HEB
HURST - EULESS - BEDFORD
Independent School District

School FIRST

Financial Integrity Rating System of Texas

Financial Management Report

2026

School FIRST
2026 Financial Integrity Rating System of Texas
Hurst-Euless-Bedford ISD
for Fiscal Year 2024-2025

State Indicator	Indicator Background	State Expected Result	HEB ISD 2024-2025 Result	HEB ISD 2023-2024 Result	HEB ISD 2022-2023 Result	HEB ISD 2021-2022 Result	HEB ISD 2020-2021 Result
1. Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026?	A simple indicator. Was your Annual Financial Report filed by the deadline?	***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*
Additional Information: *The Comprehensive Annual Financial Report was approved by the Board of Trustees on January 20, 2026, and electronically submitted to the Texas Education Agency on February 18, 2026.*							
2. A. 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.)	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 auditor determines if there was an unmodified opinion.)?	***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*
Additional Information: *Weaver and Tidwell LLP, the District's independent auditors, issued an unmodified opinion and reported no material weaknesses for fiscal year ending August 31, 2025.*							

3. **Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)** **Additional Information:** *HEB ISD has never defaulted on any of its bond indebtedness obligations.*	This indicator seeks to make certain that your district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.	***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*
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 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 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 make sure 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.	***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*

5. 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.) **Additional Information:** *Updated to a ceiling indicator for 2024 Rating.*	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.	***Yes***	***Yes***	*Yes*	*Yes*	*N/A*	*N/A*
6. 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 balance 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.)	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.	***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*
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)? 90 Days or more = 10 Points 75-89 Days = 8 Points 60-74 Days = 6 Points 45-59 Days = 4 Points 30-44 Days = 2 Points Less than 30 days = 0 Points HEB ISD had 293.86 days of cash on hand in FY 2024-2025.	This indicator measures how long in days after the end of the fiscal the school district couble have disbursed funds for its operating expenditures without receiving any new revenues.	***10 points max***	***10 Points***	*10 Points*	*10 Points*	*10 points*	*10 points*

8. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short term debt? *3.00 or greater = 10 points* *2.50 - 3.00 = 8 points* *2.00 - 2.50 = 6 points* *1.50 - 2.00 = 4 points* *1.00 - 1.50 = 2 points* *Less than 1.00 = 0 points* *HEB had a current asset to current liability ratio of 8.3674 in FY 2024-2025.*	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.	***10 points max***	***10 points 8.3674***	*10 points 14.7723*	*10 points 4.5235*	*10 points 5.6477*	*10 points 4.1843*
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? *HEB ISD had revenues exceeding expenditures by $2,201,955 in FY 2024-2025.*	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.)	***10 points max***	***10 points 293.86 days***	*10 points 314.01 days*	*10 points 352.82 days*	*10 points 359.79 days*	*10 points 338.98 days*
10. Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years? **Additional Information:** *This indicator returns in 2026 rating after being paused since 2019-2020. HEB ISD had average variance of 5.75% over three years.*	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.	***10 points max***	***10 points***	*N/A*	*N/A*	*N/A*	*N/A*

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 membership over 5 years was 7 percent or more, then the school district passes this indicator.) *0.60 or less = 10 points* *0.60 - 0.70 = 8 points* *0.70 - 0.80 = 6 points* *0.80 - 0.90 = 4 points* *0.90 - 1.00 = 2 points* *Greater than 1.00 = 0 points* *HEB had a long term liability to total asset ratio of 0.6123 in FY 2024-2025.*	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.	***10 points max***	***8 points 0.6123***	*8 points 0.6448*	*10 points 0.3894*	*10 points 0.4387*	*10 points 0.4735*
12. What is the correlation between future debt requirements and the district's assessed property value? *HEB has a ratio of 4.0662, which achieves 8 points.*	This indicator asks about the school district's ability to make debt principal and interest payments. Did you meet or exceed the target amount in School FIRST?	***10 points max***	***8 points 4.0662***	*8 points 4.2464*	*10 points 1.5640*	*10 points 1.9744*	*10 points 2.2625*
13. Was the school district's administrative cost ratio equal to or less than the threshold ratio? **Additional Information:** *Indicator being reviewed by TEA, not being scored in 2024-2025. All districts receive 10 points.*	This indicator measures the percentage of their budget that Texas school districts spent on administration.	***10 points max***	***10 points 6.77%***	*10 points 6.94%*	*10 points 6.38%*	*10 points 6.17%*	*10 points 5.95%*
14. Did the school district not have a 15 percent decline in the student 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.) **Additional Information:** *The district enrollment increased by 315 during the 3 years measured.*	If the school district had a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students. (The school district automatically passes this indicator if there was no decline in students.)	***10 points max***	***10 points Enrollment Increase***	*10 points Enrollment Increase*	*10 points -2.91%*	*N/A*	*10 points -4.72%*

15. Was the school district's ADA within the alloted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections?	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	***5 points max***	***5 points 0.005***	*5 points 0.007*	*N/A*	*N/A*	*N/A*
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 3 percent of all expenditures by function? (If the district fails indicator 16, the maximum points and highest rating that the school district my receive is 89 points, B = Above Standard Achievement.	This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is more than 3 percent, your district "fails" this measure.	***Ceiling Indicator*** ***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*
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.) (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. 2.B is a simple "Yes" or "No" indicator.	***Ceiling Indicator*** ***Yes***	**Yes**	Yes	Yes	Yes	Yes
18. Did the external independent auditor indicate the AFR was free 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.	***10 points max***	***10 points***	*10 points*	*10 points*	*10 points*	*10 points*
19. Did the school district post the required financial information on its website in accordance with Government Code, Texas Education Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school district's fiscal year end?	This indicator measures whether the district is complying with legal requirements related to fincancial transparency by posting all required information.	***5 points max***	***5 points***	*5 points*	*5 points*	*5 points*	*5 points*
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?	This indicator measures whether the administration and the board had the opportunity to consider the impact of changes in local, state, and federal funding.	***Ceiling Indicator*** ***Yes***	***Yes***	*Yes*	*Yes*	*Yes*	*Yes*

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? **Additional Information:** *This indicator is new for the 2023-24 Rating.*	This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.	***Ceiling Indicator*** ***No***	***No***	*No*	*No*	*N/A*	*N/A*

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Disclosures

HEB ISD

REIMBURSEMENTS RECEIVED BY SUPERINTENDENT AND BOARD MEMBERS

FISCAL YEAR 2024-2025

		Board of Trustees								
	Joe Harrington	**Matt Romero**	**Julie Cole**	**Chris Brown**	**Fred Campos**	**Andy Cargile**	**Becky Ewart**	**Dawn Jordan-Wells**	**John Biggan**	
	Superintendent	President	Vice-President	Secretary	Member	Member	Member	Member (Sep - May)	Member (May - Aug)	**TOTAL**
Meals	$ 1,573.98	$ 1,042.00	$ 1,334.86	$ 132.00	$ 999.19	$ 182.00	$ 314.00	$ 164.00	$ -	$ 5,742.03
Lodging	3,081.29	3,123.84	1,675.04	941.91	3,030.31	688.71	1,602.63	1,002.57	-	15,146.30
Transportation	1,610.41	1,009.81	2,111.62	394.95	537.95	517.96	1,139.92	518.35	-	7,840.97
Milage	1,622.66	378.08	308.42	-	783.73	-	94.30		87.58	3,274.77
Other	1,847.36	2,020.51	25.72	1,205.72	1,315.71	760.71	1,255.71	520.71	782.00	9,734.15
TOTAL	***$ 9,735.70***	***$ 7,574.24***	***$ 5,455.66***	***$ 2,674.58***	***$ 6,666.89***	***$ 2,149.38***	***$ 4,406.56***	***$ 2,205.63***	***$ 869.58***	***$ 41,738.22***

Note: Other includes Baggage, Parking, and Registrations

HEB ISD
Compensation / Fees Received by Superintendent for Consulting And / Or Other Services
Fiscal Year 2024-2025

Joe Harrington, Superintendent of HEB ISD, received no compensation for consulting and/or other services during fiscal year 2024-2025.

HEB ISD
Gifts with Economic Value of $250 or More in the Aggegate
Fiscal Year 2024-2025

Joe Harrington, Superintendent of HEB ISD, received no gifts that had an economic value of $250 or more in the aggregate during fiscal year 2024-2025

No HEB ISD Board Member (including their immediate family as described in Govt Code, Chapter 573, Subchapter B) received a gift with an economic value of $250 or more in the aggregate during fiscal year 2024-2025.

HEB ISD
Business Transactions Between School District and Board Member
Fiscal Year 2024-2025

No business transactions occurred between the school district and a board member in 2024-2025.

SUPERINTENDENT'S EMPLOYMENT CONTRACT

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

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Contract") is made and entered into by and between the **Board of Trustees** (the "Board") of the **Hurst-Euless-Bedford Independent School District** (the "District") and **Dr. Joseph (Joe) Harrington** (the "Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Chapter 11, Subchapters D and E, Section 11.201 and Chapter 21, Subchapter E of the Texas Education Code ("TEC"), 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 commencing on January 1, 2025, and ending on August 31, 2029. The District may, by action of the Board, and with the consent and approval of the Superintendent, but not until the Superintendent's second formal appraisal, extend the term of this Contract as permitted by state law. Failure to extend this Contract shall not be considered a contract nonrenewal under the 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 of Superintendent.** The Superintendent is the educational leader and chief executive officer of the District. He shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed by law, Board policy, the strategic plan, and the job description, and as may be lawfully assigned by the Board. He shall comply with all lawful Board directives; state and federal law, rules, and regulations; and District policy, rules, and regulations as they exist or may hereafter be amended. The duties of the Superintendent include:

(a) the duties set forth in Board Policy BJA (Local);
(b) recommending the employment of personnel and employing certain personnel, consistent with TEC Section 11.1513 and Board Policy;
(c) collaborating with the Board in accordance with TEC Section 11.1512;
(d) assuming administrative responsibility and leadership for the planning, organization, operation, supervision, and evaluation of the education programs, services, and facilities of the district and for the annual performance appraisal of the district's staff;

(e) except as provided by TEC Section 11.202, assuming administrative authority and responsibility for the assignment, supervision, and evaluation of all personnel of the district other than the superintendent;
(f) overseeing compliance with the standards for school facilities established by the Commissioner of Education under TEC Section 46.008;
(g) initiating the termination or suspension of an employee or the nonrenewal of an employee's term contract;
(h) managing the day-to-day operations of the district as its administrative manager, including implementing and monitoring plans, procedures, programs, and systems to achieve clearly defined and desired results in major areas of district operations;
(i) preparing and submitting to the Board a proposed budget as provided by TEC Section 44.002 and rules adopted under that section, and administering the budget;
(j) preparing recommendations for policies to be adopted by the Board and overseeing the implementation of adopted policies;
(k) developing or causing to be developed appropriate administrative regulations to implement policies established by the Board;
(l) providing leadership for the attainment and, if necessary, improvement of student performance in the District based on the indicators adopted under TEC Sections 39.053 and 39.301 and other indicators adopted by the Commissioner or the District's Board;
(m) organizing the District's central administration;
(n) consulting with the District-level committee as required under TEC Section 11.252(f);
(o) ensuring:
    a. adoption of a student code of conduct as required under TEC Section 37.001 and enforcement of that code of conduct; and
    b. adoption and enforcement of other student disciplinary rules and procedures as necessary;
(p) submitting reports as required by state or federal law, rule, or regulation, and ensuring that a copy of any report required by federal law, rule, or regulation is also delivered to the Texas Education Agency;
(q) providing joint leadership with the Board to ensure that the responsibilities of the Board and Superintendent team are carried out; and
(r) performing any other duties assigned by action of the Board.

Except as provided in this Contract, the Superintendent shall devote his full time and attention to his duties. He shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

2.2 **Professional Certification**. The Superintendent shall, during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the State Board for Educator Certification or the Texas Education Agency and any other certificates required by law. If the Superintendent's certification expires, is cancelled, or is revoked, then this Contract is void. The Superintendent represents that any records or information provided in connection with his employment application, certification, employment history, and payroll and personnel records are true and correct. Any materially false statements, misrepresentations, omissions of requested information knowingly made, or fraud by the Superintendent in or concerning any required records or in the

employment application may be grounds for termination or nonrenewal of this Contract, as applicable.

2.3 **Criminal History Record Check.** At the beginning of this Contract, and at any time during this Contract, the Superintendent shall submit to a review of his national criminal history record information, if required by law, the District, the Texas Education Agency, or the State Board for Educator Certification. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract. The Superintendent also agrees that, during the term of this Contract, the Superintendent shall notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent for any felony, any offense involving moral turpitude and offenses set forth in Board Policy DH (Local). The Superintendent agrees to provide such notification in writing to the Board of Trustees within three calendar days of the event, per Board policy.

2.4 **Reassignment.** The Superintendent is employed specifically and solely to perform the duties of Superintendent of Schools for the District and may not be reassigned from the position of Superintendent to any other position in the District except by mutual written agreement of the parties.

2.5 **Board Meetings.** Except for illness or absences in accordance with District policies, the Superintendent shall attend all meetings of the Board, both public and closed, except for those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's Contract, or the Superintendent's evaluation, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal or when the Board reasonably believes it is in the best interests of the District. Further, the Superintendent shall provide recommendation(s) and/or information as to each of the items of business considered at each meeting as needed or requested by the Board.

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

2.7 **Indemnification.** To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapters 101 and 102, the District does hereby agree to defend, hold harmless, and indemnify the Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment with the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith, or committed any criminal conduct; excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract held either by the District or by Superintendent, and excluding any payments prohibited

by Texas Local Government Code Section 180.008. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and the District if such legal counsel is not also District's legal counsel. A legal defense may be provided through insurance coverage, in which case the Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. To the extent this Section 2.6 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, or Texas Local Government Code Section 180.008, it shall be construed and modified accordingly. The provisions of this Section 2.6 shall survive the termination of this Contract.

2.7.1 During the term of this Contract, the Superintendent agrees to fully cooperate with the District in the defense of any and all demands, claims, suits, actions, and legal proceedings brought against the District, regardless of whether the Superintendent is named as a party.

2.7.2 After termination of this Contract, the Superintendent agrees to provide assistance to and cooperate with the District, its Board, Trustees, agents, and attorneys in response to, or in defense of, any demand, claim, complaint, suit, action or legal proceeding brought against the District, Board, its Trustees, or agents, arising from any acts or events alleged to have occurred during the term of the Superintendent's employment with the District, at no additional expense to the District other than reimbursement to the Superintendent for his/her documented reasonable and necessary out-of-pocket expenses, plus reimbursement of any salary lost by the Superintendent by virtue of taking time off from his/her then current employment to assist the District at its request. If the Superintendent is not employed at the time, the District shall compensate the Superintendent at fifty percent (50%) of his daily rate under the most recent Contract. Requests for assistance from the Superintendent with respect to such matters shall be made through the Board of Trustees' President, any successor superintendent, and/or legal counsel for the District, and the amount to be reimbursed to the Superintendent shall be mutually agreed upon in advance.

2.8 **Duties of Board/Governance**. The District is governed by the Board who, acting as a body corporate: (1) governs and oversees the management of the District; and (2) performs all duties required by federal and state law, rule, and regulation, including, but not limited to, all duties and responsibilities detailed in Texas Education Code Chapter 11, Subchapter D. Unless lawfully authorized by the Board, a member of the Board may not, individually, act on behalf of the Board, except as provided by law. The Board may act only by majority vote of the members present at a meeting held in compliance with Chapter 551 of the Texas Government Code, at which a quorum of the Board is present and voting. The Board shall comply with all Board policies, rules, regulations, and state and federal laws, rules and regulations. The Board also recognizes that it is a collective body, and each Board Member recognizes that his or her power as a Board Member is derived from the collective deliberation and action of the Board as a whole in a duly-constituted meeting and that there is no individual authority to give direction to the Superintendent or any District staff member regarding the management of the District or the solution of specific problems, except as provided by law, Board policy, or this Contract and; provided that, when acting in the Board member's official capacity, any individual Board member has an inherent right of access to information, documents, and records maintained by the District.

2.9 **Residency**. The Superintendent shall establish and maintain a residence within the District during the term of this Contract, including any extensions thereof.

III. COMPENSATION

3.1 **Salary.** The District shall provide the Superintendent with an annual salary in the sum of Three Hundred and Twelve Thousand, and 00/100 Dollars ($312,000.00), which amount shall be automatically increased each year on July 1st, starting on July 1, 2025, by an amount equal to the highest percentage raise given to the District's teachers. This annual salary rate shall be paid to the Superintendent in twelve (12) equal monthly installments consistent with the District's standard payroll practices, and subject to all appropriate withholdings.

3.2 **Salary Adjustments.** At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Contract except by mutual agreement of the two parties. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.

3.2.1 **Financial Exigency.** Without waiving any Constitutional and/or other legal challenges by the Superintendent, if the Board declares a financial exigency under Texas Education Code Section 44.011, then the statute allows the Board to choose to amend this Superintendent's Contract. If this Contract is amended, then the Superintendent may choose to accept the amended Contract or resign without penalty on the provision of reasonable notice.

3.2.2 **Widespread Salary Reduction.** Without waiving any Constitutional and/or other legal challenges by the Superintendent, if the Board implements a widespread salary reduction under Texas Education Code Section 21.4032, then the Superintendent's annual salary shall be reduced by the percent or fraction of a percent that is equal to the average percent or fraction of a percent by which teacher salaries have been reduced.

3.2.3 **Furlough.** Without waiving any Constitutional and/or other legal challenges by the Superintendent, if the Board implements a furlough under Texas Education Code Sections 21.4021 and 21.4022, then the Superintendent shall be furloughed for the same number of days as other contract personnel and the Superintendent's salary shall be reduced in proportion to the number of furlough days.

3.3 **Vacation, Holidays, and Personal Leave.** The Superintendent will earn the greater of fifteen (15) vacation days annually or the same number of days of vacation authorized by policies adopted by the Board for administrators on twelve-month contracts, based on time served in the District, the days to be taken in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties and will be scheduled with prior written notice to the Board president. Accrued but unused vacation days shall accumulate and carry forward from year to year during the term of this Contract, subject to the limitations of Board Policy DED (Local) and (Regulation). At retirement or when the Contract is terminated, either voluntarily or involuntarily, the District shall pay in a lump sum to the Superintendent any accrued but unused vacation days at the Superintendent's then-current daily rate of pay. The daily rate of pay shall be calculated by dividing the Superintendent's yearly TRS creditable compensation, including the additional compensation identified in Section 3.12, by 236,.

The Superintendent shall observe the same legal holidays and breaks as provided by the Board's annually-adopted calendar 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, to be taken in a single period or at different times during the term of this Contract.

3.4 **Insurance.** The District shall pay the same premiums for hospitalization and major medical insurance coverage for the Superintendent as it does for other administrators on twelve-month contracts, pursuant to the group health care plan provided by the District for its administrative employees.

3.5 **Professional Growth.** Except as set forth herein, the Superintendent shall devote the Superintendent's full time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional meetings at the local, regional, state, and national levels. The Board shall encourage the 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 time for the Superintendent, as the Superintendent and the 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. The District shall pay the Superintendent's dues for other memberships necessary to maintain and improve the Superintendent's professional skills, with prior notice to the Board president, and in accordance with the adopted budget. The District shall bear the reasonable cost and expense for registration, travel, meals, lodging, and other related expenses for such attendance and membership, subject to prior notice to the Board president and in accordance with the adopted budget and Board policies and District practices related to expense reimbursement.

3.6 **Civic Activities.** The Board encourages the Superintendent to become a member of and participate in community and civic affairs, including the chamber of commerce, civic clubs, governmental committees, and educational organizations. The Board concludes that such participation will serve a legitimate purpose related to the educational mission of the District. The Superintendent may hold offices or accept responsibilities in these professional organizations, provided that such responsibilities do not interfere with the performance of his duties as Superintendent. Prior to engaging in these activities, the Superintendent will notify the Board in writing of the activity. The Board will notify the Superintendent if the activity presents a conflict or interferes with the performance of his duties as Superintendent. The District shall pay directly or reimburse the Superintendent for the cost of membership in all local civic organizations in which the Superintendent participates and related travel outside of the District, subject to advance notice to the Board president, and in accordance with the adopted budget, Board policies, and District practices related to expense reimbursement.

3.7 **Outside Consultant Activities.** With the prior written consent of the Board, the Superintendent may serve as a consultant or undertake speaking engagements, writing, teaching, or other professional duties and obligations outside the District (referred to collectively herein as "Consulting Services") that do not conflict or interfere with the Superintendent's professional responsibilities to the District. For any such outside employment, the Superintendent agrees to comply with applicable ethics rules, laws, and Board policy, including, but not limited to, the reporting of potential and actual conflicts of interest. The Superintendent may accept a reimbursement of expenses for such Consulting Services at no expense to the District.

Consulting Services provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law. The Superintendent agrees to provide to the District information related to income from such Consulting Services as necessary for financial reporting requirements.

3.8 **Expenses.** The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees to pay the actual costs incurred by the Superintendent for District-related-travel. Such actual costs may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District, in accordance with the adopted budget. The Superintendent shall comply with all procedures and documentation requirements in accordance with the adopted budget, Board policies, and District expense reimbursement practices.

3.9 **Laptop/Mobile Telephone.** The District shall provide a laptop computer for the Superintendent's business and personal use, at the sole cost and expense of the District; such use to comply with law and District policies related to applicable technology use agreements. Personal use is permitted, provided that such personal use is legal and does not interfere with the use of the laptop for business purposes. The laptop shall remain the property of the District. The Superintendent shall maintain a personal account for mobile telephone service and shall not open an account in the name of the District. The Superintendent shall have total responsibility for payment of such personal account and the District shall have no financial obligation or responsibility related to said mobile telephone account. The Superintendent understands that information stored in his cell phone, computer, or other device is subject to public disclosure under the Texas Public Information Act if such information is related to the public business of the District or to his duties as Superintendent. Notwithstanding the location of personal data on the cell phone, computer, or other device, whether owned by the District or the Superintendent, the parties agree that any personal or private information of the Superintendent contained on the cell phone, computer, or other devices containing such data or information shall be deemed private and the Superintendent's sole property; provided, however, that it shall be the responsibility of the Superintendent to assert, and to bear any costs of asserting, privacy or other confidentiality privileges or rights as to any such data or information.

3.10 **Supplemental Retirement Plan.** During the term of this Contract, the District shall add to the Salary of the Superintendent the amount of one hundred percent (100%) of the annual maximum voluntary contribution allowable under Section 402(g) of the Internal Revenue Code ("The Code") for a 403(b) and/or 457(b) Plan, at the beginning of the Contract year, as indexed, including the age 50 catch-up, if applicable ("Additional Salary"). One-twelfth of this amount shall be paid as a monthly salary deferral contribution, at the election of the Superintendent, to a plan established by the District under Section 403(b) and/or Section 457(b) of the Code. In the event the Superintendent executes a salary deferral agreement in accordance with the requirements of Sections 403(b) and/or 457(b) of (Code in at least the amount of the Additional Salary, then the Additional Salary shall be paid as a salary deferral contribution ("Salary Deferral Contribution").
Under and pursuant to applicable Internal Revenue Service rules, the Superintendent shall have the option to elect to receive the Additional Salary in cash rather than as a Salary Deferral Contribution. All such Salary Deferral Contributions contemplated herein shall be paid to a plan established by the District under Section 403(b) and/or Section 457(b) of the Code. Such plans shall include investments as allowed under Sections 403(b), 403(b)(7) and/or 457(b) of the Code, respectively, and the investments for the Superintendent's accounts shall be solely at his discretion. The Superintendent shall always be 100% vested in his account under the 403(b)

and/or 457(b) plan. The Salary Deferral Contributions contemplated herein shall be treated as salary deferrals under the Code and shall be reported as "creditable compensation" by the District for purposes of the Teacher Retirement System of Texas. No payments under this Section shall be made after the Superintendent's employment terminates.

3.11 **Texas Teacher Retirement System.** For performance of Superintendent duties, the District shall supplement the Superintendent's salary by an amount equal to the Superintendent's portion of the member contribution to the Texas Teacher Retirement System ("TRS") during the Term of this Contract, including any extensions thereof. This supplement shall include both the retirement and TRS-Care parts of the TRS member contribution, as applicable. This additional salary supplement for services rendered shall be paid to the Superintendent in regular monthly payroll installments, minus all applicable withholdings, and shall be reported as "creditable compensation" by the District for purposes of TRS, to the extent permitted by TRS. The District and its Board do not represent, guarantee, or promise the treatment or consequences that TRS will impose for this additional compensation; such determination shall be made solely by TRS.

3.12 **Longevity Pay.** As of January 1, 2025, the Superintendent will have completed 11 years and 6 months of service with the District. To encourage continuity of leadership in the District, the District wishes to provide additional compensation to the Superintendent as a reward for reaching certain longevity goals. These longevity payments shall be made as follows:

a. If, on January 1, 2025, the Superintendent is employed with the District, then the District shall pay the Superintendent, as additional compensation for longevity, an additional ten percent (10%) of his monthly salary per month for twelve months beginning on January 1, 2025.

b. If, on January 1, 2026, the Superintendent is employed with the District, then the District shall pay the Superintendent, as additional compensation for longevity, an additional twelve percent (12%) of his monthly salary per month for twelve months beginning on February 1, 2026.

c. If, on January 1, 2027, the Superintendent is employed with the District, then the District shall pay the Superintendent, as additional compensation for longevity, an additional fourteen percent (14%) of his monthly salary per month for twelve months beginning on February 1, 2027.

d. If, on January 1, 2028, the Superintendent is employed with the District, then the District shall pay the Superintendent, as additional compensation for longevity, an additional fifteen percent (15%) of his monthly salary per month for twelve months beginning on February 1, 2028.

e. The additional compensation described in this Section 3.12 shall be paid to the Superintendent in regular monthly payroll installments, shall be treated as additional compensation paid for longevity as described in the Title 34 Texas Administrative Code Section 25.21.(c)(3) and shall be reported as "creditable compensation" by the District for purposes of TRS, to the extent permitted by TRS. The District and its Board do not represent, guarantee, or promise the treatment or consequences that TRS will impose for this additional compensation. Such determination shall be made solely by TRS.

3.13 **Benefits.** In addition to the benefits expressly set forth herein, the District shall provide other benefits to the Superintendent as provided to District employees by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase the benefits not expressly provided herein, at the Board's sole discretion.

IV. REVIEW OF PERFORMANCE

4.1 **Time and Basis of Evaluation.** The Board shall evaluate and assess in writing the performance of the Superintendent through formative and summative assessments each year during the term of this Contract. The Board's evaluation and assessment of the Superintendent shall be reasonably related to the duties of the Superintendent as outlined in law, Board policy, the Superintendent's job description, the strategic plan, and lawful Board directives, and shall be based on the District's progress towards accomplishing the District Goals.

4.2 **Confidentiality.** Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall always be conducted in closed session. All documents evaluating the Superintendent 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.

4.3 **Evaluation Format and Procedures.** The evaluation format and procedure shall be in accordance with the Board's policies and practices, and state and federal law and regulations. If the Board determines that the performance of the Superintendent is unsatisfactory in any respect, it shall describe in writing, in reasonable detail, specific instances of unsatisfactory performance; provided, however, the Board shall not be required to wait for an evaluation period in order to terminate the Superintendent's contract for good cause as provided in paragraph 6.4. The evaluation shall include recommendations as to areas of improvement in all instances where the Board deems performance to be unsatisfactory. A copy of the written evaluation shall be delivered to the Superintendent. The Superintendent shall have the right to make a written response to the evaluation within thirty (30) days of receipt of the written evaluation from the Board. That response shall become a permanent attachment to the evaluation in the Superintendent's personnel file. Within sixty (60) days of the delivery of the written evaluation to the Superintendent, the Board shall meet with the Superintendent to discuss the evaluation. The Board shall devote a portion of, or all of, two closed sessions annually to a discussion of the evaluations and the working relationship between the Superintendent and the Board. In the event the Board deems that the evaluation instrument, format, and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, such modifications must be adopted with input from the Superintendent and the Superintendent shall be provided a reasonable period to demonstrate such expected performance before being evaluated. Nothing herein shall be construed to prevent or postpone a Board decision to terminate the Superintendent's contract during the contract term for good cause as provided in paragraph 6.4.

V. EXTENSION OR NONRENEWAL OF EMPLOYMENT CONTRACT

5.1 **Extension/Nonrenewal.** Extension and/or nonrenewal shall be in accordance with Board policy, Texas Education Code Chapter 21, Subchapter E, and applicable law.

VI. TERMINATION OF EMPLOYMENT CONTRACT

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

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

6.3 **Suspension for Good Cause.** The Board may suspend the Superintendent without pay during the term of this Contract for good cause as determined by the Board, pursuant to Texas Education Code Chapter 21.

6.4 **Dismissal for Good Cause.** The Board may dismiss the Superintendent during the term of the Contract for good cause as determined by the Board, pursuant to Texas Education Code Chapter 21. The term "good cause" is not defined by law, but includes the failure of the Superintendent to perform the duties in the scope of his employment that a person of ordinary prudence would have done under the same or similar circumstances, and includes, but is not limited to:

(a) Failure or refusal to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract, state or federal law, or Board policy, or lawful Board directives;
(b) Intentional violation of state or federal laws, Board policy, or lawful Board directives;
(c) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency that is remediable;
(d) Insubordination or failure to comply with lawful written Board directives;
(e) Failure to comply with the Board's policies or the District's administrative regulations;
(f) Neglect of duties;
(g) Drunkenness or excessive use of alcoholic beverages;
(h) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
(i) Misappropriation of funds;
(j) Conviction of a felony or crime involving moral turpitude;
(k) Failure to meet the District's standards of professional conduct;
(l) Failure to take reasonable steps to maintain an effective and professional working relationship with the Board;
(m) Failure to articulate and support, to the public, Board policy and decisions of the Board;
(n) Failure to keep the Board reasonably apprised of significant and important financial and educational issues;
(o) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
(p) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;

(q) 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;
(r) Assault on an employee or student;
(s) Knowingly falsifying records or documents related to the District's activities;
(t) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
(u) Failure to fulfill requirements for maintaining superintendent certification, or loss of certification; or,
(v) Any other reason constituting "good cause" under Texas law.

6.5 **Termination Procedure.** If the Board terminates this Contract for "good cause," then the Superintendent shall be afforded all the rights as set forth in the Board's policies and state and federal law.

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

VII. MISCELLANEOUS

7.1 **Controlling Law and Venue.** This Contract shall be governed by the laws of the State of Texas and shall be performable in Tarrant County, Texas, unless otherwise provided by law. Mandatory and exclusive venue for any proceeding under this Contract shall be in state district court in Tarrant County, Texas.

7.2 **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. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent for a term covered by this Contract 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.

7.3 **Amendments.** This Contract may not be amended except by written agreement of the parties.

7.4 **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.

7.5 **Paragraph Headings.** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

7.6 **Legal Representation.** Both parties have been represented by legal counsel of their choice in the negotiation and execution of this Contract. Each party shall incur their own legal fees in the negotiation and execution of this Contract.

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

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

7.9 **Authority**. The Board President and Secretary have been authorized to execute this Contract on behalf of the District by action of a majority of a quorum of the Trustees present at a properly called and posted meeting on February 3, 2025.

[*signatures to follow*]

IN WITNESS WHEREOF, all the parties hereto have executed the Contract in multiple originals.

Hurst-Euless-Bedford ISD
Board of Trustees

By:_____
Matt Romero, President, Board of Trustees

ATTEST:

By:_____
Chris Brown, Secretary, Board of Trustees

Executed this February 3, 2025.

SUPERINTENDENT

By:_____
Dr. Joseph (Joe) Harrington

Executed this February 3, 2025.

1558296-v5/12003-004000

HEB
HURST - EULESS - BEDFORD
Independent School District

School FIRST

Financial Integrity Rating System of Texas

Glossary

School FIRST
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GLOSSARY

Accounting:

A standard school fiscal accounting system must be adopted by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

Ad Valorem Property Tax:

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

Adopted Tax Rate:

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

All Funds:

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

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

Assessed Valuation:

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

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GLOSSARY

Assigned Fund Balance:

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

Auditing:

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

Beginning Fund Balance:

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

Budget:

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

Budgeting:

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

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GLOSSARY

Capital Outlay:

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

Capital Project Funds:

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

Cash:

The term, as used in connection with cash flow reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Chapter 41:

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

Committed Fund Balance:

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

Comptroller Certified Property Value:

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

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Debt Service Fund:

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

Debt Services:

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

Deferred Revenue:

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

Effective Tax Rate:

Provides the unit with approximately the same amount of revenue it had the year before on properties taxes in both years. A comparison of the effective tax rate to the taxing unit's proposed tax rate shows if there will be a tax increase.

Ending Fund Balance:

The amount of unencumbered surplus fund balance reported by the district at the end of the specified school year. For most school districts this will be equivalent to the fund balance at the beginning of the next school year.

Excess (Deficiency):

Represents receivables due (excess) or owed (deficiency) at the end of the school year. This amount is recorded as Asset Object 1200.

Existing Debt Allotment (EDA):

Is the amount of state funds to be allocated to the district for assistance with existing debt.

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Federal Revenues:

Revenues paid either directly to the district or indirectly through a local or state government entity for Federally subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

Fiscal Year:

A period of 12 consecutive months legislatively selected as the basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

Foundation School Program (FSP) Status:

The Foundation School Program (FSP) is the shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

FTE: Full Time Equivalent:

Measures the extent to which one individual or student occupies a full time position or provides instruction, e.g. a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

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GLOSSARY

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 and provide health services. Each of these activities is a function. The major functional areas are:

* Instruction and Instructional Related Services
* Instructional and School Leadership
* Support Services - Student
* Administrative Support Services
* Support Services; Non-Student Based
* Ancillary Services
* Debt Service
* Capital Outlay
* 90 Intergovernmental Charges

Fund Balance:

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

General Administration:

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

General Fund

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

I & S Tax Rate:

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

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Incremental Costs:

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

Instruction:

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

Instructional Facilities Allotment (IFA):

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

Intergovernmental Charges:

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

Investments in Capital Assets, Net of Related Debt:

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

Local & Intermediate Revenues:

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

Local Tax:

This is all revenues from local real and personal property taxes, including 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).

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M&O Tax Rate:

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

Modified Opinion:

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

Nonspendable Fund Balance:

The portion of fund balance that is in non-liquid form, including inventories, prepaid items, deferred expenditures, long-term receivables and encumbrances (if significant). Nonspendable fund balance may also be in the form of an endowment fund balance that is required to remain intact.

Object:

An object is the highest level of accounting classification used to identify either the transaction posted or the source to which the associated monies are related. Each object is assigned a code that identifies in which of the following eight major groupings it belongs:

* 1000 Assets
* 2000 Liabilities
* 3000 Fund Balances
* 5000 Revenue
* 6000 Expenditures/Expenses
* 7000 Other Resources/NonOperating Revenue/Residual Equity Transfers In
* 8000 Other Uses/NonOperating Revenue/Residual Equity Transfers Out

Operating Expenditures:

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

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Operating Expenditures/Student:

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

Operating Revenues and Expenses:

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

Other Local & Intermediate Revenues:

All local and intermediate revenues NOT from local real and personal property taxes including:

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

Other Operating Costs:

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

Other Resources:

This amount is credited to total actual other resources or non-operating revenues received or residual equity transfers in. This amount is recorded under Object 7020.

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Payments for Shared Services Arrangements:

Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with functional area are reported under function 93.

Payroll:

Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. *(NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

PEIMS:

A 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. School districts submit their data via standardized computer files. These are defined in a yearly publication, the **PEIMS DATA Standards**.

Plant Maintenance & Operations:

The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

Property/Refined ADA:

The district's Comptroller Certified Property Value divided by its total Refined ADA.

Refined ADA:

Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible days attendance is divided by the number of days of instruction to compute the refined average daily attendance.

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Restricted Fund Balance:

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

Revenues:

Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges, grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate, State, and Federal.

Robin Hood Funds:

See Wealth Equalization Transfer

Rollback Tax Rate:

Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day to day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the M&O portion of the rollback tax rate allows school districts to add four cents ($0.04) to the lesser of the prior tax year compressed operating tax rate or the effective M&O rate to generate operating funds. School districts will get to add to the compressed operating rate any additional cents approved by voters at a 2006 or subsequent rollback election, not 8 percent. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

School Year:

The twelve months beginning September 1 of one year and ending August 31 of the following year or beginning July 1 and ending June 30. Districts now have two options.

Special Revenue Fund:

A governmental fund type used to account for proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

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State Revenues:

Revenues realized from the Texas Education Agency, other state agencies, shared service arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

Unassigned Fund Balances:

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

Unmodified Opinion:

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

Unrestricted Net Asset Balance:

The term net asset refers to the amount of total assets less total liabilities. Unrestricted net asset balance refers to the portion of total net assets that is neither invested in capital assets nor restricted.

WADA:

A Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA in effect converts all of a school district's students with their different weights to a calculated number of regular students required to raise the same amount of revenue. The greater the number of students eligible for special entitlements, the greater a school district's WADA will be.

Wealth Equalization Transfer:

The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (Function 91). Sometimes referred to as Robin Hood Funds.