



**2015-2016 FIRST Report  
Based Upon 2014-2015 Financial Data**



**Coppel Independent School District  
Mike Waldrip, Ed. D.  
Superintendent**

# Coppell Independent School District

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October 24, 2016

To The Citizens of Coppel Independent School District:

This is the fourteenth year that Texas school districts are reporting the results of the state's financial accountability system, Financial Integrity Rating System of Texas (FIRST), which this year includes the evaluation of 15 criteria. The District has received the highest rating for each of the fourteen years the FIRST system has been in place. We are pleased with these ratings and will strive to continue to improve the financial operations of the District.

In August 2016, the Commissioner's Rule for School FIRST were finalized. Changes occurring in August 2016 served to clarify major changes that were implemented in August 2015, in accordance with Section 49 of House Bill 5 enacted by the 83<sup>rd</sup> Texas Legislature, Regular Session, 2013. House Bill 5 amended Section 39.082 Texas Education Code to require the commissioner of education to include processes in financial accountability rating system for anticipating the future solvency of each school district.

Maintaining the financial health of the District and modeling accountability is imperative. Therefore, we are pleased to report that Coppel Independent School District received an "A", or "Superior Achievement" rating from the Texas Education Agency regarding financial operations. Additionally, the District received a maximum score of 100 points.

Should you have any questions, please feel free to call my office.

Sincerely,

Mike Waldrip, Ed. D.  
Superintendent of Schools

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## **EXECUTIVE SUMMARY**

### **Background Information:**

This is the 14th year of School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, as follows:

A for Superior Achievement
B for Above Standard Achievement
C for Standard Achievement
F for Substandard Achievement

### **Reporting Requirement**

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

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

- A.** The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System;
- B.** The district's financial management performance under each indicator for the current and previous years' financial accountability ratings;
- C.** Additional information required by the Commissioner of Education. Under Chapter 109, the Commissioner requires certain disclosures, as follows:

1. A copy of the superintendent's current employment contract. The school district may publish the superintendent's employment contract on the district's Internet site in lieu of publication in the annual financial management report. This must disclose all compensation and benefits paid to the superintendent;
2. A summary schedule for the fiscal year (12-month period) of total reimbursements received by the superintendent and each board member, including transactions resulting from use of the school district's credit card(s), 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 shall separately report reimbursements for meals, lodging, transportation, motor fuel, and other items (the summary schedule of total reimbursements is not to 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. The schedule shall separately report the amount received from each entity;
4. A summary schedule for the fiscal year of the total dollar amount by the executive officers and board members of gifts that had an economic value of \$250 or more in the aggregate in the fiscal year. This reporting requirement only applies to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, as a person related to another person within the first degree by consanguinity or affinity) from an outside entity that received payments from the school district in the prior fiscal year, and gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement of travel-related expenses by an outside entity when the purpose of the travel is to investigate or explore matters directly related to the duties of an executive officer or board member, or matters related to attendance at education-related conferences and seminars whose primary purpose is to provide 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 an aggregate economic value of less than \$250 per executive officer or board member;
5. A summary schedule for the fiscal year of the dollar amount by board members for the aggregate amount of business transactions with the school district. This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members; and
6. Additional information that the district's board of trustees deems useful. Refer to the Commissioner's Rules Concerning the Financial Accountability Rating System (Chapter 109, Subchapter AA) for more information.

## District Ratings

The Texas Education Agency converted the Schools FIRST to a four-tier rating system as shown below.

**For 2015-2016 the Coppell Independent School District received  
A Schools FIRST rating of:  
SUPERIOR ACHIEVEMENT  
Based upon the 2014-2015 Data**

### **DETERMINATION OF RATING**

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

There are currently 5 critical error indicators (Yes and No) that result in failure (F) of FIRST. These indicators and descriptions are outlined in the above chart. The default indicators that would result in a substandard achievement include a No answer to any of the five indicators (Questions 1, 2A, 3, 4 and 5).

From the financial data submitted for the 2014-2015 fiscal year, the District answered yes to the all critical indicators. The complete results to the indicators begin on page 7 of this report.

### Reporting, Notices and Public Meetings

The Board of Trustees will publish an annual report describing the financial management performance of the district. The report must include the information provided by the Texas Education Agency and any supplemental information as may be determined by the local Board of Trustees. **A copy of the report is available, upon request, from the Business Office and is available on the district's website.**

As required by State law, the Board of Trustees shall hold a public meeting within two months of receiving the School FIRST ratings. Notice of the meeting to discuss the school financial accountability rating must be published twice in a local newspaper. The first notice must be no more than thirty days, or less than fourteen days prior to the scheduled meeting date.

The District has complied with the public hearing notifications in the local newspaper. The dates of publication appeared on October 2nd and 9th. **The public meeting was held in conjunction with the regularly called Board of Trustees meeting on October 24, 2016.**



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

**Name:** COPPELL ISD(057922)

**Publication Level 1:** 8/8/2016 6:20:16 PM

**Status:** Passed

**Publication Level 2:** 8/8/2016 6:20:16 PM

**Rating:** A = Superior

**Last Updated:** 8/8/2016 6:20:16 PM

**District Score:** 100

**Passing Score:** 31

#	Indicator Description	Updated	Score
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	3/16/2016 3:14:11 PM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	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.)	3/16/2016 3:14:12 PM	Yes
2.B	Did the external independent auditor report that the AFR was free of any instance (s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	3/16/2016 3:14:12 PM	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)	3/16/2016 3:14:12 PM	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?	3/16/2016 3:14:12 PM	Yes
5	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	3/16/2016 3:14:13 PM	Yes
			1 Multiplier Sum
6	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)	8/4/2016 1:33:58 PM	10
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)	6/30/2016 1:22:03 PM	10
8	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.)	8/4/2016 1:33:58 PM	10
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?	8/4/2016 1:33:59 PM	10
10	Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)	8/4/2016 1:33:59 PM	10
11	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	3/16/2016 3:14:15 PM	10
12	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)	3/16/2016 3:14:15 PM	10
13	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	3/16/2016 3:14:16 PM	10
14	Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	3/25/2016 1:58:56 PM	10
15	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	3/24/2016 4:26:13 PM	10

**SCORE  
100**

## Rating Worksheet

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants. The following is a layman's explanation of what the questions mean—and what your district's answers can mean to its rating.

- 1. Was the Annual Financial Report filed within 30 days after the November 27th or January 28th deadline depending upon the district's Fiscal Year end date (June 30th or August 31st)?**

Was your Annual Financial Report filed by the deadline? No calculation involved.

- 2. Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.**

**2.A. Was there an Unmodified Opinion in the Annual Financial Report on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)?)**

A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. 2.A., is a simple "Yes" or "No" indicator (see instructions under "2." For evaluating performance under "2.A" and "2.B" to arrive at the score for "2.").

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

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed. 2.B. is a simple "Yes" or "No" indicator (see instructions under "2." for evaluating performance under "2.A" and "2.B" to arrive at the score for "2.").

- 3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? Were there No disclosures in the Annual Report and/or other sources of information concerning default on bonded indebtedness obligations?**

This indicator seeks to make certain that your district has paid your bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc. No calculation involved.

- 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?**

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.

**5. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest for Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's Five-Year Percent Change in Students was a 10% Increase or more then Answer Yes)**

This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?" This indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain scenarios.

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

This indicator measures how long in days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Did you meet or exceed the target amount in School FIRST?

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

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?

**8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)**

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.

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

This indicator 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. Was the debt service coverage ratio sufficient to meet the required debt service?**

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?

**11. Was the Administrative Cost Ratio less than the threshold ratio?**

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?

**12. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)**

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.)

**13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the Annual Financial Report result in a total variance of less than 3 percent of all expenditures per function (Data Quality Measure)?**

This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case “matches up.” If the difference in numbers reported in any fund type is more than 3 percent, your district “fails” this measure.

**14. Did the external independent auditor report that the AFR (Annual Financial Report) 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.)**

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.

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

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

## Reporting Your School District's Financial Accountability Rating

Every school district in Texas is required to prepare an annual financial management report that includes the following:

A. The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System.

B. The district's financial management performance under each indicator for the current and previous years' financial accountability ratings

C. Additional information required by the Commissioner of Education. Notice: Starting with the 2007 calendar year, the financial management report that will be 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. Under Chapter 109, the Commissioner requires certain disclosures, as follows:

1. "a copy of the **superintendent's**

**current employment contract.** The school district may publish the superintendent's employment contract on the school district's Internet site in lieu of publication 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 resulting from use of the school district's credit card(s) to cover expenses incurred by the superintendent and each board member. The summary schedule shall separately report reimbursements for meals, lodging, transportation, motor fuel, and other items (the summary schedule of total reimbursements is not to include reimbursements for supplies and materials that were purchased for the operation of the school 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.** The schedule shall separately report the amount received from each entity;

4. a summary schedule for the fiscal year of **gifts received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal year 2014.** This reporting requirement only applies to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, as a person related to another person within the first degree by consanguinity or affinity).

5. a summary schedule for the fiscal year of the **dollar amount by board member for the aggregate amount of business transactions with the school district**. This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

6. Additional information that the district's **board of trustees deems useful**. Refer to the Commissioner's Rules Concerning the Financial Accountability Rating System (Chapter 109, Subchapter AA) for more information.

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

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

**Adopted Tax Rate:** The tax rate set by the school district to meet its legally adopted

budget for a specific calendar year.

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

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds

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

**Assigned Fund Balance:** The assigned fund balance represents tentative plans for the future use of financial resources.

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

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

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

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

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

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

**Capital Project Funds:** Fund type used to account for financial resources to be used for the acquisition or construction of major

capital facilities (other than those financed by proprietary funds and trust funds.)

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

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

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

**Comptroller Certified Property Value:** The district’s total taxable property value as certified by the Comptroller’s Property Tax

Division (Comptroller Valuation).

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

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

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

**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 fiscal year. For most school districts this will

be equivalent to the fund balance at the beginning of the next fiscal 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.

**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.

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

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

#### **Foundation School Program (FSP)**

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



School District.

**FTE: Full-Time Equivalent** measures the extent to which one individual or student occupies a 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

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

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

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

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

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

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

**Local & Intermediate Revenues:** All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 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, Recapture) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

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

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

**Nonspendable Fund Balance:** The portion of fund balance that is in non-liquid form,

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

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

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

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

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

**Operating Revenues and Expenses:** Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement

preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

**Other Local & Intermediate Revenues:**

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

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

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

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

**Payments for Shared Services**

**Arrangements:** Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common

types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

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

**PEIMS:** A state-wide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the PEIMS Data Standards.

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

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

**Property/WADA:** The district's Comptroller Certified Property Value divided by its total WADA.

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

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

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

**Robin Hood Funds (Recapture):** See Wealth Equalization Transfer.

**Rollback Tax Rate:** Provides the unit with approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the cushion is six cents per \$100 of property value, not 8 percent. School districts calculate the rollback rate necessary to generate the same amount of state and local funds per weighted average daily attendance (WADA) as was available to the districts in the preceding school year, using estimated WADA for the upcoming year, plus six cents, plus the current year's debt rate. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the

adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

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

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

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

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

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

financial information contained according to generally accepted accounting principles.

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

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

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

#### DISCLAIMER

**Definitions provided are 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.**

**COPPELL INDEPENDENT SCHOOL DISTRICT  
SUPERINTENDENT TERM CONTRACT**

**STATE OF TEXAS**           §  
  §  
**COUNTY OF DALLAS**       §

This Contract is entered into between the Board of Trustees (the "Board") of COPPELL INDEPENDENT SCHOOL DISTRICT (the "District") and DR. MIKE WALDRIP (the "Superintendent").

The Board and the Superintendent, for and in consideration for the terms stated in this Contract, hereby agree as follows:

1.    **Term:** Pursuant to a motion and vote passed and approved at a duly called public meeting on April 25, 2016, the Board agrees to employ the Superintendent on a twelve-month basis per school year, effective July 1, 2016 and ending June 30, 2019. The Board and the Superintendent (the "Parties") may extend the term of this Contract by written agreement.
2.    **Certification:** The Superintendent agrees to maintain the required certification throughout the term of employment with the District. If the Superintendent's certification expires, is canceled, or is revoked, this Contract is void.
3.    **Representations:** The Superintendent represents and specifically agrees that at the beginning of this Contract, and at any time during this Contract, the Superintendent shall submit to a review of his or her national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract.
4.    **Duties:** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent agrees to perform his or her duties as follows:
  - 4.1 **Authority:** The Superintendent shall perform such duties and have such powers as may be prescribed by the law and the Board. The Board shall have the right to assign additional duties to the Superintendent and to make changes in responsibilities or work at any time during the contract term. All duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

- 4.2 **Standard:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his or her full time and energy to the performance of his or her duties. The Superintendent shall perform his or her duties with reasonable care, skill, and diligence. The Superintendent shall comply with all Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended.
5. **Compensation.** The District shall pay the Superintendent an annual salary as follows:
- 5.1 **Salary:** TWO HUNDRED FIFTY FOUR THOUSAND SIX HUNDRED SIXTEEN Dollars (\$254,616.00) per year.
- a) Reimbursement for reasonable business expenses incurred on official District business.
  - b) Salary increases will be the same percentage increase as provided to all other employees of the District in a given year.
- 5.2 **Benefits:** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board shall pay the cost of dental and health insurance for the Superintendent as a member of the same group plan and with the same benefits as other employees of this District. The Superintendent may observe the same legal holidays as provided by the Board policy for other professional staff on twelve-month contract, and shall be allowed the same number of days of vacation and sick leave as provided by Board policy for all professional staff on twelve-month contract. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion.
6. **Annual Review and Appraisal:** The Board of Trustees shall have one (or more) closed meetings of the Board annually for the purpose of reviewing and appraising the respective roles and the Superintendent-Board relationship. The Superintendent shall participate fully in the deliberations of this meeting which shall be held on the date of a regular or special meeting of the Board in the month of January of each year, provided the Board may excuse the Superintendent from the meeting while the Board discusses the performance of the Superintendent.
7. **Cellular Telephone:** The Superintendent shall be responsible for obtaining a cellular telephone for the Superintendent's own personal and/or business use, as the Superintendent so chooses. The Superintendent shall be responsible for payment for such cellular telephone and for any and all charges connected with such cellular telephone.

8. **Reimbursements and Professional Activities:** The District shall reimburse the Superintendent, according to Board policy, for reasonable expenses incurred by the Superintendent in the performance of the Superintendent's duties. The District agrees to pay the actual and incidental costs incurred by the Superintendent for out-of-Metroplex (in excess of a 40 mile radius from the District Administrative Offices) District-related travel, in accordance with the adopted budget, the Board's policies, and District practice related to reimbursement.

The Board encourages the Superintendent to become a member of and participate in local, state, and national professional activities, to be chosen at the Superintendent's discretion. The District will reimburse the Superintendent for the reasonable expenses of membership in said organizations, subject to Board approval.

9. **During Contract:** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent. The Superintendent agrees to provide such notification in writing within seven calendar days of the event or any shorter period specified in Board policy.
10. **False Statements and Misrepresentations:** The Superintendent represents that any records or information provided in connection with his or her employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
11. **Widespread Salary Reduction:** If the Board implements a widespread salary reduction under Texas Education Code Section 21.4023, 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.
12. **Furlough:** If the Board implements a furlough under Texas Education Code Section 21.4021, 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.
13. **Suspension:** In accordance with Texas Education Code Chapter 21, the Board may suspend the Superintendent without pay during the term of this Contract for good cause as determined by the Board.
14. **Termination and Nonrenewal of Contract:** Termination or nonrenewal of this



contract, or resignation under this contract, will be pursuant to Texas Education Code Chapter 21.

15. **General Provisions:**

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

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

15.3 **Entire Agreement:** All existing agreements and contracts, both verbal and written, between the Parties regarding the employment of the Superintendent are superseded by this Contract. This Contract constitutes the entire agreement between the Parties.

15.4 **Applicable Law and Venue:** Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be the county in which the District's administration building is located. If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the district's administration building is located.

15.5 **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.

15.6 **Legal Representation:** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.

16. **Notices:**


16.1 **To Superintendent:** The Superintendent agrees to keep a current address on file with the District's human resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand-delivery, or by certified mail, regular mail, and/or express delivery service to the Superintendent's address of

record.

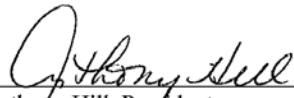
**16.2 To Board:** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

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

SUPERINTENDENT:

  
\_\_\_\_\_  
Dr. Mike Waldrip  
Date signed: June 27, 2016

COPPELL INDEPENDENT SCHOOL DISTRICT

By:   
\_\_\_\_\_  
Anthony Hill, President  
Board of Trustees

By:   
\_\_\_\_\_  
Judy Barbo, Secretary  
Board of Trustees

Date signed: June \_\_\_\_\_, 2016

**2. Reimbursements received by the Superintendent and Board Members for fiscal year 2015.**

For the Twelve-Month Period Ended August 31, 2015	Superintendent	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member
(September 1, 2014 through August 31, 2015)	M. Waldrip	S. Kemp	D. Apple	A. Hill	T. Hulme	A. Dungan	J. Barbo	T. Fisher
		Place 1	Place 2	Place 3	Place 4	Place 5	Place 6	Place 7
Description of Reimbursements								
Meals	\$2,043.71	\$100.00	\$0.00	\$304.80	\$158.56	\$251.40	\$69.68	\$145.00
Lodging	\$3,146.75	\$206.01	\$206.01	\$414.60	\$454.22	\$1,179.30	\$414.60	\$2,637.38
Transportation	\$2,628.97	\$0.00	\$58.07	\$170.11	\$441.29	\$718.23	\$22.70	\$1,278.72
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$1,177.65	\$642.24	\$632.00	\$669.00	\$1,415.00	\$1,511.38	\$442.00	\$1,574.47
<b>Total</b>	<b>\$8,997.08</b>	<b>\$948.25</b>	<b>\$896.08</b>	<b>\$1,558.51</b>	<b>\$2,469.07</b>	<b>\$3,660.31</b>	<b>\$948.98</b>	<b>\$5,635.57</b>

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2010-11, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

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

**Lodging** - Hotel charges.

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

**Motor fuel** – Gasoline.

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

3. A summary schedule for the outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services in fiscal year 2015.

For the Twelve-Month Period Ended August 31, 2015	Superintendent - Dr. Mike Waldrip
	For the Twelve-Month Period Ended August 31, 2015
Name(s) of Entity(ies)	
<b>Total</b>	\$0.00

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

4. Summary schedule for gifts received by the executive officer(s) and board members (and first degree relatives, if any) in the fiscal year 2015.

For the Twelve-Month Period Ended August 31, 2015 (September 1, 2014 through August 31, 2015)	Superintendent	Board Member Place 1 -	Board Member Place 2 -	Board Member Place 3 -	Board Member Place 4 -	Board Member Place 5 -	Board Member Place 6 -	Board Member Place 7 -
	Dr. Mike Waldrip	Susie Kemp	David Apple	Anthony Hill	Thom Hulme	Amy Dungan	Judy Barbo	Tracy Fisher
<b>Total</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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

5. Summary Schedule for business transactions between school district and board members for fiscal year 2015.

For the Twelve-Month Period Ended August 31, 2015	Superintendent	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member
(September 1, 2014 through August 31, 2015)	Dr. Mike Waldrip	Place 1 - Susie Kemp	Place 2 - David Apple	Place 3 - Anthony Hill	Place 4 - Thom Hulme	Place 5 - Amy Dungan	Place 6 - Judy Barbo	Place 7 - Tracy Fisher
<b>Total</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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

6. Any other information the Board of Trustees of the school district determines to be useful.