



Snyder **Independent**
School District
Snyder, Texas

**Annual Financial Accountability
Management Report**

For the Year Ending August 31, 2009

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Snyder Independent School District Annual Financial Accountability Management Report

Introduction

Passed during the 77th regular session of the Texas Legislature (2001), Senate Bill 218 requires each school district to prepare an annual financial accountability report. Many business-related issues are covered in this report. The primary reporting tool, however, is the Financial Accountability Ratings Worksheet. This worksheet was developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC) and the Texas Association of School Business Officials (TASBO). It is administered by TEA and calculated on information submitted to the Agency via the annual PEIMS submission. The 2010 School FIRST ratings were based upon an analysis of staff and student data reported for the 2008-2009 school year and budgetary and actual financial data for the 2009 fiscal year.

Known as the FIRST rating (Financial Integrity Rating System of Texas), the worksheet consists of 22 Indicators, with yes or no answers for indicators one through six. If the district answers no to indicator 1, 2, 3, or 4 or if 5 and 6 are both no, the district receives a substandard rating. The remaining 16 indicators are combined for a total score up to 80 points. A rating is then determined from the overall score. Ratings range from Superior Achievement to Substandard Achievement. The overall 2008-2009 state statistics are included behind Snyder ISD's report.

Beginning with the 2006-2007 reporting year, the rating system incorporated several changes as a result of legislative action and executive order of the governor. One of which was the incorporation of the 65% rule. House Bill 3 of the 81st Legislative Session, 2009 amended the report, stating that the rating system may not include an indicator that requires a school district to spend at least 65% or any other specified percentage for instructional purposes. As a result, two indicators were removed from the 2010 School FIRST, and the indicators were renumbered.

For the eighth year in a row, Snyder ISD continues its financial excellence with a rating of "Superior Achievement" for the 2008-2009 fiscal year, scoring positive responses on all 22 questions for a perfect score of 80 points out of a possible 80 points. This report briefly focuses on how this superior rating was achieved and what will be required to maintain it.

Other Data Concerning the District's Operations

The purpose of this section of the report is to discuss other aspects of the District's business operations not covered by the worksheet. The worksheet should be viewed as a good basic tool with which to assess our primary business practices. However, a financial evaluation should not stop there. We should always be working towards improvement in all aspects of our operations to maximize funds available to campuses for educational purposes and to our ancillary departments that support our campuses.

Briefly, we review a number of business practices not covered by the Financial Accountability Worksheet directly.

Financial Strength

The state of Texas recommends that financial strength be discussed in this report. This is a difficult topic to address because there are many measures of financial strength, some are better than others, and it's hard to tell which type is the better measure. For Snyder ISD, we believe a significant financial indicator of strength is our ability to meet our cash flow needs from December to June each year without borrowing money. During these months, state funds decrease based on the assumption that the District is realizing revenues from tax collections. Snyder ISD has not borrowed funds for operating reasons at any time in recent history, which is one indicator of adequate financial strength.

Another indicator of financial strength can be measured by the District's level of fund balance. The fund balance of the district has increased significantly in the past eight years from \$1,897,783 in 2000-2001 to \$21,158,022 in 2008-2009 of which \$10,852,641 has been designated for capital improvements and other financial needs for an unreserved fund balance of \$10,305,381. By managing the operating budget along with an increased tax base, the District has been able to increase fund balance for future financial needs.

Operating Cost Management

A relatively small portion of total General Fund expenditures are flexible or variable in nature. Salaries and benefits comprise the biggest expenditure each year, followed by recapture payments, facilities maintenance, transportation, utilities, tax appraisal fees, tax collection fees, and debt service. Excluding these larger expenditures from the equation, only a small percentage of the budget remains under control. Supplies, materials, capital outlay, staff development, construction, and a few contracted services comprise this remaining balance. We consider these costs to be our controllable operating costs.

Personnel Management

The District's longstanding personnel goal is to attract and retain qualified staff, and to offer a competitive salary and benefit package each year. While it hasn't always been easy to do so, the District has been able to fund salary increases in the budget each year. In an effort to remain competitive with area districts, teacher salaries were increased from \$3,000 above state base in 2006-2007 to \$4,000 above state base in 2007-2008. The district also added 10 additional steps above the 20 step teacher salary schedule (State Minimum Salary Schedule for Classroom Teachers, Full-Time Librarians, and Full-Time Nurses). In 2008-2009 we maintained the increases that were established in 2007-2008.

Debt Management

The taxpayers of the District authorized a \$24.585 million bond program in September 2004. This authorization was received very favorably by the voters. We believe this speaks to the confidence voters have in the District not only from an instructional viewpoint but from a financial management view as well.

All funds under the 2004 authorization have been issued. The new elementary was completed in August, 2007 and was opened with approximately 1,200 students in attendance. Several renovation projects were also completed during the 2007-2008 year.

Of course, debt management is easier if local taxes are collected at a high collections rate consistently over the years. The District has experienced favorable tax collections which is one of the worksheet criteria dealing with this issue.

Facility Acquisition and Construction Management

As part of the 2007-2008 facility study any remaining or newly identified maintenance needs were addressed at these facilities and other facilities within the district. The facility study noted needed improvements to athletic facilities, fine arts areas, vocational facilities and the administration building. A bond election was called for in the November general election to address most of these needs. Unfortunately, the bond did not pass in the November 4, 2008 election. The District continues to use its available maintenance and operations budget to upgrade and improve its facilities.

Cash Management

The worksheet addresses a couple of cash/investment issues, but only in a very basic manner. The worksheet criteria essentially say one should have cash available, and should earn a minimal rate of return on it. In truth, an investment and cash management program is much more complex.

First, state and local board policies require funds be invested with four major objectives in mind. In order of importance, they are: safety, liquidity, diversity and yield.

Safety and liquidity are almost redundant. If a security is safe, it's probably fairly liquid and vice versa. State and local policy specify what types of securities can be purchased, and virtually all of them fall within these restrictions. Certificates of Deposit are legal investments, but they are highly illiquid and their marketability can fluctuate wildly, so CD's are only purchased when they are the most attractive investment in terms of maturity and return.

There are a few investments that are legal to purchase, but they aren't very marketable. Consequently, we don't buy them. Bonds of the state of Israel are a good example. While diversity in the portfolio is always a goal, interest rates have dictated the direction of investments the past several years. Operating funds are mainly kept in investment pools and with the District's depository bank. Lastly, quarterly reviews of investment activity and performance and an annual review of the investment policy are submitted to the Board of Trustees for review and approval, as required by law.

Budgetary Planning & Financial Allocations

The District's budget process usually begins in February each year. During the first month of planning, budget allocations are developed for each campus and department. Most school districts have some rational basis for allocating funds to campuses and operating departments. Snyder ISD's funds are allocated to the campuses based on the number of students and type of campus. Support departments get funds based on previous year's budgets adjusted (up or down) for future years' needs. Special project requests for amounts supplemental to allocations are considered individually each year. In May, budget requests are submitted and state and local revenue calculations begin. June and July are spent compiling this information and the first preliminary view of how the next year's budget looks occurs. In odd-numbered years, the legislature is in session, and that complicates and delays the budgeting process. In the months of July and August, budget committee meetings are held to review the preliminary budget. Decisions are made on program and capital outlay requests, revenue data is fine-tuned and a final budget is submitted to the Board of Trustees for approval in August.

The budget process is a proactive and highly participatory one, and campuses and departments are given a great deal of discretion as to how to budget their funds. After the budget is adopted, each campus or department is given equal latitude regarding amending their budget when their plans or needs change. This decentralized style of budget management (called site-based decision making) is required by the state of Texas. It is a system that works best in the long run for everyone by allocating resources where they are needed, even when those needs change.

Academic Ratings

Although not a direct indicator of a district's financial strength or operating processes, the academic ratings of a district can be connected back to its financial operations to a degree. The management and distribution of a district's financial resources toward instruction can have an effect on the district's academic rating. Financial mismanagement can lead to lower

academic achievements if the funds are not targeted towards the appropriate areas. Indicator Test 7 is tied to the district's academic accountability rating. For the 2008-2009 school year, the District received an Acceptable rating.

Annual Audit Report

Each year, an audit is performed by the independent auditors. Their job is to report on our financial status and to ensure that Snyder ISD management is doing a good job of keeping the District's financial records up to required standards. This report is a critical element of the accountability ratings worksheet, covering six criteria. These criteria and the District's compliance with each have been discussed in this report. The annual audit has resulted in the following results for the past five years.

2004-05 Report - No Reportable Conditions, No Material Weaknesses
2005-06 Report - No Reportable Conditions, No Material Weaknesses
2006-07 Report - No Reportable Conditions, No Material Weaknesses
2007-08 Report - No Reportable Conditions, No Material Weaknesses
2008-09 Report - No Reportable Conditions, No Material Weaknesses

Required Supplementary Information

Distribution of the District's financial management report, the superintendent's contract, reimbursements received by the superintendent and board members and other compensation and gifts received are to be included in this report. This information is being presented below to comply with the requirements.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's internet site. If published on the internet, the contract is to remain accessible for twelve months.

Reimbursements Received by the Superintendent and Board Members

A summary schedule for the twelve-month period of total reimbursements received by the superintendent and each board member is to be included in the annual financial management report. All reimbursement expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. The summary schedule is to report by category:

- Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, also excludes catered board meeting meals);
- Lodging - Hotel charges;
- Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls);

- 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.

The reimbursements received for the twelve-month period ending August 31, 2009 are as follows:

Description of Reimbursements	Superintendent		Board Members		
	Jim Kirkland	Mark Eads	Richard Chambers	Jerry Boyd	Glen Clarady
Meals	231.47	447.09	752.00	36.00	80.00
Lodging	352.65	1,613.70	4,201.78	528.12	739.89
Transportation		1,758.91	2,964.69	618.41	531.01
Motor Fuel	1,073.04				
Other	315.00	410.00	1,179.99	315.00	315.00
Car Allowance		4,250.00			
Total	\$1,972.16	\$8,479.70	\$9,098.46	\$1,497.53	\$1,665.90

Description of Reimbursements	Board Members			
	Kay Hopper	Ronnie Anderson	Trent Driggers	Mike Levens
Meals	172.00	76.00	76.00	172.00
Lodging	1,256.20	1,084.05	500.31	755.89
Transportation	613.18	618.41	291.10	885.87
Motor Fuel				
Other	640.00	640.00	315.01	600.38
Total	\$2,681.38	\$2,418.46	\$1,182.42	\$2,414.14

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

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 is to be reported. Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business. A disclosure of such compensation is attached.

Gifts Received by Executive Officers and Board Members

An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials. A summary schedule for the fiscal year of the total dollar amount of gifts with an economic value of \$250 or more in the aggregate is to be reported for the executive officers and board members of the district. This reporting requirement only applies to gifts received by the school district’s executive officers and board members 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. A disclosure of gifts received is attached for each board member and superintendent.

Business Transactions between School District and Board Members

Finally, 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 is to be included. This reporting requirement is not to duplicate the items disclosed in the schedule of reimbursements.

Business transactions between the school district and board members for fiscal year 2009 for the twelve – month period ending August 31, 2009:

Company	Board Members	
	Jerry	Glen
	Boyd	Clarady
Diamond Engraving	14,206.41	
G&G Glass		4,026.44
Total	\$14,206.41	\$4,026.44