statutory debt limit, rather than the total par value, as is the case of a traditional zero coupon bond.

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 81. Capitalization thresholds are generally established by district policy.

Capital Projects 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 and Cash Equivalents: 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 effectively may withdraw cash at any time without prior notice or penalty.

Ceiling Indicator: An upper limit (the maximum score) at which a score from a standard limit of a specific indicator will result regardless of overall points.

Chapter 49 (previously Chapter 41): A key "equity" chapter in the Texas Education Code (TEC) is Chapter 49. 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 49 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 funds. 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).

Current Assets: Current assets are assets that are expected to be consumed, sold, or converted into cash in one year. They are usually presented in order of liquidity on the balance sheet and include cash and cash equivalents, accounts receivables, inventory, prepaid and other short-term assets.

Current Investments: A current investment is an investment that is, by its nature, readily available and is intended to be held for not more than one year from the date on which such investment is made.

Current Liabilities: Financial obligations that are due and payable within one year usually by current assets or by the creation of new current liabilities.

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. Also may be referred to as the Interest and Sinking Fund.

Debt: An amount of money owed to a person, bank, company, or other organization.

Debt Services: Two function areas (70 and 71) and one object code series (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. Although these expenditures are budgeted and expended as function 71, financial statement presentation may break the expenditures into three functions to differentiate expenditures: function 71, principal, function 72, interest, and function 73, related debt service fees. Object code series 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: Previously reported as liabilities, terminology for resource inflows that do not yet meet the criteria for revenue recognition. These deferred amounts include resources available but unearned, unearned revenue reported as a liability, and revenues earned but not available, reported in a separate section of the financial statements as deferred inflows of resources. This terminology is no longer used; see definitions under deferred outflow/inflow of resources and unearned revenue.

Deferred Outflow/Inflow of Resources: Items previously reported as assets and liabilities in the financial statements. A deferred outflow of resources is defined as “a consumption of net assets by the government that is applicable to a future reporting period,” and a deferred inflow of resources is defined as “an acquisition of net assets by the government that is applicable to a future reporting period.” Only those instances identified by the Governmental Accounting Standards Board (GASB) will be considered a deferred outflow or inflow of resources. Deferred outflows of resources are reported on the government-wide statement of financial position in a separate section directly following assets, and deferred inflows of resources section should directly follow liabilities.

Electronic Submission: The TEA electronic data feed format required for use by school districts, open-enrollment charter schools, and regional education service centers (ESCs).

Ending Fund Balance: The ending fund balance is 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.

Enrollment: Students reported as enrolled as of the last Friday in October.

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

Expenditures: The cost of goods delivered or services rendered, whether paid or unpaid including expenses, provisions for debt retirement not reported as a liability of the fund from which retired and capital outlays.

Facilities Acquisition and Construction (Function 81): Used to accounts for costs incurred to acquire, construct, equip, or make major renovations/additions to school district facilities, including capital lease transactions.

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.

Financial Integrity Rating System of Texas (FIRST): The financial accountability rating system administered by the TEA in accordance with the TEC, §39.082 and §39.085. The system provides additional transparency to public education finance and meaningful financial oversight and improvement for school districts (School FIRST) and open-enrollment charter schools and charter schools operated by a public institution of higher education under TEC, Chapter 12, Subchapters D and E (Charter FIRST).

Fiscal Year: A period of twelve consecutive months legislatively selected as a basis for annual financial reporting, planning, and budgeting. The fiscal year of a school district or an open-enrollment charter school, which begins on July 1 or September 1 of each year, as determined by the board of trustees of the district or the governing body of the charter holder in accordance with the TEC, §44.0011.

Foundation School Program (FSP): The program established under the TEC, Chapters 46, 48, and 49, or any successor program of state-appropriated funding for school districts in the state. The 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.

Full-Time Equivalent (FTE): Measures the extent to which one individual or student occupies a fulltime 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

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.

Fund Balance: The difference between assets and liabilities reported in a governmental fund. The fund balance may be further delineated as required into the following components: Nonspendable, Restricted, Committed, or Assigned with the remaining balance identified as the Unassigned Fund Balance.

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.

Governmental Activities: Activities of the government financed by taxes and intergovernmental revenues and other non-exchange revenues, activities reported in governmental funds and internal service funds, and internal clearing account funds.

Interest & Sinking (I&S) Tax Rate: The tax rate calculated to provide the revenues needed to cover interest and sinking requirements (also referred to as Debt Service). Debt Service 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 Position 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, of improvement of capital assets of the government.

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

Local Property 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).

Long-term Liabilities: Non-current liabilities that are due beyond a year. On the balance sheet, accounts are listed in order of liquidity, so long-term liabilities come after current liabilities. In addition, the specific long-term liability accounts are listed on the balance sheet in order of liquidity.

Major Program: A Federal program determined by the auditor to be a major program in accordance with 2 CFR §200.518 or a program identified as a major program by a Federal awarding agency or pass-through entity in accordance with §200.503.

Material Noncompliance: Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance is material for reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

Material Weaknesses in Internal Controls: Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or a material weakness for reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

Membership: Membership differs from enrollment, as it does not include those students who are served for less than two hours per day. A student is in membership if he/she is enrolled and is either scheduled to attend at least two hours of instruction each school day or participating in an alternative attendance accounting program.

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

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

Net Investment in Capital Assets: One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. The calculation includes capital assets net of accumulated depreciation less the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets. Once called "Invested in Capital Assets, Net of Related Debt" the designation now includes deferred outflows, such as deferred losses on refunding of debt, and deferred inflows attributable to capital assets and capital related debt in the calculation. Deferred gains/losses on refunding of debt is the difference between the reacquisition price and the net carrying amount of the old debt and is classified as a deferred inflow or outflow depending on whether it is a gain or loss on the refunding.

Net Pension Liability (NPL): The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

No New Revenue Tax Rate (previously known as the 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.

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/Non-Operating Revenue/Residual Equity Transfers In
- 8000 Other Uses/Non-Operating Revenue/Residual Equity Transfers Out

Operating (or Operational) Expenditures: Operating expenditures are 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 per Student: Total Operating Expenditures divided by the total number of enrolled students. Student enrollment is typically reported as of fall PEIMS.

Operating Revenues and Expenses: Operating revenues and expenses are terms 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 Source Revenues: All local and intermediate revenues NOT from local real and personal property taxes including:

- Revenues realized because of services rendered to other school districts
- Tuition and Fees
- Rental payments, interest, investment income
- Sale of food and revenues from athletic and extra/co-curricular activities
- Revenues from counties, municipalities, utility districts, etc.

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

Other Post-Employment Benefits (OPEB): Other post-employment benefits are benefits that will need to be paid after the employee has completed his/her employment such as post-employment medical insurance. The net OPEB liability equals the total OPEB liability minus the value of the assets in the OPEB plan that is administered through a trust that meets the specified criteria. The total OPEB liability and the OPEB plan's net position are measured as of the same date.

Other Resources: This amount is credited to total actual other resources or non-operating revenues received, such as the sale of real or personal property, bond proceeds, etc., or residual equity transfers in. This amount is recorded under Object 7020.

Payments for Shared Services Arrangements: Payments made 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. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

Public Education Information Management System (PEIMS): See *Texas Student Data System Public Education Information Management System (TSDS PEIMS)*.

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 Value per Refined ADA: The district's Comptroller Certified Property Value divided by its total Refined ADA (Average Daily Attendance).

Property Value per WADA: The district's Comptroller Certified Property Value divided by its total WADA (Weighted Average Daily Attendance).

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 day's attendance is divided by the number of days of instruction to compute the refined average daily attendance.

Restricted Fund Balance: This is that portion of fund balance that has externally enforceable constraints made by outside parties. The restricted fund balance, shown on the balance sheet in the governmental fund statements, may not equal the restricted component of net position of governmental activities due to different measurement focus and/or different basis of accounting.

Restricted Net Position: The second of three components of net position of governmental activities reported as restricted when constraints placed on its use are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or

laws or regulations of other governments, or

- Imposed by law through constitutional provisions or enabling legislation.

The restricted component of net position is reduced by liabilities and deferred inflows, related to those assets. This component must be reported by the major categories of restrictions, e.g., restricted for capital projects, debt service, etc. No category of restricted net position can be negative. If liabilities related to restricted assets exceed those assets, no balance should be reported. The negative amount should be reported as a reduction of the unrestricted component of net position.

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 Source, State, and Federal.

Short-term Debt: See *Current Liabilities*.

Snapshot: PEIMS data is submitted four times per year. Submission 1 is the fall submission and contains data pertaining to student enrollment, staff employed, and budgeted expenditures as of the last Friday in October. Snapshot provides an overview of public education in Texas, at both the state and district levels, and includes almost 100 separate data elements.

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 based on state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

Summary of Finances (SOF) Report: The document of record for FSP allocations. An SOF report is produced for each school district and open-enrollment charter school by the TEA division responsible for state funding that describes the school district's or open-enrollment charter school's funding elements and FSP state aid.

Texas Student Data System Public Education Information Management System (TSDS PEIMS): A statewide 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. This is the system that school districts and open-enrollment charter schools use to load, validate, and submit their data to the TEA. These are defined in a yearly publication, the [PEIMS Data Standards](#).

Unassigned Fund Balance: 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.

Unearned Revenue: Unearned revenues are resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as unearned revenue. Generally, accepted accounting principles require that contract and grant revenue be recognized when earned, which is typically based on when expenses are incurred. Grant fund awards made in advance of expenses are reported as unearned revenue at the close of the fiscal period. In governmental funds, earned amounts also are reported as unearned revenue until they are available to liquidate liabilities of the current period.

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 Position: The final of three components of net position of governmental activities, the term net position refers to the amount of total assets less total liabilities. Unrestricted net position balance refers to the portion of total net position that is neither included in the calculation of the net investment in capital assets nor restricted.

Voter-Approval (Rollback) Tax Rate: The rollback tax rate provided for under Tax Code, §26.08, has been renamed the voter-approval tax rate. There is no longer an effective tax rate calculation. The voter-approval tax rate is a calculated maximum rate allowed by law without voter approval. School district's voter-approval rate is equal to the district's maximum compressed rate plus the greater of the previous year's enrichment rate or five cents per \$100 of taxable value plus the current debt rate. Each year, school districts must get approval from the Texas Education Agency of their maximum compression rate.

Weighted Average Daily Attendance (WADA): A Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA 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.

Warrant Hold: The process by which state payments issued to payees indebted to the state, or payees with a tax delinquency, are held by the Texas Comptroller of Public Accounts until the debt is satisfied in accordance with the Texas Government Code, §403.055.

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

Recognition is given to the Texas Association of School Business Officials (TASBO) and the Texas School Public Relations Association (TSPRA) for their joint effort in creating the Schools FIRST Communication Resources Kit to assist districts in publicizing financial ratings and complying with Commissioner's rules concerning the Financial Accountability Rating System.

DISCLAIMER ON GLOSSARY:

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.